



**2018 Registration
document •**

Integrated report

Annual financial report

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

Elements linked to the Non-Financial Performance Statement are identified in the content using the symbol **NFPS**



REGISTRATION DOCUMENT

including the Integrated Report
and the Annual Financial Report

2018



Including the Integrated Report and 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 - French Financial Markets Authority) on March 20, 2019, pursuant to Article 212-13 of its General Regulations.

The registration document (in French) may be obtained as follows on the website 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 1.45.19.52.00 or by sending a letter to SOCIÉTÉ BIC, 14 rue Jeanne d'Asnières, 92611 Clichy cedex (France).





MESSAGE

from Gonzalve Bich

BIC Chief Executive Officer

Product after product, satisfied consumers after satisfied consumers, BIC is a story of success, a story of innovations, relentless commitment to high-quality and value products driving our everyday actions. This is our DNA, our core strength and the basis of our roadmap for long-term growth.

In the fast-changing trading environment, ensuring this growth requires, now more than ever, to become more agile, more integrated and more innovative. This is not about changing who we are; this is about accelerating what has made us successful by reinventing ourselves.

Reinvention is understanding who we are and building upon our strong fundamentals, remaining true to our mission: offering high-quality, inventive, reliable products and solutions, that are respectful of our environment and available to everyone, everywhere while creating long-term value for all stakeholders.

As BIC's new Chief Executive Officer, I am convinced that the best way to honor our Past is to build on it to reinvent our Future. Together with our teams around the world, and with the support of BIC's Board of Directors and its Chairman, Pierre Vareille, I am confident that our strong business foundations and our entrepreneurial spirit will help turn today's challenges into tomorrow's opportunities and build a sustainable future for all of us.





INTEGRATED REPORT



ABOUT THIS REPORT

This integrated report includes a summarized presentation of BIC and the components of our identity: our vision, our economic model, our organizational structure and our actions to create sustainable value.

Inspired by the framework published by the International Integrated Reporting Council (IIRC), this report was presented to the Board of Directors and was managed internally, applying a comprehensive approach to all aspects of our performance – financial, economic, social and environmental.

As an introduction to the Registration Document, this report is written with all of our stakeholders in mind, and in particular our shareholders, our customers, our consumers, our employees and all of our partners including suppliers and NGOs.

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2018 PROFILE

BIC is a family-owned company listed on the Paris Stock Exchange and a world leader in Stationery, Lighters and Shavers. For more than 70 years, BIC has honored the tradition of providing high-quality, inventive and reliable choices for everyone, everywhere, every time.

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

€1,949.8 M
in Net Sales

€173.4 M
in Net Income
Group Share

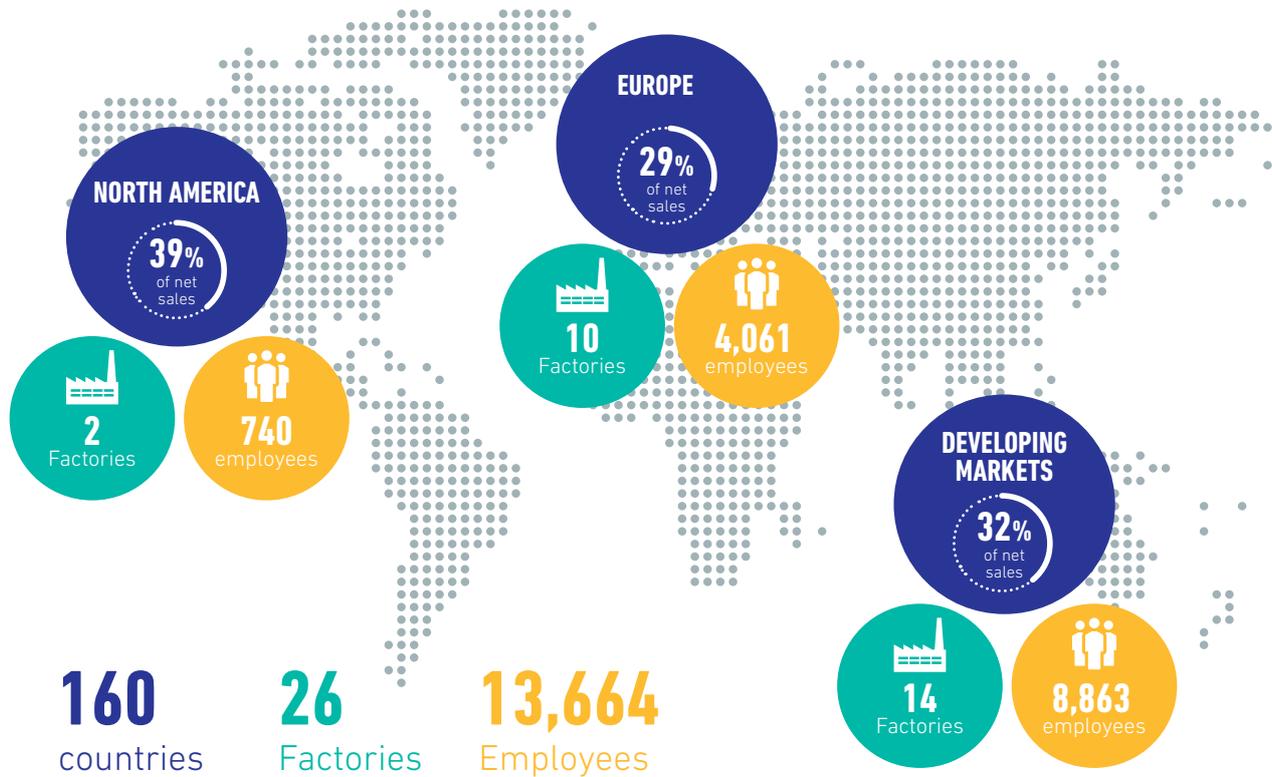
**At least 50 %
of BIC® products**
offer one or more
environmental benefits

4 million
points of sale

**32 million
BIC® products**
bought every day
worldwide



WORLD LEADER IN THE CONSUMER GOODS MARKETS*



* Figures as of December 31, 2018.

TRUE COMMITMENT TO SUSTAINABLE AND RESPONSIBLE GROWTH



Quality products sold at a fair price and continually improved

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



A unique industrial expertise and effective control of manufacturing costs

- 26 high performance factories (21 are located in developed countries according to the HDI* indicator).
- 92% of Net Sales realized with products manufactured in our own factories.

* HDI: Human Development Index – United Nations Development Program.



A historical socially responsible approach

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

A STRONG GOVERNANCE

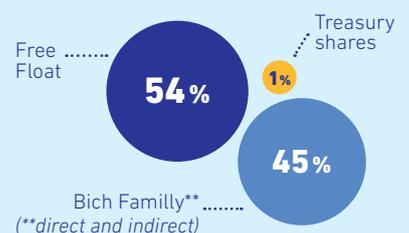
Board of Directors



11 Directors 4 Nationalities

40% Independents 40% Women

Shareholding structure



BIC VISION

Our Philosophy: Building on our Values, Inventing the Future

Our history timeline shows how BIC grew from humble beginnings to the iconic brand we are today.

For the past seventy years, thanks to our unique industrial expertise and the commitment of each and every one of our employees, we have been able to dedicate ourselves to our mission: providing high-quality, inventive and reliable choices for everyone, everywhere, every time.

OUR BRANDS



OUR HERITAGE

1944

Marcel Bich (1914-1994) buys a factory in Clichy, France, and sets up business with his partner, Édouard Buffard (1908-1996), as a maker of writing instruments parts.

1950

Marcel Bich, believing in the potential for the ballpoint pen, adapts and improves the ballpoint invented by the Hungarian László Bíró, and in December 1950, launches his own ballpoint pen in France under the BIC® brand, a shortened and more memorable version of his own name. The quality and affordable price of the BIC® Cristal® ballpoint pen means that it is quickly adopted by an increasing number of consumers.

1951-1960

Significant geographical expansion in Europe (Belgium, Italy, UK, Netherlands, Austria, Switzerland, Spain and Scandinavia), in the Americas (USA and Brazil), in the Middle East and in Africa.

1972

SOCIÉTÉ BIC is listed on the Paris Stock Exchange.

1973

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

1975

BIC pioneers the "one-piece shaver".

1993

BIC launches BIC® Evolution®, a graphite and coloring pencil made with recycled materials.

2004

BIC launches its Sustainable Development Program.

2009

BIC acquires 40% of Cello Pens, the leading brand and manufacturer of writing instruments in India.

2012

BIC acquires a site in Tunisia for the construction of a writing instrument facility to expand the Group's manufacturing footprint and meet consumer demand in this region more effectively.

2015

October: BIC outlines a five-year investment plan to modernize its industrial Stationery facilities. The project includes a 12 million euros investment to expand the Samer production facility (North of France).

December: Cello group sells its remaining stake in Cello Pens to BIC, increasing BIC's stake in Cello Pens to 100%.

2018

On May 16, 2018, Gonzalve Bich is appointed BIC's Chief Executive Officer. Pierre Vareille is appointed Chairman of the Board of Directors.

December 2018: BIC sells its subsidiary BIC Sport and refocuses on its core activities: Stationery, Lighters and Shavers.

December 2018: BIC announces the transfer of Haco Industries Kenya Ltd manufacturing facilities and distribution of Stationery, Lighters, and Shavers in East Africa to BIC. This acquisition is in line with BIC's continued growth strategy in Africa, one of the most promising markets for BIC® products in the world.



OUR VISION

We offer inventive and reliable products for everyone, everywhere, every time

SIMPLE

When creating its first product, the BIC® Cristal® ball pen, BIC decided to focus on the essentials: creating a simple, high-quality tool, sold at the right price, to facilitate an everyday gesture that can be used by anyone, no matter where they are in the world;

INVENTIVE

The Group's development has always followed changes in consumer expectations. Whenever BIC identifies a specific need or desire, its Research & Development teams come up with an ingenious solution to optimize performance;

RELIABLE

The best way to create consumer loyalty is to offer the same high quality throughout the product's life: more than 2 km of writing from one BIC® Cristal® ball pen, 3,000 ignitions from one BIC® Maxi pocket lighter and 17 shaves from a BIC® Flex 3 shaver;

FOR EVERYONE, EVERYWHERE

With BIC® products, everyone is sure that they will find the best solution at the best price, with a guaranteed level of quality. BIC also decided to position itself close to its consumers, with more than 4 million points of sale, from street kiosks to department stores and e-commerce, in more than 160 countries.

OUR DNA

OUR COMMON VALUES

Ethics, Responsibility, Teamwork, Simplicity, Ingenuity

Both in its own activities and through those of its sub-contractors, the same driving principles define BIC's framework for action and are formalized in its Code of Conduct, its Ethical Charter and its Anti-Corruption Policy.

OUR HUMAN FOUNDATION

Men and women, cornerstone of our philosophy

By making solid commitments to motivate our current and future employees to "unlock the best versions of themselves", BIC reaffirms that the success of the Company is above all built by its People.

OUR INDUSTRIAL FOUNDATION

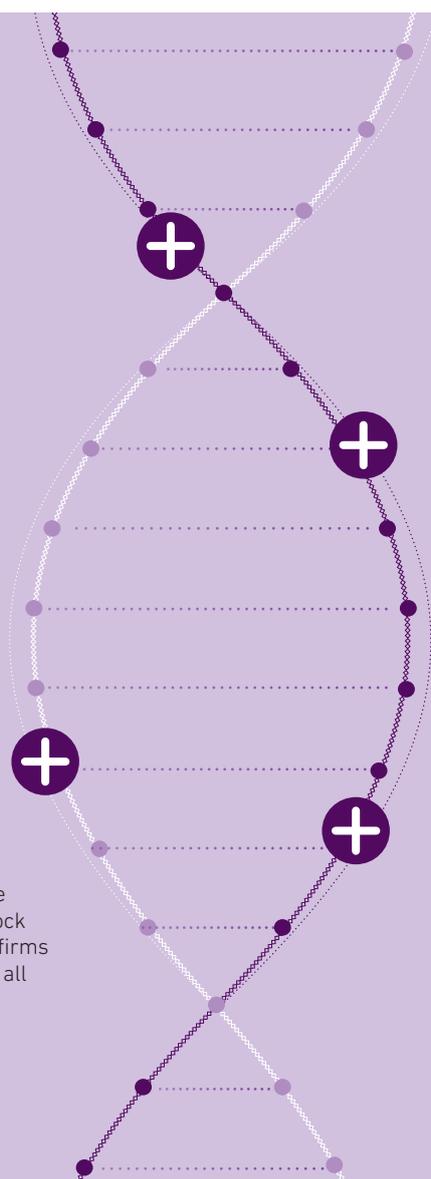
Controlled manufacturing, International network

Through its 26 self-owned and self-operated factories, BIC ensures that it remains constantly in control of its manufacturing costs. Shared across the Group, the tools, machines and methods developed by BIC guarantee the high quality, reliability and safety of its products.

OUR SHAREHOLDER BASE

Family shareholding, long-term vision

A listed family company since it was first created, BIC has always relied on a stable family shareholding which today owns 45% of the Group's share capital. This shareholding structure provides strong support for BIC's long-term vision.



BIC MODEL

A leader in all our markets

Since 1944, BIC has built a reliable business model that meeting the evolving needs of its consumers. We design and manufacture products in three different categories: Stationery, Lighters and Shavers.

Thanks to our unique expertise and a carefully controlled production process, we have positioned ourselves as an international leader in all three markets. BIC is present in almost all regions across the world with Net Sales of 1,949.8 million euros in 2018.



OUR MARKETS AND ACTIVITIES

STATIONERY



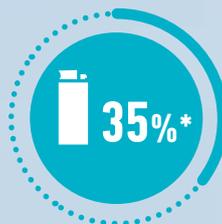
Since the launch of the BIC® Cristal® pen in 1950, BIC has continuously diversified its product range.

Our product portfolio now covers the following segments: pens, markers, correction products, coloring pens and pencils, and mechanical pencils.

It encompasses over 15 sub-segments (ball pens, roller pens, fountain pens, etc.).

#2 WORLDWIDE

LIGHTERS



Since 1973, BIC has capitalized on the safety and high quality of its lighters.

BIC® lighters comply with stringent safety, quality and performance requirements.

#1 WORLDWIDE
FOR BRANDED POCKET LIGHTERS

SHAVERS



In 1975, BIC revolutionized wet shaving when it launched the first one-piece shaver.

BIC covers today the one-piece, double-edge shaver segments as well as the refillable segment with its online subscription offer.

Over the past few years, BIC focused on investing to improve performance and on developing new products notably for the three-blade and five-blade one-piece segments.

#2 WORLDWIDE
FOR ONE-PIECE SHAVERS

* Share of 2018 Net Sales.



OUR RESOURCES

And how we use them •

OUR TEAM MEMBERS BUILDING OUR SUCCESS

- **13,664** worldwide
- **5 shared values:** ethics, responsibility, team spirit, simplicity and ingenuity
- **€506M** in payroll costs
- **27,517** training days
- Development and internal promotion rate: **25%**

A CONTROLLED PRODUCTION LINE

- **26 factories** on **4 continents**
- **92%** of Net Sales realized with products manufactured in our own factories
- **2,000** suppliers
- **€998.7M** in purchases of raw materials, consumables and services

A GLOBAL DISTRIBUTION NETWORK

- **4 million** points of sale in **160 countries**
- Distribution methods tailored to emerging markets (individual kiosks and micro-shops) as well as mature markets (e-commerce)

A CULTURE OF INNOVATION ROOTED IN THE GROUP

- **70 years** of brand history
- **8 recognized brands:** BIC®, Cello®, Conté®, BIC Kids®, Tipp-Ex®, Wite-Out®, BIC Soleil® and BIC Shave Club®
- **€48.4M** in brand and patent assets
- **1.8%** of net sales invested in R&D
- **100%** of new Stationery products subject to eco-measurement

A HEALTHY FINANCIAL SITUATION

- **€1,638.1M** Shareholders' Equity
- **€149.8M** Cash Generation
- **€394.6M** Cash Flow from Operations

A SUSTAINABLE PROCUREMENT STRATEGY

- **€509.3M** in purchases of raw materials*
- On-going long-term progress in all factories: reducing water and energy consumption and waste production
- Taking action to optimize the transportation of products
- Material-saving at the heart of our product design and manufacturing processes

VALUE CREATED

By the Group for itself, its Shareholders, its Stakeholders and for the society as a whole •

EMPLOYABILITY, WELL-BEING AND SAFETY AT WORK

- **84.3%** employee commitment rate •
- **2.09** rate of workplace accidents •
- **1.4%** rate of absenteeism •

RELIABLE AND HIGH-QUALITY PRODUCTS AT THE RIGHT PRICE SIMPLIFYING EVERYDAY LIFE

- **€1,949.8M** in Net Sales •
- **32 millions** of products bought every day worldwide •

A LEADER IN EACH OF ITS MARKETS N° 2 IN STATIONERY, N° 1 IN LIGHTERS, N° 2 IN ONE-PIECE SHAVERS

- **15-20 products** launched each year in Stationery and Shavers •
- **At least 50%** of products have an environmental benefit •
- **19 NF Environment** product references for Stationery

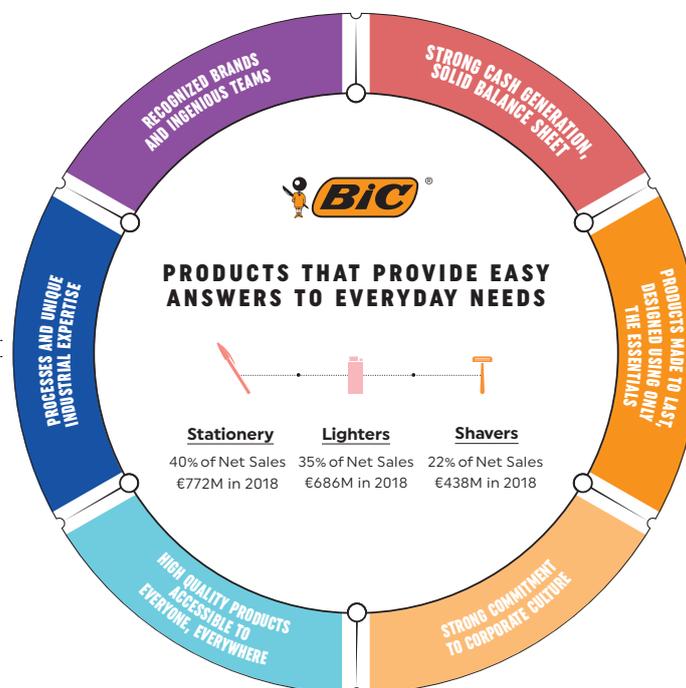
RESULTS DEDICATED TO LONG-TERM GROWTH

- **€173.4M** Net Income •
- **€125.4M** Capital Expenditure •
- **€157.8M** Ordinary Dividends •
- **€54.0M** Share Repurchase

PRODUCTS DESIGNED WITH WHAT IS JUST NECESSARY

- Water consumption **-2.6%**** •
- Energy consumption **+1.3%**** •
- Waste production **-1.9%**** •
- Greenhouse gas emissions **-1.9%**** •

OUR SIMPLE, RESPONSIBLE, SUSTAINABLE AND VALUE-CREATING ECONOMIC MODEL



In order to achieve our mission to offer our consumers high quality products that respond to their everyday needs, we rely on our assets as well as on solid and diversified resources. Their unique combination allows us to create value and share it with our Shareholders, our Stakeholders and for the Society as a whole.

* Raw materials, consumables used and change in inventory

** Per tons of products - between 2017 and 2018



OUR CHALLENGES: TURNING RISKS INTO OPPORTUNITIES

Over the past seventy years, the environment in which BIC operates has undergone considerable change. To name a few, globalization of trade, worldwide demographic growth, scarcity of raw materials and access to education, are some of the major changes that have occurred in our ecosystem. Understanding these evolutionary changes is essential, to ensure that we best meet the expectations of our stakeholders, remain true to our mission and fulfill our commitments over time.

By diversifying our activities and our geographical presence, we expose ourselves to risks that could affect our reputation and performance. It is for this reason that we are committed to an active and dynamic approach to risk management, anticipating and managing risks while turning them into opportunities. For each identified risk, the appropriate section of the Registration Document provides additional information.

	SOCIAL AND HUMAN CAPITAL	INDUSTRIAL AND COMMERCIAL CAPITAL	INTELLECTUAL, BRAND AND IMAGE CAPITAL	ENVIRONMENTAL CAPITAL	FINANCIAL CAPITAL
	<p>Opportunity : ensure a working environment favorable to the development and fulfillment of employees</p> <ul style="list-style-type: none"> Employees experience and skills Employees health and safety NFPS Human Rights and fundamental freedoms NFPS 	<p>Opportunity: respond to the customers requirements and gain position on new markets</p> <ul style="list-style-type: none"> Strategic and operational risks Industrial risks Product safety and consumer health and safety NFPS 	<p>Opportunity: design new and innovative products</p> <ul style="list-style-type: none"> Reputation and brand Corruption and fair practices NFPS 	<p>Opportunity: design responsible products light on raw materials and long on life performance</p> <ul style="list-style-type: none"> Environment and Climate Change NFPS Production of plastic waste and resource depletion NFPS 	<p>Opportunity : reinforce the Group's ability to finance its development and invest in its future performance</p> <ul style="list-style-type: none"> Market risks NFPS
RISKS					

NFPS : Non Financial Performance Statement.



BIC RESPONSE

<p>Introduction of training programs, individual employee development plans and internal succession plans</p> <p>Identification and support of future managers</p> <p>Management of health and safety, continuous improvement of work environments and organization, awareness programs for accident prevention</p> <p>Adoption of BIC Code of Conduct</p>	<p>Close monitoring of distributors' sales and orders</p> <p>Implementation and monitoring of preventive measures and safety systems for gas and solvent storage areas</p> <p>Employee training to recognize potential hazards and take preventive and corrective action</p> <p>Implementation of a Product Safety Policy</p>	<p>Support the launch of new products, through communication programs</p> <p>Invest a significant portion of Net Sales in R&D</p> <p>Definition of the BIC Group Code of Ethics</p> <p>Launch of the Group Anti-Corruption policy and BIC Group Code of Ethics</p>	<p>Implementation of BIC's Sustainable Development Program "Writing the Future, Together" and HSE (Health, Safety and Environmental) Policy</p> <p>Continuous reduction of direct and indirect CO₂ emissions per ton of production</p> <p>Definition of an eco-design approach to limit the use of non-renewable raw materials, encouraging material-saving and promoting the use of alternative materials</p>	<p>Management of the shareholders' equity so as to maintain a solid cash position, enabling us to make targeted investments, perform strategic bolt-on acquisitions and ensure shareholder return</p>
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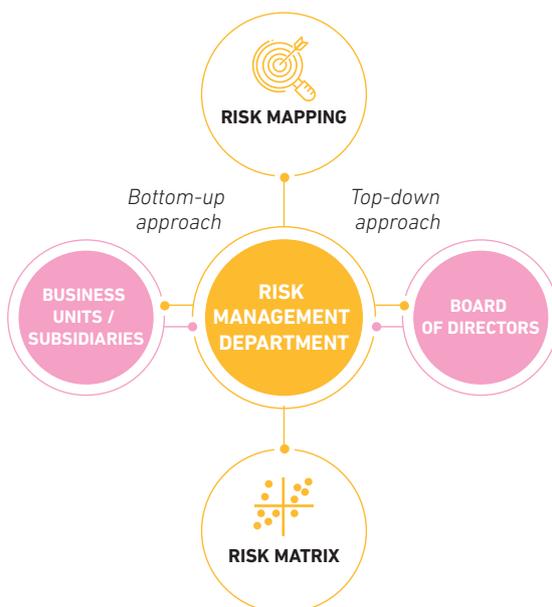
© Kai Jünemann, SOCIETE BIC



© Franck Juery

OUR RISK MANAGEMENT

In order to fully achieve its strategic objectives and ensure its long-term performance, BIC has adopted a proactive risk management procedure to identify, analyze, manage and monitor its main risks.



- Bottom-up approach: **self-assessment** of significant risks
- Top-down approach: **Group risks mapping updated every two years**. Consolidation carried out by the **Risk Management department** which delivers a **risk Group matrix**



- **Action plans** related to key risks are reviewed and **discussed during Board of Directors' meetings**
- **Major identified risks** are managed and monitored by the **Board of Directors**
- **Each site/department** sets up its own **dashboards and key indicators**, to identify and track risks, to assess the means and reduce their impact
- **Scheduled update** of risk mapping



BIC WAY

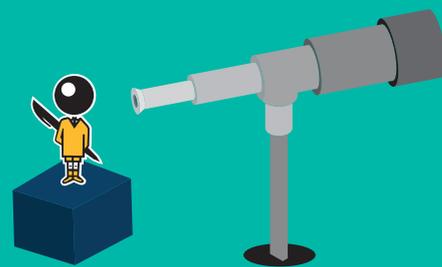
At BIC, we know that the way we produce our products and manage our business really matters. This is why we remain connected to our stakeholders and our environment in order to provide the best responses to current challenges. Since the Group's creation, our governance guarantees this long-term commitment.

OUR PRIORITIES



We expect 2019 Group Net Sales **to grow slightly on a comparative basis** and Normalized Income from Operations margin **to be between 16.5% and 18%**.

- In a continued challenging trading environment, overall sales performance may be subject to macro-economic uncertainties and continued competitive pressure in Shavers in the U.S. Growth drivers include distribution gains and success with added-value products.
- Gross Profit will be impacted by increasing raw material costs, the impact of unfavorable foreign exchange trends and the potential impact of sales volumes on cost of production. Normalized Income from Operations will also be affected by additional Brand Support Investments.



MISSION AND PURPOSE

We believe in offering high quality, inventive and reliable products and solutions, respectful to our environment.

Consistent with our Values and faithful to our Philosophy "Honor the Past, Invent the Future,"

we are committed to our stakeholders for the long-term: consumers, employees, local communities, customers, and shareholders.

We are convinced that facilitating fair access to education for all by improving learning conditions is a powerful way to build a sustainable planet-friendly future, for each and every one of us.

LONG-TERM AMBITION

Our long-term ambition is to focus on the following:

- **drive profitable growth;**
- **continue investments in people, R&D, New Products and Brands;**
- **increase productivity;**
- **maintain a strong Cash Generation;**
- **sustain Total Shareholders Remuneration.**

Writing the Future, Together

The Group's new commitment for 2025

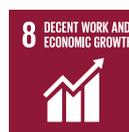
We aim for our commitment to Sustainable Development to be long-term and large-scale, one that creates value for the Group and for all of its stakeholders.

Having been committed to sustainable and responsible development since 2004, BIC's Sustainable Development Program, which lies at the heart of the Group's strategy, is strengthening every year.

In 2018, BIC launched an ambitious and long-term program "Writing the Future, Together" in order to make the most of the transformation opportunities offered by sustainable development. For this, BIC has outlined five major commitments to be met by

2025. These commitments were defined following the analysis of the Group's key challenges; in accordance with the United Nations' Sustainable Development Goals (UN SDGs); after internal consultations within the Group's main departments: (categories, continents and Group functions); and lastly, followed by a co-construction phase of the commitments, with key input from the Leadership Team.

#1 FOSTERING SUSTAINABLE INNOVATION IN BIC® PRODUCTS



UN Sustainable Goals

Simple, inventive designs, with less raw materials and long on life performance: Sustainable Development is coded into BIC® products right from the design phase.

OUR COMMITMENT FOR 2025

By 2025, the environmental and/or societal footprint of all BIC® products will be improved.

Quick Facts

As part of its ecodesign strategy, BIC Group works closely with two French start-ups: Microfactory specialized in microfluids and PILI, in the manufacture of dyes from bacteria.

WHERE ARE WE IN 2018?

- We defined **8 categories of criteria** used to improve the environmental and social footprint of BIC® products and helped address the plastics challenges including responsible chemistry.



#2 ACTING AGAINST CLIMATE CHANGE



UN Sustainable Goals

At BIC, we deploy a global approach to energy consumption (energy efficiency, use of renewable energy, etc.) based on a Group roadmap and local choices that take into account opportunities.

The use of renewable electricity will contribute to reduce BIC's greenhouse gas emissions significantly by 2025.

OUR COMMITMENT FOR 2025

By 2025, BIC will use 80% renewable electricity⁽¹⁾.

WHERE ARE WE IN 2018?

• In 2018, the Group used **68% of renewable electricity**.

QUICK FACTS

French factories & Clichy headquarters already use renewable electricity, so do the plants in Manaus (Brazil), Tarragona (Spain), Milford and the offices in Shelton (U.S.) since 2012 and the plant in Athens (Greece) since 2016.

#3 COMMITTING TO A SAFE WORK ENVIRONMENT

The Group has always been committed to the safety, health and well-being of all people working on a BIC site. Our aim is to provide a safe and nurturing workplace.



UN Sustainable Goals

OUR COMMITMENT FOR 2025

By 2025, BIC aims for zero accidents across all operations.

WHERE ARE WE IN 2018?

- An international network of HSE (Health, Safety and Environment) experts from **3 continents** was organized to share best practices and implement local roadmaps to aim at zero accidents.
- **Reporting of accidents for all factories and offices** has been carried out.
- An **HSE tool for accident monitoring** and management is being implemented across most categories and continents.

QUICK FACTS

In the Stationery category, all the plant Directors were gathered for two days and each defined a security strategy for their respective plant. These strategies were communicated to employees and their implementation started during 2018.

(1) Through renewable energy certificates, green contracts and specific Power Purchase Agreements, as well as renewable electricity production on BIC's sites.



#4 PROACTIVELY INVOLVING SUPPLIERS

Being a responsible company requires control of its entire value chain. To do this, our Purchasing team analyze all the risks, select and collaborate with our most strategic suppliers following a responsible approach.



UN Sustainable Goals

OUR COMMITMENT FOR 2025

By 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing.

QUICK FACTS

In 2018, the Group's purchasers and the procurement managers were mobilized for a complete review of the entire supplier database in order to identify – out of the 15,000 suppliers – the 346 strategic ones for the BIC Group.

WHERE ARE WE IN 2018?

At the end of 2018, strategic suppliers and associated risks and opportunities were identified. The BIC Group has mapped the risks related to its purchases (100% of the amounts purchased) and the existing management systems. Next step will be to set up an action plan to strengthen supplier relation:

- **346 strategic suppliers**
- **10 categories** of purchases evaluated
- **95 identified risks**
- **31 categories of actions** identified

#5 IMPROVING LIVES THROUGH EDUCATION

Because education has the power to change the world, it has always been at the heart of the Group's concerns.



UN Sustainable Goals

OUR COMMITMENT FOR 2025

By 2025, BIC will improve learning conditions for 250 million children, globally.

QUICK FACTS

To reinforce our commitment in promoting education, BIC created a position for an "Education Engagement Director" in charge of strengthening BIC's actions in this area.

WHERE ARE WE IN 2018?

- The learning conditions of about **15 million children** were improved for the period 2017-2018.
- BIC launched its **1st BIC Global Education Week**, from October 1st to 5th 2018, BIC team members got one full working day to volunteer and make a positive contribution for learners around the world. 63 BIC sites from 40 countries participated.
- **Education** represents **82% of BIC's community activities** (in value).



GOVERNANCE: A BOARD OF DIRECTORS WORKING FOR THE BIC® BRAND

KEY FIGURES AND COMPOSITION⁽¹⁾



(1) The Board of Directors held a meeting on February 12, 2019 wherein they approved Marie-Aimée Bich-Dufour's decision to resign from her position of Executive Vice-President, effective as of March 31, 2019. On the recommendation of the Nominations, Governance and CSR Committee, the Board of Directors will submit her appointment as Director to the Shareholders' Meeting of May 22, 2019, succeeding Marie-Henriette Poinsot, who has resigned. The Board will also submit to the AGM the appointment of Maëlys Castella, succeeding Mario Guevara.

BOARD'S FUNCTIONING

The history of our Group is deeply rooted in an entrepreneurial spirit: we consider entrepreneurship to be in our DNA. It is vitally important for the Board of Directors and the Chief Executive Officer to foster this spirit and keep it alive in our culture for future generations.

BIC has the support of a competent Board of Directors committed to defining and implementing the Group's strategy and ensuring its functioning. Composed of eleven members, the Board of Directors is supported in its work by three specialized committees; the Audit Committee, the Compensation Committee and, since 2017, the Nominations, Governance and Corporate Social Responsibility (CSR) Committee.

The respective roles of the Board and Chief Executive Officer (CEO) are complementary and clearly defined. It begins with the Board providing a direction and a set of expectations and guidelines to the CEO, who is in charge of constructing the long-term strategy

and annual plans to achieve these goals. In turn, the Board reviews these plans, challenges where needed and ultimately approves. Upon approval, the Board joins with the Chief Executive Officer as accountable parties for our Group's long-term strategy.

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

1. **Pierre Vareille**  
Chairman of the Board

2. **Gonzalve Bich**  
*Chief Executive Officer
 Director*

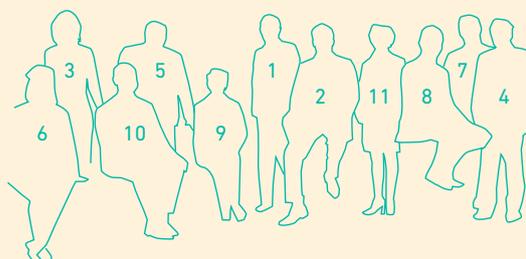
3. **Elizabeth Bastoni**  
Director

4. **Vincent Bedhome** 
*Director representing
 the employees*

5. **François Bich** 
Director

6. **Marie-Pauline
 Chandon-Moët** 
Director

 *Independent*



7. **John Glen**  
Director

8. **Mario Guevara**  
Director

9. **Candace Matthews**  
Director

10. **Société MBD** 
*Director represented
 by Édouard Bich*

11. **Marie-Henriette Poinot** 
Director

DIVERSIFIED AND COMPLEMENTARY PROFILES

With support from the Nominations, Governance and CSR Committee, the Board strives for a balanced composition adapted to the challenges faced by the Group. The Board is thus composed of men and women, all with high level management experience and/or with expertise in a particular field (such as finance, production and human resources). Moreover, the Board of Directors endeavors to be composed of at least one-third Independent Directors. Since May 2018, the BIC Group has transformed its governance structure by appointing Gonzalve Bich, as Chief Executive Officer and Pierre Vareille as Chairman of the Board of Directors.

THREE COMMITTEES CHAIRED BY INDEPENDENT DIRECTORS

Each committee is made up of Directors with skills specifically identified to carry out its missions. For each committee, the appropriate section of the Registration Document provides additional information.

Audit Committee

The Audit Committee reviews and monitors the relevance of financial information and the reliability of risk management, internal control and Auditors' appointment process.

Compensation Committee

The Compensation Committee makes recommendations on the Compensation Policy for the Chairman of the Board and the Corporate Officers (and on all their compensation and/or benefits elements), on attendance fees and on performance metrics, in collaboration with the Audit Committee.

Nomination, Governance and CSR Committee

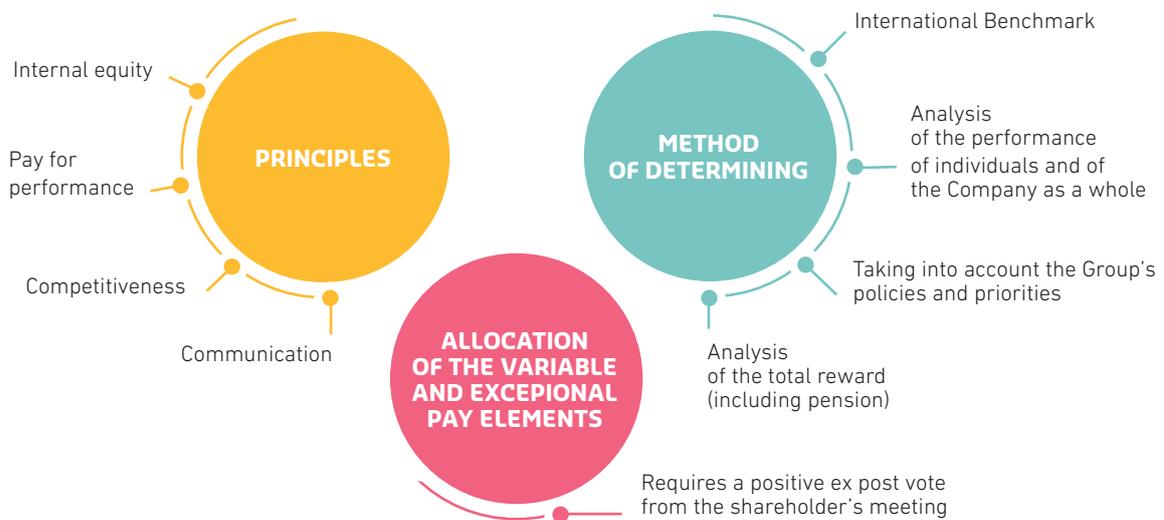
The Nomination, Governance and CSR Committee regularly examines the composition and functioning of the Board of Directors, proposes solutions to the Board for the succession planning of the Chairman of the Board, the Chief Executive Officer and the Corporate Officers. It reviews the report on social, societal and environmental responsibility as well as the actions taken by the Group in this respect and the progress made against the strategy and commitments taken.



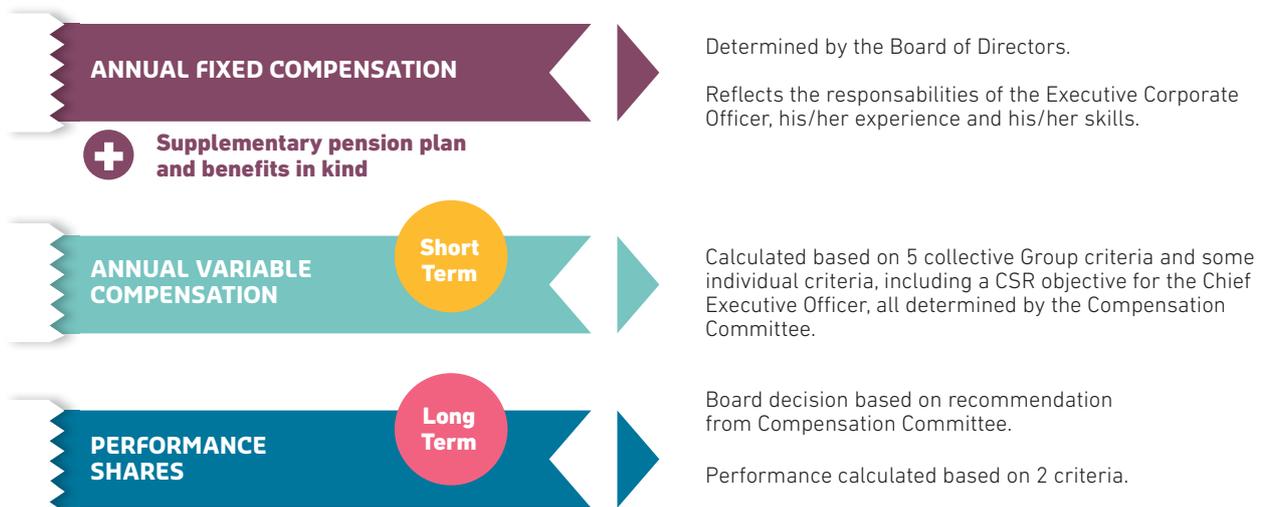
COMPENSATION POLICY: TRANSPARENT AND EXEMPLARY

In addition to the AFEP-MEDEF Code to which the Group refers, the compensation policy for members of the Board of Directors is centered around four principles identical to those applicable for all Group employees: internal equality; the recognition of individual and collective performance (linked to the achievement of key targets that contribute to the business success); competitiveness; and clear communication in relation to compensation policies.

COMPENSATION POLICY GENERAL PRINCIPLES



COMPENSATION POLICY PARTICULAR PRINCIPLES GOVERNING COMPENSATION



BIC PERFORMANCE

In order to create value for all its stakeholders, the Group capitalizes on its Brands, its historical markets its products and its distribution channels.

2018 RESULTS

Full Year 2018 Net Sales were 1,949.8 million euros, up 1.5% on a comparative basis. Europe grew by 1.8% North America grew by 1.4%, and Developing Markets grew by 1.5%, all on a comparative basis.

- Full Year 2018 Net Sales increased by 1.7% on a comparative basis
- Net Sales grew low-single digit in Europe driven by a robust Back-to-School season across most European countries.
- North America's Net Sales were up mid-single digit, driven by new added-value product launches and e-commerce momentum.
- Latin America Net Sales grew mid-single digit driven by a strong performance in Mexico
- In Middle-East and Africa, Net Sales were stable
- In India, Cello Pens' Domestic Net Sales increased low-single digit.

STATIONERY



- Full Year 2018 Net Sales were up 1.7% on a constant currency basis.
- Europe's Net Sales increased mid-single digit, driven by Eastern Europe's robust performance.
- In North America, Net Sales were relatively flat as the U.S. total wet shave market continued to be disruptive.
- Net Sales increased mid-single digit in Latin America where BIC outperformed the overall market, growing market share in all major countries.
- In Middle-East and Africa, Net Sales declined high-single digit.

LIGHTERS



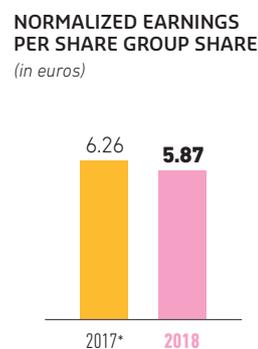
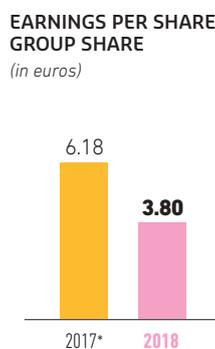
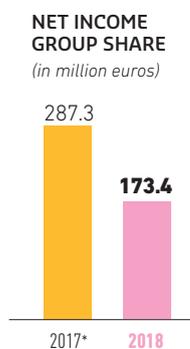
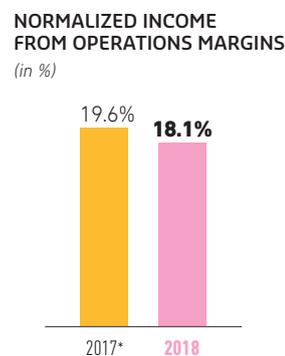
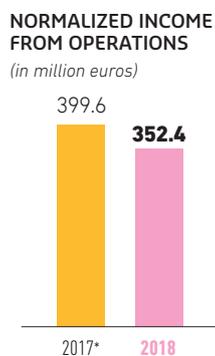
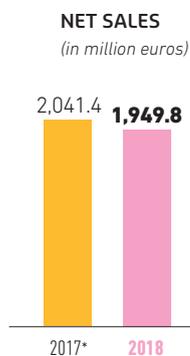
- Full Year 2018 Net Sales were up 2.4% on a comparative basis.
- In Europe, Net Sales increased mid-single digit, driven by both Western Europe and Eastern Europe, notably Russia with further distribution gains.
- In North America, Net Sales grew low single digit while Latin America posted mid-single digit growth driven by distribution gains in Mexico.



SHAVERS



KEY GROUP INDICATORS



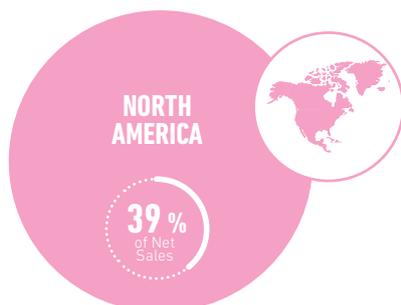
* Restated from IFRS 15.

BY CATEGORY

(in million euros)

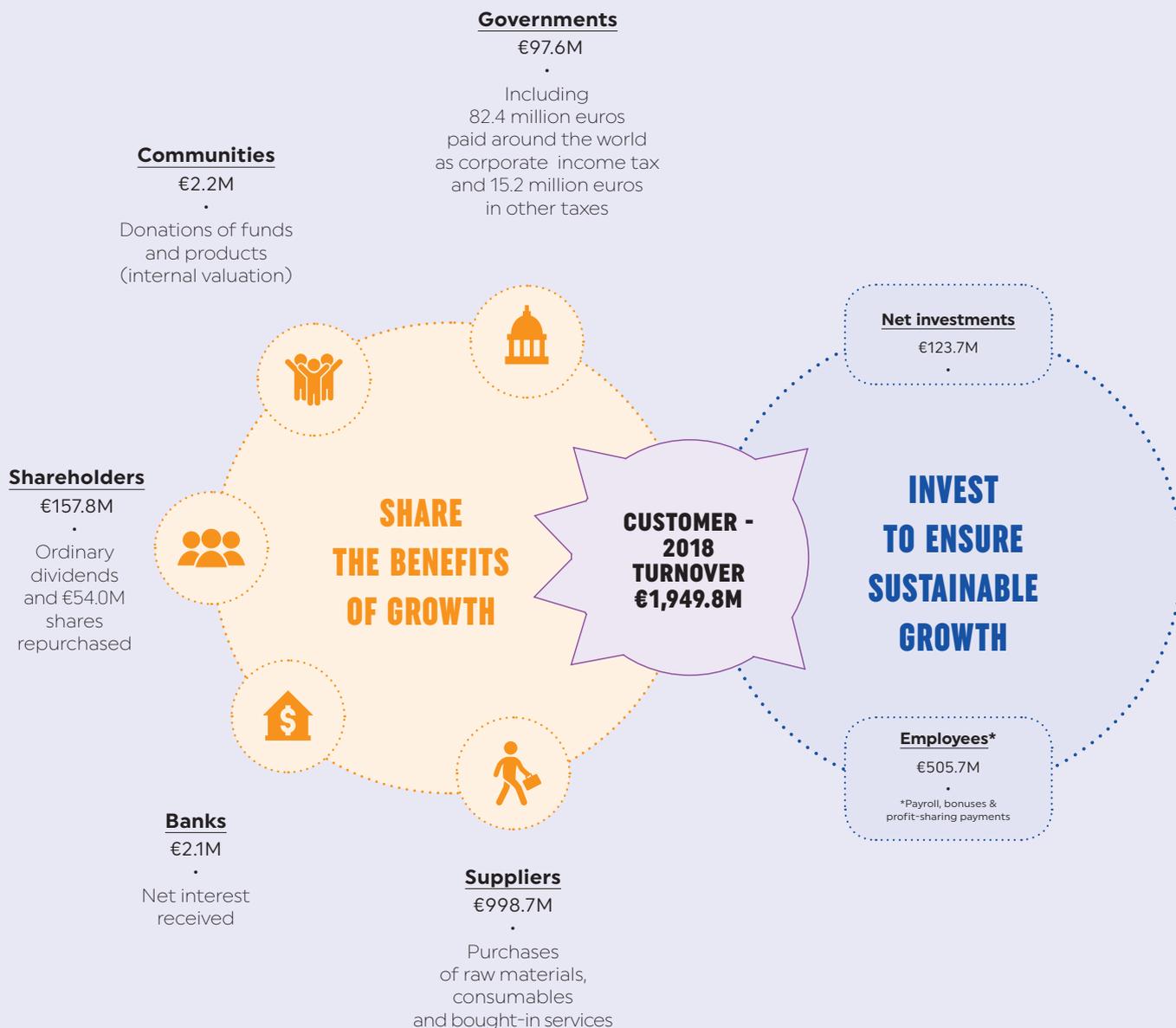
	2018 Net Sales	2018 Normalized Income From Operations	2018 Normalized Income From operations Margins
Group	1,949.8	352.4	18.1%
Stationery	771.9	62.8	8.1%
Lighters	685.8	247.0	36.0%
Shavers	438.0	45.4	10.4%
Other Products	54.0	-2.8	-0.1%

BY GEOGRAPHY



VALUE SHARING: A BALANCE BETWEEN INVESTMENT AND REDISTRIBUTION

BIC's business model has always been driven by a fundamental objective: to create long-term value and distribute it fairly to all of our Stakeholders – Consumers, Employees, Local Communities, Customers and Shareholders. Our 2018 results prove that our commitment to sustainable growth is bearing fruit. This philosophy will continue to inspire the Group's strategy in the years to come.



● Distribution to Stakeholders*
 ● Investments

* Distribution to Stakeholders does not take into account the change in working capital requirements.





GROUP PRESENTATION

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1.5. PROPERTY, PLANT AND EQUIPMENT	35



1.1. KEY FIGURES

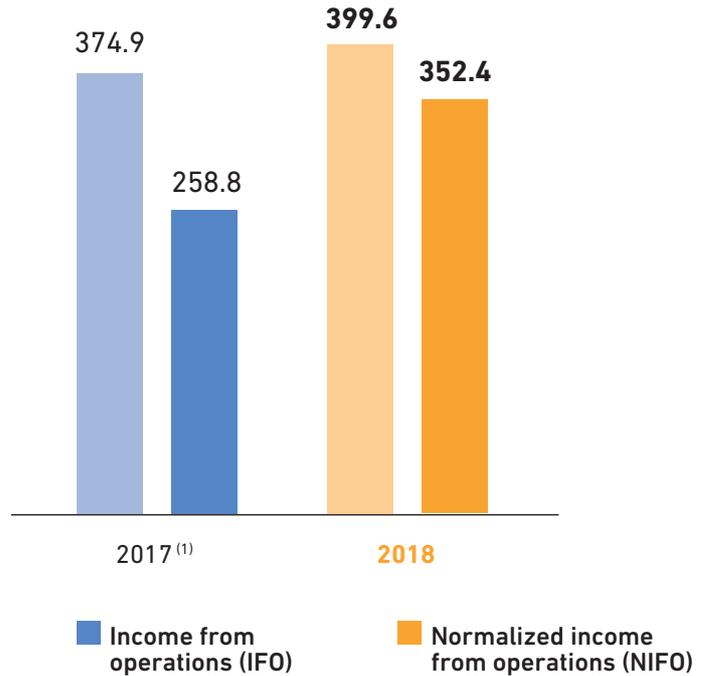
NET SALES

(in million euros)



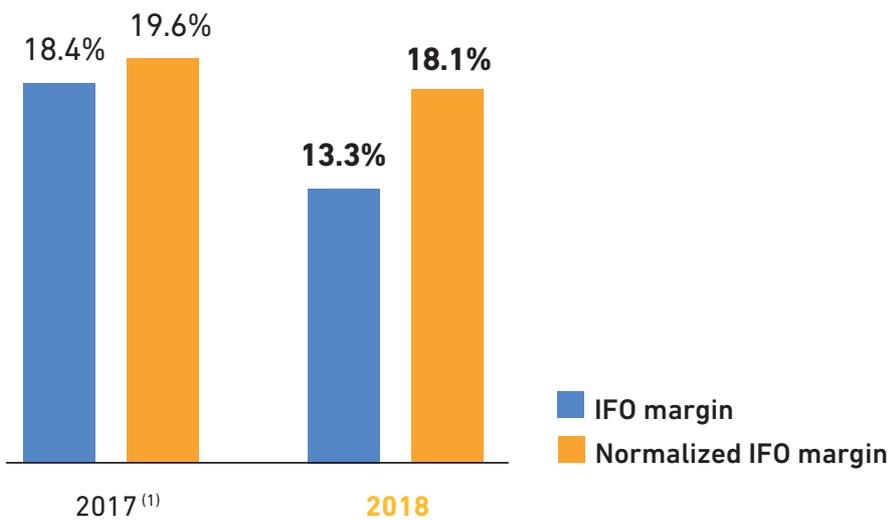
INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS

(in million euros)



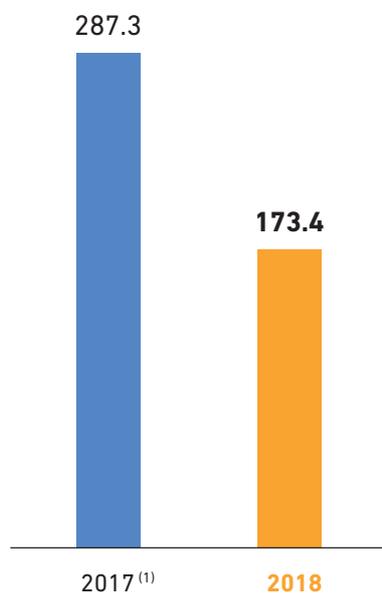
INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS MARGINS

(% of net sales)

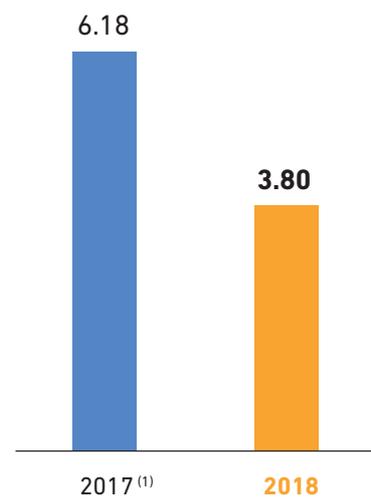


(1) Restated for IFRS 15

NET INCOME GROUP SHARE

(in million euros)

EARNINGS PER SHARE GROUP SHARE

(in euros)

(1) Restated for IFRS 15.



SALES VOLUME TRENDS

<i>(in million units)</i>	2017	2018
Stationery (Consumer – including Cello)	7,234	7,254
Lighters	1,591	1,616
Shavers	2,679	2,587

PRODUCTION VOLUME TRENDS

<i>(in million units)</i>	2017	2018
Stationery (Consumer – including Cello)	6,171	6,330
Lighters	1,645	1,563
Shavers	2,707	2,539

NET SALES BY GEOGRAPHICAL AREA

<i>(in million euros)</i>	FY 2017 (restated for IFRS 15)	FY 2018	Change as reported	Change on a comparative basis
Group				
Net Sales	2,041.4	1,949.8	(4.5)%	+ 1.5%
Europe				
Net Sales	570.0	559.7	(1.8)%	+ 1.8%
North America				
Net Sales	786.7	765.6	(2.7)%	+ 1.4%
Developing markets				
Net Sales	684.7	624.5	(8.8)%	+ 1.5%

MAIN INCOME STATEMENT INFORMATION

<i>(in million euros)</i>	FY 2017 (restated for IFRS 15)	FY 2018	Change as reported	Change on a comparative basis
Condensed profit and loss account				
Net Sales	2,041.4	1,949.8	(4.5)%	+ 1.5%
Cost of goods	971.9	935.5		
Gross Profit	1,069.5	1,014.3		
Administrative & other operating expenses	694.6	755.5		
Income from operations	374.9	258.8		
Finance revenue/costs	21.8	2.8		
Income before tax	396.7	261.6		
Income tax expense	(102.6)	(88.2)		
Net Income From Continuing Operations	294.1	173.4		
Net Income From Discontinued Operations	(6.7)	-		
Net Income Group Share	287.3	173.4		
Earnings Per Share From Continuing Operations (in euros)	6.33	3.80		
Earnings Per Share From Discontinued Operations (in euros)	(0.15)	-		
Earnings per share Group share (in euros)	6.18	3.80		
Average number of shares outstanding (net of treasury shares)	46,475,249	45,598,109		



KEY BALANCE SHEET AGGREGATES

<i>(in million euros)</i>	2017 (restated for IFRS 15)	2018
Shareholders' equity	1,702.2	1,638.1
Current borrowings and bank overdrafts	4.9	22.6
Non-current borrowings	0.2	32.0
Cash and cash equivalents – Assets	188.6	157.5
Other current financial assets and derivative instruments	45.0	18.1
Net cash position ^(a)	204.9	161.5
Goodwill and intangible assets	350.6	286.6
TOTAL BALANCE SHEET	2,353.7	2,367.0

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

(a) See Glossary § 9.9.

CONDENSED CASH FLOW STATEMENT

<i>(in million euros)</i>	2017 (restated for IFRS 15)	2018
Cash flow from operations	409.9	394.6
(Increase)/Decrease in net working capital	(8.1)	(73.0)
Other operating cash flows	(21.2)	(17.7)
Net cash from operating activities from continuing operations	374.5	303.9
Net Cash from operating activities from discontinued operations	6.1	-
Net cash from operating activities ^(a)	380.6	303.9
Net Cash from investing activities from continuing operations	(108.4)	(109.9)
Net Cash from investing activities from discontinued operations	(3.4)	-
Net cash from investing activities	(111.8)	(109.9)
Net Cash from financing activities from continuing operations	(273.1)	(226.5)
Net Cash from financing activities from discontinued operations	(2.3)	-
Net cash from financing activities	(275.4)	(226.5)
Net increase/(decrease) in cash and cash equivalents net of bank overdrafts	(6.6)	(32.5)
Closing cash and cash equivalents	187.0	149.8

(a) See Glossary § 9.9.



1.2. HISTORY

1950

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

1953

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

1954

- Expansion in Italy.

1956

- Early ventures in the Brazilian market.

1957

- Development in the United Kingdom and the Sterling zone.

1958

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

1969

- Launch of Promotional Products *via* the writing instrument segment.

November 15, 1972

- SOCIÉTÉ BIC is listed on the Paris Stock Exchange.

1973

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

1975

- BIC pioneers the "one-piece shaver".

1981

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

1992

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

1997

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

2004

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

2006

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

2007

- Acquisition of Atchison Products Inc., a U.S.-based supplier of imprinted promotional bags.

2008

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

2009

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

2010

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



2011

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

2012

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

2013

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

2014

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

2015

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

2016

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

2017

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

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

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

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

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



2018

- May: The Board of Directors, held after the Shareholders' Meeting, takes the following decisions: the separation of the functions of Chairman and of Chief Executive Officer; the nomination of Pierre Vareille as Chairman of the Board; the nomination of Gonzalve Bich as Chief Executive Officer. The Board also decided to appoint Candace Matthews as a member of the Audit Committee, replacing Pierre Vareille. Candace Matthews remains member of the Nominations, Governance and CSR Committee but is no longer part of the Compensation Committee.
- October: BIC announces that it filed an infringement complaint with the European Commission for lack of surveillance of non-compliant Lighters in France and Germany. The complaint concerns non-compliant Lighters that are either imported or sold on these domestic markets, impacting the entire European Union due to the free movement of goods. While the issue has been resolved in many countries around the world, the lack of effective market surveillance in Europe poses a real threat to consumer safety and is a cause for concern. Since day one, BIC has made the quality and safety of its Lighters an absolute priority. By initiating these new proceedings with the European Union, BIC is acting in the interest of all consumers and is committed to assisting those in pursuit of genuine consumer protection.
- December 31, 2018: BIC announces the transfer of Haco Industries Kenya Ltd manufacturing facilities in Kenya and

distribution of Stationery, Lighters, and Shavers in East Africa to BIC. This acquisition is in line with BIC's continued growth strategy in Africa, one of the most promising markets for BIC products in the world

- December 31, 2018: BIC completes the divestiture of BIC Sport, its water sports subsidiary, to Tahe Outdoors for a total Enterprise Value between 6 and 9 million euros, contingent upon BIC Sport's future financial results. Due to BIC Sport's divestiture, BIC may discontinue its writing instrument manufacturing activities located at the Vannes' industrial site and transfer its current production activities to the BIC Écriture 2000-Marne la Vallée (France) and BIC Bizerte (Tunisia) sites. This project is consistent with BIC's Stationery Operational Excellence strategy, aimed at refocusing French factories on large-scale production and specializing the Bizerte factory for both high complexity production for the European market and on mass production for Africa and the Middle East.

2019

- On January 16, 2019, BIC's Indian subsidiary BIC Cello, inaugurates the new writing instrument facility in Vapi (Gujarat state). This enhances the Group's manufacturing footprint in India, enabling BIC to meet consumer demand more effectively in this rapidly-growing market.

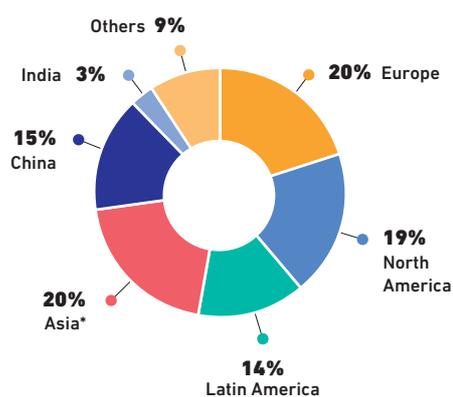
1.3. BUSINESS PRESENTATION

Stationery

The worldwide stationery market is estimated at 16.2 billion euros ⁽¹⁾ in 2017. The market is fragmented with a large number of frequently local players. Only three players (BIC, Newell Rubbermaid and Pilot) have managed to win more than 5% of the global stationery market.

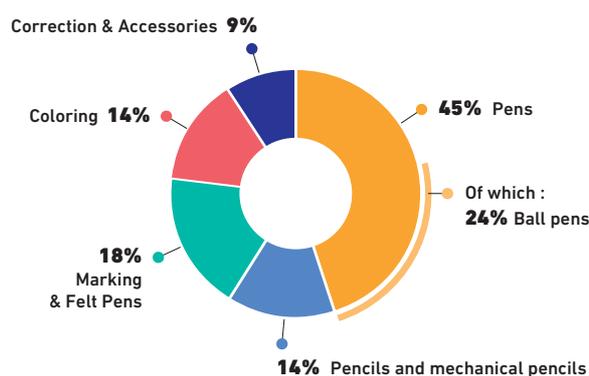
BREAKDOWN OF GLOBAL STATIONERY MARKET

By geographical area



*Asia without China & India

By product segment



BIC® STATIONERY MARKET SHARES IN VALUE

BIC is No. 2 worldwide with 8.9% ⁽¹⁾ of global market share.

Western Europe	No. 1 with 18.2% ^(a)
Brazil	No. 1 with 54.0% ^(b)
U.S.	No. 2 with 14.4% ^(c)
India	No. 1 with 23.3% ^(d)
South Africa	No. 1 with 41.5% ^(e)

(a) Source: GfK Europe 7 countries - MAT December 2018.

(b) Source: Nielsen December 2018.

(c) Source: NPD December 2018.

(d) Source: Market Pulse Dec. 2018 in value in Total Stationery (Pens/Pencils/Marking).

(e) Source: IRI December 2018.

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

(1) Source: Euromonitor Writing Instrument 2017 in retail value excl. pen & pencil refills.





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



Added Value Coloring (felt pens, coloring pencils)



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



Adhesive labels in Latin America

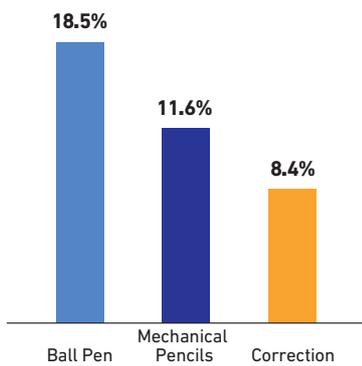


Writing instruments in India

BIC enjoys strong positions in major product segments:

BIC® STATIONERY GLOBAL MARKET POSITIONS AND MARKET SHARES IN VALUE

(Euromonitor Writing Instrument 2017 in retail value excluding pen & pencil refills)



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

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

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

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





Lighters

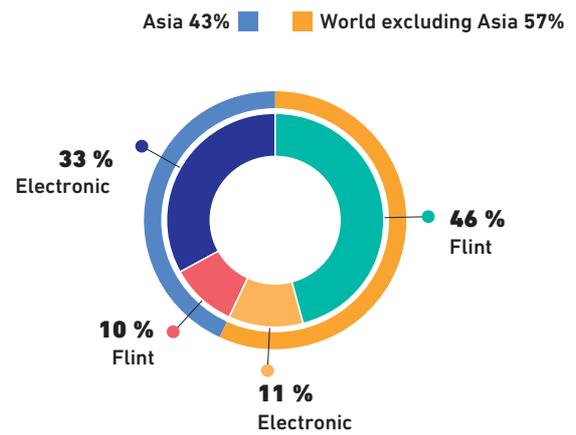
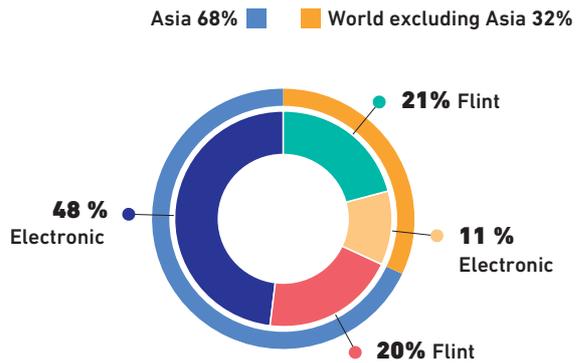
The worldwide lighter market is estimated at 13.2 billion units (4.7 billion euros in value terms⁽¹⁾) and can be broken down as follows:

BREAKDOWN OF GLOBAL LIGHTER MARKET IN 2017

(BIC Estimates)

Units

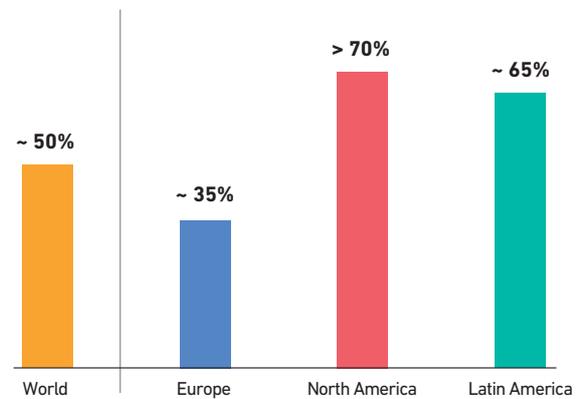
Value in euros



BIC is No. 1 worldwide in branded lighters. In 2017, BIC's global market share (excluding Asia) was approximately 50% in value terms. BIC is No. 1 in North America and in Latin America.

BIC® LIGHTER MARKET SHARE IN VALUE IN 2017 (EXCLUDING ASIA).

(Estimates/In value)



(1) BIC estimates in 2017.



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

Two key standards apply to pocket lighters:

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

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

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

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

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

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

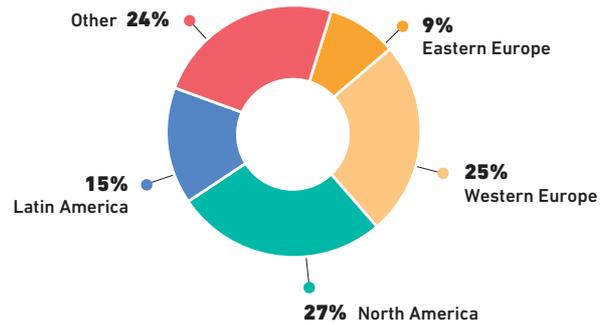
Shavers

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

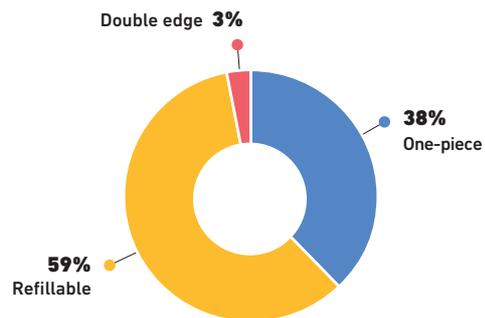
GLOBAL WET SHAVER MARKET IN 2017

(Euromonitor – 2017)

By geographical area



By product segment



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



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

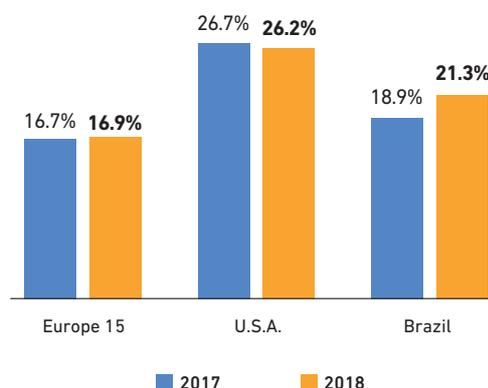
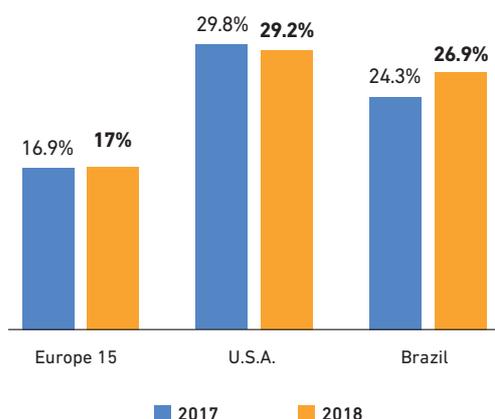
In the U.S., the wet shave market has recently undergone significant transformational disruption, notably with the emergence of Direct-to-Consumer online players representing around 15% ⁽¹⁾ of the total wet shave market, but which are growing faster than the market as a whole.

BIC'S MARKET SHARE IN THE DISPOSABLE SHAVERS SEGMENT

(Source: IRI USA (FY data ending December 2018), AC Nielsen (Brazil YTD data ending December 2018/ Europe 15 YTD data ending June 2018)

Volume

Value



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

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

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

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

Other Products

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

- **BIC Sport** is one of the world leaders in Stand-Up-Paddle (SUP) Boards, surfboards, windsurf boards and kayaks. BIC Sport has been sold to Tahe Outdoor on December 31, 2018;
- **DAPE 74 Distribution**, which sells to tobacco shops in France;
- **BIC® and non BIC®-branded products**: such as pantyhose sold in Greece, batteries and a line of shaving preps, all of which are designed to grow the BIC® brand in key markets;
- **Advertising and Promotional Products.**

(1) Source: IRI/Slice Intelligence data – December 2018 – in value.

(2) Source: Nielsen/IRI – YTD June 2018 – in value (scope 21 countries)



1.4. RESEARCH AND INNOVATION

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

In 2018, there were some 300 employees working in the research, development and innovation functions. In 2018, BIC invested approximately 1.8% of sales revenue in new product research and development; new products and line extensions accounted for 9% of BIC Group sales.

- In Stationery, BIC continuously innovates to bring state-of-the-art writing technology to its consumers and it launches an average of 20 new products every year. The Stationery R&D Department is organized around two activities: design, which focuses on the mechanical properties of products, and Ink Systems, which focus on ink improvements. BIC is the only player in the stationery industry that develops and produces all of its product components in-house, right down to the molds and machines used in production. This gives us complete control over product quality and reliability as we strive to maximize customer satisfaction. Over the last five years, BIC has launched many innovations in the market such as:
 - ultra-smooth inks for ball pens ;
 - broadest range of ball pen ink colors, allowing for the largest color pallet in the segment;
 - a unique two-toned graphite pencil with BIC Xtra Fun pencil;

- new graphite lead for mechanical pencils that results in smoother and darker writing;
- Erasable ink with the BIC® Gelocivity Illusion;
- Writing felt-pen with the BIC® Intensity;
- Two-tone cap ballpoint pen with the BIC® Cristal-Up;
- Tattoo bodymarkers with the BIC® Bodymark.
- In Lighters, new product design and product and process innovation in gas lighters are strictly controlled due to the potentially dangerous nature and widespread uses of the product. Every BIC® lighter remains safe over its entire life cycle – even in the event of any foreseeable misuse. Product developments are supported by several patents and model applications.
- In Shavers, research is organized around multi-disciplined project/product development teams composed of blade, design, engineering, packaging, quality and industrialization. 15 to 20 new products are developed each year, ranging from line extensions to new product launches. BIC uses in-house and external panels of experts to evaluate and validate product performance under real conditions. BIC has also forged basic research partnerships with large universities and research labs focusing on shaving efficiency and manufacturing processes. Over the last five years, BIC has launched many innovations in the market such as:
 - for Men: BIC® Easy/Hybrid and BIC® Flex 5;
 - for Ladies: BIC® Soleil Balance, BIC® Soleil Glow® and BIC® Soleil Shine.

1.5. PROPERTY, PLANT AND EQUIPMENT



92% of Group net sales are generated in BIC owned factories (including Cello Pens).

BIC owns 26 factories around the world:

- 16 factories are dedicated to manufacturing stationery products ⁽¹⁾ ⁽²⁾;
- 5 plants are dedicated to manufacturing lighters;
- 4 plants are dedicated to manufacturing shavers;
- 1 plant is dedicated to Advertising and Promotional Products.

INDUSTRIAL SITES



(1) The factory in Vannes (France) also manufactures BIC Sport products and has been divested on December 31, 2018
 (2) A new factory was built in India in 2017 and is operational from end 2018.



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

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

(a) Divested with BIC Sport on December, 31 2018. Following the sale of BIC Sport, the continuation of the writing instruments production activity located on the Vannes site is the subject of a reorganization project which was presented at the end of 2018 to the Central Social and Economic Committee of BIC Écriture 2000 (Sites of Marne la Vallée and Vannes). It would lead to the closure of the BIC Écriture 2000 plant in Vannes and would involve the redeployment of the production currently carried out in Vannes to the sites of BIC Écriture 2000 in Marne la Vallée (France) and BIC Bizerte (Tunisia).

Major related encumbrances correspond to depreciation.



RISKS

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INTRODUCTION

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

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

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

A description of the risk management system is disclosed in section 2.4 Risk management and internal control procedures implemented by the Company and Insurance– page 53.

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

The BIC Group has put in place several measures to mitigate the risks it is facing. One of them, described in section 2.4.4. INSURANCE – Coverage of risks likely to be incurred by the Issuer page 60, is transferring the risks by insuring them.

LIST OF THE MAIN RISKS

2.1. Operational and Financial Risks

Financial and Market Risks	Foreign Exchange risk Interest Rate risk Counterparty risk Liquidity risk
Legal Proceedings Risks	Facts leading to procedures Procedures (governmental, judicial, etc.)
Industrial and Environmental Risks	
Strategic and Operational Risks	Risks related to Group acquisitions Risks related to competition/Concentration of distribution Risks related to the concentration on developed markets Risks related to anti-smoking measures Risks related to manufacturing sites Risks related to IT and technology
Other Special Risks	Counterfeit Regulatory

2.2 Extra financial Risks ^[NFPS]

	Risks related to Plastics: Production of Plastic Waste and Resource Depletion Risks related to Climate Change Risks related to Product Safety and Consumer Health and Safety Risks related to Health and Safety of Team members Risks Related to non-respect of Human Rights (Child labor, international conventions, ILO) Risks related to unfair Practices (Corruption) Risks Related to the Environment Risks Related to Reputation and Brand Risks related to experienced team members and skills
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2.1. OPERATIONAL AND FINANCIAL RISKS

FINANCIAL AND MARKET RISKS

Financial and market risks/Foreign Exchange risk

Risk Identification

Due to its international presence, BIC is exposed to currency fluctuations. Indeed, due to their commercial and industrial activities, Group entities may be subject to transaction risk related to purchases or sales transactions in currencies other than their functional currency.

In addition, the financing requirements provided by intra-group loans expose certain entities to "financial exchange risk" (risk related to changes in the value of financial debt or receivables denominated in currencies other than the functional currency of the borrowing or lending entity).

Risk Mitigation

The BIC Group actively manages its exposure to currency risk in order to reduce its sensitivity to adverse price fluctuations by setting up hedges in the form of forward purchases or sales and optional products.

The Group's main exposure remains the euro-U.S. dollar. During the 2018 financial year, the total hedging for commercial flows amounted to 309.7 million U.S. dollars. This exposure was hedged at the average rate of 1 EUR = 1.1269 USD. With regards to 2019 requirements, as of December 31, 2018, 100% of the identified exposure had been hedged on a firm or optional basis. The average price obtained for 2019 on hedges in place is 1 EUR = 1.1893 USD.

For the BIC Group's other significant exposures, the 2019 coverage ratio, as of closing date of December 31, 2018, is between 80% and 100%.

All of the subsidiaries' hedges are mainly with Société BIC, which in turn hedges the BIC Group's net positions with external counterparties (first-tier banks).

Note 21 to the consolidated financial statements, page 227, provides a detailed description of the underlying foreign exchange positions and the instruments used to hedge them.

See also Note 23 to the consolidated financial statements, page 235.

Financial and market risks/Interest Rate Risk

Risk Identification

For the purpose of its development and investment policy, the BIC Group may use bank or market financing. Interest rate risks results from the changes in interest rates, particularly in case of variable rate debt.

Risk Mitigation

Exposure to interest rate risk is very limited. The occurrence of borrowing positions is not significant and is too specific to generate a need for a hedging.

There are no interest rate risk management products in the portfolio as of December 31, 2018.

See also Note 21 to the consolidated financial statements, page 227.



Financial and market risks/Counterparty risk

Risk Identification

The BIC Group, through its foreign exchange, financing and investment hedging activities, is exposed to a financial counterparty risk on its positions recognized as assets in the consolidated balance sheet (fair value of financial instruments and cash invested with financial institutions).

Risk Mitigation

All financial instruments are set up with banks with first-class ratings by international agencies and therefore the counterparty risk very low. The minimum Standard & Poor's long-term rating of our main banking counterparties is A-. The rating range goes from A+ to A-. It should nevertheless be noted that the rating is one of the elements that contribute to our understanding of counterparty risk but cannot be our only decision-making criteria. Counterparty risk is calculated in accordance with IFRS 13 at each half-yearly closing, and to date the result has never been considered significant enough to be subject to a specific accounting entry.

Decisions to invest cash surpluses are subject to a rigorous counterparty risk assessment (of subscribed assets, depositaries and custodians).

Counterparty risk is considered immaterial as of December 31, 2018.

Financial and market risks/Liquidity risk

Risk Identification

In order to finance its investments and other cash requirements, the BIC Group must ensure access to financing resources available both internally within the BIC Group and externally from financial institutions.

Risk Mitigation

The BIC Group manages its liquidity in order to maintain a positive and available cash position to successfully execute its organic development and/or external growth strategy.

While the BIC Group does not currently have significant structural bank financing, the Group Treasury regularly checks the borrowing capacities available from its core banks.

The Group's surpluses and cash requirements are managed by Group Treasury, following a prudent policy, which aims to avoid any risk of loss on capital and to maintain a satisfactory liquidity situation.

Surpluses located in non-centralized countries, Brazil and India in particular, are subject to the same policy, under the decision-making control of Group Treasury.

The more structural portion of the cash can be invested in financial instruments with an investment horizon of more than six months. All investment lines are monitored on a bimonthly mark-to-market basis by Group Treasury and aim to maintain an average annual performance above the capitalized Eonia rate. Group Treasury is also in constant contact with asset management companies, in order to have the best possible level of information on asset managers' decisions and to gain the best possible understanding of the impact of market movements on the valuation of the funds held.



LEGAL PROCEEDINGS RISKS

Risk Identification

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

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

Risk Mitigation

These risks are constantly monitored as part of the usual activities of the relevant departments within the BIC Group, in particular: Internal audit, Risk Management, Finance, Tax, Legal, Product Safety, Factories.

INDUSTRIAL AND ENVIRONMENTAL RISKS

Risk Identification

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

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

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

Risk Mitigation

For this reason, in all BIC factories:

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

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

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



STRATEGIC AND OPERATIONAL RISKS

Risks related to Group acquisitions

Risk Identification

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

Risk Mitigation

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

Risks related to competition/Concentration of distribution

Risk Identification

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

Risk Mitigation

However, the BIC Group's international presence, its powerful Brand and the diversity of its distribution channels help to mitigate its exposure to market concentration and competitors' rationalization. BIC is closely monitoring sales and demands of distributors and pursues its efforts to differentiate its products from its competitors, emphasizing innovative and economical solutions and positioning itself to satisfy end-consumer needs. BIC continues to nurture its relationships with key customers to better anticipate and meet customer demands.

Risks related to concentration on developed markets

Risk Identification

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

Risk Mitigation

Therefore, the BIC Group aims to continue its expansion in developing markets through internal and external growth.

Risks related to anti-smoking measures

Risk Identification

Lighters represent a significant part of the Group's net sales (35% in 2018). Part of the Group's Lighter business is related to the sales of tobacco products. The tobacco industry is subject to increasingly stringent regulations around the world, mainly in developed countries. Anti-smoking campaigns and devices, such as e-cigarettes, and further restrictions in public places, could have a potential impact on the growth and profitability of the BIC Group.

Risk Mitigation

However, the quality of BIC lighters remains the decisive driver for continuous growth in the lighter market. The sale of reliable utility lighters is also an advantage for the BIC Group.



Risks related to manufacturing sites

Risk Identification

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

Risk Mitigation

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

Moreover, a strong social climate and careful management of supplies, as well as continuity plans ensuring the presence or restoration of critical functions, mitigate the potential impact and minimize the occurrence of such events. The BIC Group has also taken out insurance programs (see Chapter 2.4.4. Insurance – Coverage of risks likely to be incurred by the issuer) page 60.

Risks related to IT and technology

Risk Identification

We address all aspects related to IT risk. These are divided into three main categories:

- Risks related to the intrusion to steal sensitive data;
- Risks related to the damage or the neutralization of our IT capacities;
- Risks related to service outage for unplanned downtime of our systems.

The consequences of the materialization of these risks are:

- Theft of sensitive data;
- Extortion of all kinds;
- Business interruption related to the unavailability of the systems.

Risk Mitigation

The IT security management policy was put in place several years ago and, year after year, always strengthened.

Although zero risk does not exist, the BIC Group has not yet had to suffer from any of the cyber-attacks that have otherwise hit other similar companies.

To this end in 2018 besides the daily management of our protections, we have:

- finished the systematic audit of our factories, started in previous years;
- implemented systematic phishing testing campaigns to educate users about fraudulent emails;
- provided specialized e-learning on the themes of cyber-security;
- accelerated the migration of our proprietary infrastructures to cloud services.

OTHER SPECIAL RISKS

Counterfeits

Risk Identification

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

Risk Mitigation

In order to protect our brand image and our business interests, the BIC Group, through its Legal Department, is fighting against these counterfeits, working in close cooperation with local authorities and law enforcement agencies and initiating court and administrative actions.



Regulatory Lighters – EU

Risk Identification

The BIC Group is confronted with competition from low cost lighters that in Europe often do not comply with safety standards, the ISO 9994 international safety standard and the EN 13869 child resistance standard.

Risk Mitigation

The BIC Group fights against such lighters through communication activities informing the different stakeholders (customers, market surveillance authorities, EU Commission, EU Parliament, etc.).

The BIC Group has launched legal actions, the latest being filings before the European Commission in October 2018 requesting the opening of infringement procedures against France and Germany, after the Netherlands in 2010.

In 2018, the BIC Group continued to contribute to public consultations launched by the EU Commission aiming at improving market surveillance rules and their enforcement.

All Products

Risk Identification

Restrictions, prohibitions and prohibitions projects are more and more numerous in the fields of chemical substances as well as plastics, particularly in North America and Europe.

Risk Mitigation

The BIC Group is closely monitoring announced regulatory changes and voices relevant technical and legal arguments.

2.2. EXTRA FINANCIAL RISKS [NFPS]

RISKS RELATED TO PLASTICS: PRODUCTION OF PLASTIC WASTE AND RESOURCE DEPLETION

Risk Identification

On the one hand, the plastic risk covers the upstream with the use of this material in BIC® products, contributing to the depletion of a non-renewable resource, and therefore subject to rarefaction and price volatility, and on the other hand, downstream with the growing problems of pollution related to plastic waste. In addition to these issues, there is also the growing regulatory environment regarding the use of plastic and the perception of consumers and citizens.

Risk Mitigation

Since 2003, the BIC Group has implemented a Sustainable Development Program aimed at ensuring the sustainable development of the BIC Group's activities. This strategy includes eco-design rules for products and aims to minimize the consumption of non-renewable raw materials. This eco-design approach is established in three parts:

- minimizing the quantity of material used in the manufacturing of a product while ensuring long-lasting performance;
- the integration of alternative materials (of recycled or vegetable origin);
- the development of refillable products.

In addition, in 2017, the BIC Group wanted to accelerate its efforts by defining an ambitious commitment as part of its "Writing the future, Together" strategy: by 2025, the environmental and/or societal footprint of BIC® products will be improved ("2025 Commitment: #1 Fostering sustainable innovation in BIC® products").

The ambition is based on the deployment of a comprehensive eco-design process integrated into the innovation processes of each category.

All of the Group's Sustainable Development Strategy is presented in Chapter 3.2.1 Our products' environmental performance.

RISKS RELATED TO CLIMATE CHANGE

Risk Identification	Risk Mitigation
<p>Major risks related to Climate Change are:</p> <ul style="list-style-type: none"> • increasing regulation on carbon or energy directly or indirectly impacting our operations or those of our suppliers and contract manufacturers; • disruption or interruption of production activities due to extreme weather conditions or availability of natural resources (water, energy, etc.) directly impacting our factories or those of our suppliers and contract manufacturers; • development of new regulations and standards regarding product environmental impact assessment and communication (including the carbon impact) as well as consumer behavior changes impacting the Group sales. 	<p>To limit the financial consequences of these risks and transform some of them into long-term opportunities, since 2003 the BIC Group has a Sustainable Development Program, as well as an Environment, Health & Safety (EHS) Policy. In 2017, the BIC Group decided to go one step further and increase its efforts by defining ambitious commitments. Among the 5 commitments of "Writing the future, Together", two contribute more directly to addressing the issue of Climate Change:</p> <ul style="list-style-type: none"> • By 2025, BIC will use 80% renewable electricity. With this commitment, the BIC Group is seeking to reduce its greenhouse gas emissions by purchasing renewable energies and will also study the potential production of renewable electricity on-site. It is part of a long-term vision to operate on 100% renewable electricity. It supplements the BIC Group's continued efforts on energy consumption reduction and energy efficiency to limit its emissions. In 2018, the BIC Group has renewable energy certificates (GoO or REC) to cover 68% of its electricity consumption and 47% of its indirect greenhouse gases (scope 2). • By 2025, the environmental and/or societal footprint of BIC® products will be improved (2025 Commitment #2 Acting against climate change). The goal is to deploy a comprehensive eco-design process within each of our categories. In the framework of its eco-design approach, the BIC Group aims at limiting the environmental impacts of its products (including the carbon impact) by minimizing the use of non-renewable raw materials by, for example, minimizing the quantity of materials used, the use of alternative materials or the development of refillable products. <p>Besides, in 2018, BIC Group launched a study to review the physical risks linked to Climate Change for all its sites and some contract manufacturers and suppliers. For the sites with higher risks, the BIC Group will define a relevant action plan taking into account mitigation plan already in place.</p> <p>The Group Sustainable Development Program is presented in Chapter 3: "Our environmental, social and societal responsibility". 3.3.1.3 Writing The Future, Together – #2 Acting against climate change.</p>



RISKS RELATED TO PRODUCT SAFETY AND CONSUMER HEALTH AND SAFETY

Risk Identification

The risk related to product safety and consumer health and safety is a risk of placing non-compliant or unsafe products on the market.

Risk Mitigation

The BIC Group wants to offer safe and compliant products that answer consumers' expectations. The BIC Group strives to strictly comply with increasingly stringent regulations regarding the use of chemicals and products.

The Product Safety Policy, implemented in 2001, includes ten commitments to ensure that products designed and manufactured by the BIC Group are safe for health and the environment.

With the primary objective of bringing to the market safe and compliant products, the BIC Group integrates regulatory compliance and product safety risk management into its strategy through a rigorous set of processes. In this way, the BIC Group supplies millions of products of constant quality every day, verified by multiple tests.

It also means integrating the consumers' health and safety concerns into product design and manufacturing. For example, in 2017, regulatory watch was extended to non-regulatory voluntary lists to ensure maximum anticipation.

More information is available in section 3.2.3. "Product Safety".

RISKS RELATED TO HEALTH AND SAFETY OF TEAM MEMBERS

Risk Identification

The BIC Group's operations, both industrial and commercial, expose its workers to various professional risks (mechanical, chemical, psychosocial, biological, ergonomic) that differ from function to function (headquarters, factories, sales force). For the BIC Group, workplace safety means ensuring its team members' physical and mental well-being by preventing accidents and occupational diseases.

Risk Mitigation

The BIC Group is committed to ensure health and safety to its team members through safe and healthy working conditions. For example, the BIC Environment, Health & Safety (EH&S) policy commits the BIC Group to preventing or, at least, reducing risks to the health and safety of team members, subcontractors and the people who live or work near its production sites. For this reason, the BIC Group implements all the necessary levers: health and safety management, continuous improvement of the working environment and organization, and raising people's awareness of safety issues.

In 2017, the BIC Group wanted to go further and announced its commitment to Health and Safety as part of the "Writing the future, Together" program: "By 2025, BIC aims for zero accidents across all operations." (2025 Commitment: #3 Committing to a safe work environment). This ambition integrates the 3 dimensions of health, safety and well-being at work, at every level.

More information is available in section 3.4 of Chapter 3 Our environmental, social and societal responsibility (§ 3.4.3 Health/Safety in the workplace).

RISKS RELATED TO NON-RESPECT OF HUMAN RIGHTS (CHILD LABOR, INTERNATIONAL CONVENTIONS, ILO)

Risk Identification	Risk Mitigation
<p>Non-compliance with fundamental human rights such as child labor, discrimination or forced labor may result in legal action against the BIC Group and major consequences in terms of reputation and attractiveness.</p>	<p>To ensure respect for Human Rights at work, the BIC Group has adopted a Code of Conduct, consisting of a set of professional and social principles derived from the standards of the International Labor Organization (ILO). The BIC Group is committed to a socially responsible behavior in all its activities. This document applies to BIC factories as well as contract manufacturers and its implementation is regularly monitored by the BIC Group through audits.</p> <p>Moreover, the BIC Group reliance on contract manufacturing is relatively low. Overall, 92% of its net sales are generated by products made in its own factories. 87% of its factories are located in countries with no Human Risk according to Freedom House ^(a).</p> <p>The BIC Group works with subcontractors primarily for Stationery products in the Consumer business and for Advertising and Promotional Products. Subcontracting gives the BIC Group greater flexibility.</p> <p>More information is available in section 3.5 of Chapter 3 Our environmental, social and societal responsibility (§ 3.5.1.2 Ensuring respect Human Rights in the workplace).</p>

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

RISKS RELATED TO UNFAIR PRACTICES (CORRUPTION)

Risk Identification	Risk Mitigation
<p>The risk of corruption and unfair practices can lead to legal actions against the BIC Group and major consequences in terms of reputation and attractiveness.</p>	<p>Compliance with ethical principles and the fight against all forms of corruption, active or passive, are stipulated among the standards of the BIC Group Code of Ethics and BIC Group Anti-Corruption Policy.</p> <p>Since 2007, the BIC Group Code of Ethics has defined the fundamental ethical principles that the Group asks all of its team members 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.</p> <p>Since 2017, BIC has been developing and deploying tools (training, reporting system, etc.) to facilitate the identification, quantification and mitigation of the potential risks of corruption.</p> <p>More information on the fight against corruption is available in Chapter 3, section 3.5 (§ 3.5.1.3 Ethics and the fight against corruption).</p>



RISKS RELATED TO THE ENVIRONMENT

Risk Identification

The nature of our manufacturing operations, primarily molding and the assembly of plastics products and printing of products, has a local environmental impact. However, this risk remains relatively low compared to other manufacturing sectors.

Risk Mitigation

The Sustainable Development Program, based on the HSE policy, requires all BIC plants to measure, assess and reduce any potential significant environmental impacts. The BIC Group has health, safety and environmental management systems in each of its plants (excluding Cello Pens) to ensure the integration of measures to prevent pollution and other risks in its everyday operations, as well as the ongoing improvement of its installations, equipment and procedures for the purpose of risks prevention.

Detailed information on the management systems and specific measures for controlling the environmental consequences of the Group's operations can be found in Chapter 3, section 3.3.1.1 Management systems page 86 and § 3.3.1.5 Reducing other forms of environmental impact page 93.

A breakdown of the plants' water and energy consumption, greenhouse gas emissions and waste production is given in Chapter 3, section 3.3. Environmental responsibility concerning our operations, along with the actions undertaken by the BIC Group and its sites to control and reduce their environmental impact.

RISKS RELATED TO REPUTATION AND BRAND

Risk Identification

In the context of increasing environmental awareness, the brand image could be associated with disposable products, leading to customer disaffection for BIC® products.

Risk Mitigation

However, through its strong Sustainable Development Program, a range of products with an ecolabel, and communication on environmental benefits, the BIC Group believes it is taking the necessary steps to cover this risk.

The Sustainable Development Strategy is presented in Chapter 3, Our environmental, social and societal responsibility.

RISKS RELATED TO EXPERIENCED TEAM MEMBERS AND SKILLS

Risk Identification

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

Risk Mitigation

The BIC Group therefore focuses on identifying, developing and managing experienced team members. Succession plans based on a detailed analysis of Group's resources have been prepared and implemented. Additionally, team members training is given specific attention through dedicated programs (see Chapter 3, section 3.4 Our social responsibility to our employees, page 95).

2.3. VIGILANCE PLAN

2.3.1. REGULATORY FRAMEWORK

In accordance with French law no. 2017-399 of March 27, 2017 concerning the duty of care for parent companies ("the Law"), BIC developed the following Vigilance Plan and started its implementation.

This Plan contains due diligence measures sufficient to identify risks and to help prevent infringements and damage to:

- Human Rights and fundamental freedoms;
- Health and safety; and
- Environment.

It targets the major risks arising from Société BIC's activities and from the entities which it controls, and from the activities of its subsidiaries, subcontractors and suppliers with whom is maintained an established business relationship, when these activities are connected to this relation.

2.3.2. GOVERNANCE

Representatives of various departments, Sustainable Development, Purchasing, Legal, Risks, and Internal Control, continued working in 2018 to establish and implement the Vigilance Plan. A member of this working group is responsible for ensuring that the steps are followed in accordance with the Law.

The key extra-financial performance indicators are monitored by the Leadership Team.

The Vigilance Plan was sent to the Board of Directors in February 2019.

2.3.3. RISK MAPPING

Methodology

Two working groups carried a risk mapping to identify major risks:

- one, supervised by the Purchasing Department, focused on BIC supply chain, as part of *Writing The Future, Together* commitments program;
- another one, supervised by the Sustainable Development Department and the Legal Department, focused on BIC Group activities.

The working groups assessed the existing or potential major risks on our supply chain, as well as opportunities aiming at value creation for the stakeholders and for the BIC Group.

An external service provider, specialized in corporate social responsibility and responsible purchasing, supported each working group in developing the risk mapping tools and setting up action

plans. The tools included the same rating scale as the one used for the BIC Group risk mapping (presented in Chapter 2.4 Risk management and internal control procedures implemented by the Company and Insurance).

The methodology for risk mapping was based upon many interconnected sources:

- Recommendations of the main relevant standards, such as ISO 31000 which provides a methodological framework to risk management;
- External stakeholders' expectations (e.g. French Anti-Corruption Agency, NGO, clients) and internal stakeholders;
- Requirements of the "Sapin 2" law and the European Directive 2014/95/EU (on non-financial performance statement) in terms of risk identification and prevention;
- Recommendations issued by the United Nations and the OECD guidelines in terms of due diligence.

Both groups worked to identify the major risks and the relevant actions on the four topics covered by the Law as well as business ethics through around sixty topics intended to sharpen the analysis and to establish action plans.

This risk mapping (supply chain and the BIC Group activities) will be updated on a regular basis.

Perimeter

"Responsible Purchase" working group proceeded to the identification of major risks (excluding Cello Pens), by purchasing category: plastics, ink & chemicals, gas, metal, services (utilities and other services), logistics, subcontractors (licensed manufacturers, contract manufacturers), etc.

The risk identification by purchasing category, considering the products and services life cycle, allowed the understanding of the risk positioning in the supply chain, considering the various operators of the supply chain.

"BIC Activities" working group identified the major risks arising from manufacturing operations, sales and from the administrative sites of the BIC Group.

Stakeholders consultation

BIC Group involved stakeholders to the elaboration of the risk mapping:

- Internal stakeholders: purchasers of the different purchasing categories, Anti-Corruption Officer, domain experts (EH&S, industrial facility, sales on different geographical areas, HR, etc.);
- External stakeholders: some suppliers (plastics).

The BIC Group will keep associating and consulting the stakeholders to the Vigilance Plan in 2019 (more information about the stakeholder's panel is available in section 3.1.3.1).



2.3.4. ORGANIZATION AND MEASURES FOR THE PREVENTION OF MAJOR EXTRA-FINANCIAL RISKS

The tables below refer to the pages of the Chapter 3 of the registration document which gives a detailed presentation of the issues, the policies, the initiatives, the accomplishments of the past year and the extra-financial performance of the BIC Group.

The BIC Group implemented a body of documents to facilitate risk management. Those that address the topics covered by Law and

provide the basis for the BIC Group's Vigilance Plan are: The Code of Ethics, the BIC Group Anti-Corruption Policy, the BIC Group Code of Conduct, Health, Safety, Environment Policy (EH&S), the BIC Charter of Diversity, the Responsible Purchasing Charter. These documents are listed in part 3.1.2.4 Our Policies.

Within the scope of the Law, the major risks listed below correspond to the most critical risks identified (resulting from the probability of occurrence and the significance of the potential impacts regarding the applicable risks).

A. Major risks arising from BIC Group activities ^[NFPS]

Major risks	Type of risks	Policy	Organization	Mitigation and remediation measures/Due diligence and regular assessment processes /Results - Key extra-financial performance indicators
Plastics: plastic waste and resource depletion	Environmental risk	2025 Commitment: #1 Fostering sustainable Innovation in BIC® products	Implementation by the Categories, by the Purchasing Department, with the support of the Sustainable Development Department	See the eco-design process in section 3.2.1 Our products' environmental performance (pages 74 to 79).
Climate change	Environmental risks	2025 Commitment: #2 Acting against climate change	Implementation by the Sustainable Development Department EH&S Officer in each factory	See the process of fight against climate change in section 3.3.1.3 Writing The Future, Together - #2 Acting against climate change (pages 88 to 91).
Product safety and Consumer Health and Safety	Risks for people health and safety	BIC policies for product safety	Implementation by the Product Safety Department	See the product safety process in section 3.2.3 Product safety (pages 82 to 84).
Health and Safety of Team members	Risks for people health and safety	2025 Commitment: #3 Committing to a safe work environment EH&S policy	Implementation by HR and each Category EH&S Officer in the factories	See the process of safety in the workplace in section 3.4.3 Health/Safety in the workplace (pages 97 to 99).
Non-respect of Human Rights and Fundamental Freedoms (child labor, ILO conventions)	Risks on Human Rights and Fundamental Freedoms	Code of Ethics, HR Policy Code of Conduct	Implementation by HR for team members Implementation by each Factory Director	See the measures for the respect of Human Rights in the workplace in section 3.5.1.2 Ensuring respect for human rights in the workplace (pages 109 to 111).
Unfair practices (Corruption)	Risks of active or passive corruption	BIC Group Code of Ethics and Anti-Corruption policies	Implementation by an Anti-Corruption Officer, the Legal Department, the Purchasing Department	See the anti-corruption fight process in section 3.5.1.3 Ethics and the fight against corruption (pages 111 to 112).

B. Major risks arising from the supply chain

Purchasing Categories	Type of risks	BIC Policies	BIC Organization
Raw materials, Plastics, Metal, Inks and Chemicals	<p>Environment: Plastics consumption, water pollution and soil pollution related to the extraction of raw materials</p> <p>Human Rights: Exposure of local populations to the releases from the production sites</p> <p>Exclusion of the conflict minerals</p> <p>Health and Safety: Chemicals impacts on team members' health and safety</p> <p>Products safety for the consumers</p> <p>Ethics: Regulatory compliance, Corruption</p>	<p>Responsible Purchasing Charter</p> <p>2025 Commitment: #4 Proactively Involving Suppliers</p>	<p>Implementation by the Purchasing Department, Industrial Departments and Sustainable Development Department</p>
Packaging	<p>Environment: Deforestation, overpack, water pollution resulting from manufacturing process</p> <p>Health and safety: Environmental impact of the chemicals used (inks, adhesives)</p> <p>Ethics: Regulatory compliance, corruption, use of wood from non-sustainable exploitation</p>	<p>Responsible Purchasing Charter</p> <p>BIC Group's Code of Conduct</p>	<p>Implementation by the Purchasing Department, Industrial Departments and Sustainable Development Department</p>
Transport & Logistics	<p>Environment: Greenhouse gas emissions, consumption of non-renewable energy sources</p> <p>Health and safety: Road accidents and accidents in handling</p> <p>Ethics: Corruption</p>	<p>Responsible Purchasing Charter</p> <p>BIC Group's Code of Conduct</p>	<p>Implementation by the Purchasing Department, Industrial Departments and Sustainable Development</p>
Contract manufacturers	<p>Environment: GHG emission, consumption</p> <p>Societal and Human Rights: Compliance with ILO Conventions in terms of working conditions, forced labor, constrained work or child labor</p> <p>Team members Health and Safety</p> <p>Ethics: Regulatory compliance, corruption</p>	<p>Responsible Purchasing Charter</p> <p>BIC Group's Code of Conduct</p> <p>Code of Ethics</p>	<p>Implementation by the Purchasing Department, Industrial Departments and Sustainable Development</p>
Indirect suppliers	<p>Environment: water and energy consumption, water pollution especially for maintenance personnel and building officials</p> <p>Societal and Human Rights: the strike by team members especially for the goodies sector</p> <p>Ethics: Corruption</p>	<p>Responsible Purchasing Charter</p>	<p>Implementation by the Purchasing Department</p>



Mitigation and remediation measures/Due diligence process

	Raw materials, Plastics, Metal, Inks & Chemicals	Packaging	Transport & Logistics	Contract manufacturers	Indirect suppliers
Criteria on Environment and Health and Safety incorporated into calls for tender or in the referencing process	X	X	X		X
External Audit by the BIC Purchasing teams on the environmental issues, health and safety, carried out periodically In the event of major non-compliance, evaluation of the opportunity of a dereferencing decision	Strategic Suppliers		X	X	HR Suppliers and Facility Management (in case of bad evaluation)
Documentary evaluations	Non-strategic Suppliers	Strategic Suppliers	Non-strategic Suppliers		Strategic Suppliers
Specific measures presented below		X	Strategic Suppliers	X	X

For more details on the approach of our responsibility in the value chain, the implemented measures, and the results, please refer to Chapter 3.5.1. Fulfilling our responsibility across our entire value chain (pages 108 to 112).

Regular assessment process

The BIC Group Purchasing teams are implementing the following process to ensure the regular assessment of the risk's mitigation measures:

- Monitoring of the CSR criteria in the calls for tender or in the referencing processes;
- Monitoring of the suppliers' panel by the audits, document reviews, assessments, etc.;
- Monitoring of the audit results, document reviews, assessments, etc.;
- Monitoring of the correction action asked for;
- Monitoring of the dereferencing decisions.

Results – Key extra-financial performance indicator

Key extra-financial performance indicators, such as the compliance rate of the suppliers to the dedicated criteria following the purchasing category in the calls for tender and the implementation of external assess of suppliers were defined and will be implemented according to the different purchasing categories.

C. Alert hotline

The "BIC Speak-Up" hotline accessible to all BIC team members allows any violation of the BIC Group anti-corruption Policy and Code of Ethics to be reported (see section 3.5.1.3 Ethics and the fight against corruption) and thereby offers an alert mechanism to report on risks covered by the Law. The alert hotline will be accessible to third parties from 2019.

2.4. RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY AND INSURANCE

2.4.1. RISK MANAGEMENT AND INTERNAL CONTROL DEFINITIONS AND OBJECTIVES

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

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

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

a) Risk management

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

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

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

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

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

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

b) Internal control

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

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

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

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

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

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

The last objective deals with the preparation of reliable financial statements, including full, interim and condensed financial statements and selected financial data derived from such statements, such as net sales releases. The reliability of this information depends on the quality of the associated internal control procedures and system (see reporting procedures section 2.4.2.4 Internal Control procedures) that should ensure:

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

2.4.1.2. Scope of risk management and internal control

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

The internal control in place has been designed for all entities to suit the existing organization, the objectives determined by the Board of Directors and the Leadership Team (see section 2.4.3. Risk management and internal control participants, specific



structure(s) in charge/respective roles and interactions), and compliance with laws and regulations.

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

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

2.4.1.3. Limitations of risk management and internal control systems

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

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

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

2.4.2. 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.

2.4.2.1. Control environment

a) Organization

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

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

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 BIC Group:

- Code of Ethics (see section 2.4.3.6. Team members);
- Group Anti-Corruption Policy (see section 2.4.3.6. Team members);
- Group Vision and Values (see section 2.4.3.6. Team members);
- Group Accounting and Controller's Manuals:

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

- Fraud Reporting Protocol:

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

- Hotline BIC Speak-up (see section 2.4.3.6. Team members);
- Human Resources Management Policy:

Detailed in section 3.4. Our social responsibility to our employees, Human Resources Management participates fully in internal control efficiency.

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

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

- cascading of the Company's objectives to the team members throughout the year,
- training and people development: see section 3.4. Our social responsibility to our employees;
- Information systems:

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

Most of the BIC Group's entities use fully integrated systems (ERP) to assist them in the management of the business and report financial data using a consolidation and management software (see section 2.4.2.4. Internal Control procedures). Continents and countries are in charge of implementing operational procedures to secure access, back-up and recovery of critical system data.

2.4.2.2. Dissemination of relevant and reliable information

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

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

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

2.4.2.3. Risk management process

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

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

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

a) Risk identification and analysis

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

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

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

Bottom-up approach

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

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

Top-down approach

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

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

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

- risk identification through a questionnaire completed by each member of the Leadership Team and an individual interview led by the project team;
- synthesis of main risk areas;

- ranking of risks according to criteria in terms of potential impact and management effectiveness.

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

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

Risks listed by this approach have been considered for the internal audit schedule.

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

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

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

b) Risk management

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

In addition, different procedures exist (see section 2.4.2.4. "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:

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

A yearly review of Insurance coverage process is also performed: see "Group Presentation" – section 2.4.4 Insurance – Coverage of risk likely to be incurred by the issuer.

c) Risk monitoring

The Leadership Team performs regular reviews of risk exposure.

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

The risk mappings are updated on a regular basis.



2.4.2.4. Internal Control procedures

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

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

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

The finance teams of the subsidiary, under the control of their respective Finance and Operations Directors, report information to the business unit finance teams and then report to the BIC 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 BIC Group.

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

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

The reporting procedures within the BIC Group are the following:

- the BIC Group finance information system allows preparation of statutory consolidations and management consolidations within the same reference frame;
- the BIC 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 BIC 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 BIC Group internal financial information is analyzed monthly and compared with the budget at the subsidiary level and the Leadership Team also reviews the consolidated data and the related analysis monthly;
- an analysis is performed between the budget, the forecasts and the strategic plan and is reviewed by the Leadership Team;
- the consolidated financial information is validated by the Group Chief Financial Officer. Significant issues are reviewed with the Chairman of the Board and the Chief Executive Officer;
- the Audit Committee validates this information and provides the Board of Directors with a report if necessary;

- the External Auditors are involved in the validation performed on a yearly basis of the production process of financial information.

The account closing process includes the following in particular:

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

b) Other internal control procedures

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

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

The BIC Group's main procedures are described below:

Purchasing and capital investment procedures

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

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

This approval process is the foundation of the three-way-match procedure followed within the BIC 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 commitment and a post-acquisition audit schedule.

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

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

Selling procedures

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

These common principles deal in particular with:

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

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

Inventory management procedures

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

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

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

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

Cash management procedures

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

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

Centrally, the Group Treasury follows specific procedures regarding its investment portfolio and foreign exchange exposure management, as described in the "Comments on the year" – section 2.1 Management of currency and interest rate risks.

Fixed asset management procedures

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

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

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

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

2.4.2.5. Control activities

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

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

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

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



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

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

2.4.3.1. The Board of Directors

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

2.4.3.2. The Leadership Team

The Leadership Team, under the direction of Gonzalve Bich, Chief Executive Officer of SOCIÉTÉ BIC, is comprised of 13 members whose principal goal is to implement the strategy of the Company as defined by the Board. It is also responsible for defining the implementation and the supervision of the means to achieve the objectives.

In addition to Gonzalve Bich, the Leadership Team members include:

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

- Édouard Maruani, General Counsel,
- Laurent Serano, Chief Information Officer.

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

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

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

On February 13th, 2019, BIC announced the creation of the BIC Executive Committee. This Committee consists of a team of seven leaders who will meet regularly and work closely with Gonzalve BIC, Chief Executive Officer, in setting the Group's long-term ambition and strategy to drive profitable growth.

Three newly-created roles will be part of the Executive Committee:

- Group Insights & Innovation Officer – Thomas Brette;
- Group Supply Chain Officer – Peter Dalsberg;
- Group Commercial Officer – Benoit Marotte.

Also, the Executive Committee team will include the following existing roles:

- Group Lighter General Manager - François Clément-Grandcourt;
- Chief Finance Officer - James DiPietro ;
- Chief Human Resource Officer - Alison James;
- Global Strategy and Business Development.

This new structure allows BIC to benefit from the collective experience and expertise of this group of talented leaders and realize its growth potential. To further its effectiveness, the Executive Committee will now be able to draw on the input and broader perspective of an extended Leadership Team whenever a greater depth or breadth of knowledge and expertise is required.

2.4.3.3. The Audit Committee

The Audit Committee (see section 4.1.2.6. 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.

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

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

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

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

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

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

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

Twice a year, the IC&A Department presents the audit schedule to the External Auditors, provides updates and shares the reports resulting from site reviews.

In addition, the IC&A Department coordinates site reviews with Group Finance and the External Auditors to ensure coverage of any specific areas.

a) IC&A Department's activities in 2018

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

The 2018 schedule led the IC&A Department to perform 8 audits, in manufacturing and distribution entities, combining initial and follow-up visits.

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

- performance of tests (walkthroughs and detailed testing) and interviews with the contributors of the cycles reviewed on a risk based approach;
- the issuance of a report after the audit, which lists recommendations for improvements to be considered by the

site/department, in accordance with a precise action plan and deadlines. The IC&A report is an excellent communication tool and plays an important role in the continuous improvement of controls within the Group.

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

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

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

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

b) Perspectives and Action Plan for 2019

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

The annual audit schedule, prepared by the IC&A Department and validated by the Audit Committee and the Leadership Team, meets the multi-year rotation principle for site and processes reviews. Finally, the IC&A Department will maintain its coordination role for the continuous improvement of Group procedures and will continue to be involved in the risk management approach.

2.4.3.5. The Risk Management Department

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



2.4.3.6. Team members

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

To reinforce the commitment of all team members to the importance of internal control in the Company, the Values of the BIC Group are posted at all Group locations so that all team members have access to them.

In 2018, all BIC sites participated in the company-wide engagement survey. This survey covers multiple aspects of engagement and also assesses our adherence to our company values. Over 11,000 team members were invited to participate, encompassing 59 countries. In 2018 the response rate increased to 93% compared to 84% in 2016. Overall employee engagement was favorably assessed at 84%, representing strong engagement at 4.5% above the market norm. Significant drivers of overall engagement focused on favorable assessment of willingness to stay with BIC and recommending BIC as a good place to work.

This year a question on Diversity and Inclusion was added to the survey to gauge whether our team members believe BIC is a diverse and inclusive work environment. This question was answered favorably at 82%.

The Values questions showed very favorable responses overall and were specifically strong with respect to the values of Responsibility and the application of Ethics. This reaffirmed the efforts taken in 2017 to reengage our team members on the importance of the principles behind the Group Code of Ethics.

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

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

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

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

Additionally, a Charter of Diversity was signed in 2011. This Charter of Diversity, shared by all the entities, defines the BIC Group

commitment to continually improving and educating team members about the importance of diversity and aims to assist in the prevention of discrimination in the workplaces.

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

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

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

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

It is BIC's intent to control risk through effective risk management techniques, as well as insurance and loss prevention policies in order to meet its long-term objectives of continuous operation, growth and profit. Management believes that coverage and limits of these insurance programs are appropriate. In 2015 and 2016, an analytics project confirmed that the coverage, limits and premiums of most BIC Group's insurance programs are adequate. Moreover, Requests For Proposals (RFP) are regularly launched on all Group insurance programs in order to obtain the best coverages possible. Indeed, in 2018, for the 01-Jan-2019 renewal of its “Property Damage and Business Interruption” program, the BIC Group launched a major RFP which confirmed that the structure and insurer of the BIC program meet the Group's needs and that it is financially efficient.

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

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

The global cost estimate of the BIC Group insurance programs to third-party insurers amounts to approximately 3.7 million euros.

In the U.S.A., to optimize insurance costs, BIC holds one captive insurance company, SLS Insurance Company Limited (SLS), wholly owned by BIC CORPORATION, which covers the U.S. entities of the Group. SLS also provides BIC with a means to have some insurance coverage for certain risks that are not covered by traditional insurance. BIC Corporation, and its subsidiaries, are insured by SLS through several insurance policies. One of them provides Products Liability coverage and issues Product Liability Insurance certificates for customers of the BIC Group's U.S. entities. Another provides coverage for any event that is not covered or payable under any existing BIC policies (DIC/DIL: Difference in Conditions / Difference in Limits, insurance policy). SLS also provides Medical Stop Loss coverage. The captive is also used to extend BIC's TRIA (Terrorism Risk Insurance Act) coverages by including NBCR (Nuclear, Biological, Chemical and

Radiological) coverage. Other coverages were considered, however, due to the good loss history of BIC, self-insuring those risks is not financially efficient.

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

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



2

RISKS





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

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How to read the BIC Group's Non-Financial Performance Statement

The BIC Group has decided to present the various elements of information required by French executive order n°2017-1265 of August 9, 2017 (for the application of ordinance n°2017-1180 of July 19, 2017 regarding the publication of non-financial information by certain large companies and corporate groups) in different chapters of its management report in order to place each element where it can most effectively aid the reader's comprehension.

Consequently, the BIC Group's business model is presented in the integrated report, page 7.

Chapter 2, Risks, contains the presentation of major CSR (Corporate Social Responsibility) risks and the methodology implemented by the BIC Group to identify and rank them.

Lastly, Chapter 3, Our environmental, social and societal responsibility, presents:

- in the "Challenges, risks and opportunities" sections: the key issues as identified using the materiality matrix⁽¹⁾, with a link to the major CSR risk(s) identified and described in Chapter 2;
- in the "Policy, approach and measures implemented" sections: a description of the policies instituted by the BIC Group, including, where necessary, the due diligence procedures implemented to identify, prevent and reduce the occurrence of those risks;
- in the "Progress made in 2018" and "Performance" sections: the results achieved by these policies, including key performance indicators.

The BIC Group identifies information expressly required in the Non-Financial Performance Statement with the initials *[NFPS]*. Firmly convinced of the value of the BIC Sustainable Development Program, which has been in effect for 15 years, the Group has also decided to continue presenting all of the action plans implemented as part of this program, including those that do not directly help prevent or reduce a major risk.

A cross reference table is also available in Appendix page 316.

(1) Published in 2017 Registration document.

3.1. THE BIC SUSTAINABLE DEVELOPMENT PROGRAM AND ITS FIVE FLAGSHIP COMMITMENTS: WRITING THE FUTURE, TOGETHER [NFPS]



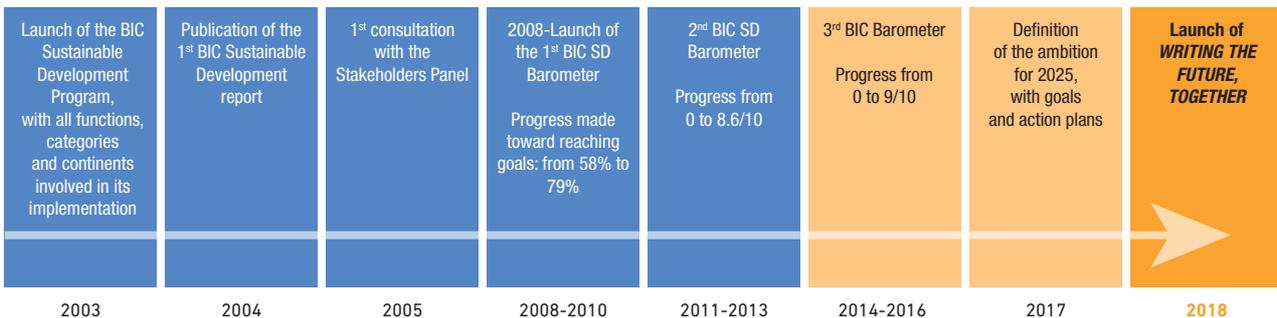
The story of BIC is first and foremost a story about our vision: “To provide simple, inventive and reliable choices for everyone, everywhere, every time.” Since the very beginning, sustainability has been deeply rooted in BIC’s values as an integral part of its day-to-day operations. For nearly 15 years, sustainable development has played a fundamental role in BIC’s strategy, helping guide its various endeavors, especially its social and societal actions.

The ambition of BIC is to ensure that the Group limits its impact and makes a meaningful contribution to the lives of its employees and society over the long term.

Through its new seven-year program, “Writing the Future, Together”, BIC seeks to build on its longstanding involvement in sustainable development and to bolster its engagement by pledging to five commitments.

3.1.1. OUR COMMITMENT FOR 2025, ROOTED IN OUR HISTORY AND CONVICTIONS

3.1.1.1. The history of BIC’s Sustainable Development Program



Based on the principles of its Sustainable Development Program (see box below), namely studying the materiality of the issues, incorporating the UN Sustainable Development Goals and feedback from the BIC Sustainable Development Barometer, but also taking into account regulatory requirements as well as lessons drawn from regular benchmarks and consultations with stakeholders, in 2017 the BIC Group defined ambitious commitments that will enable it to create value over the long term for the benefit of all of its stakeholders.

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

The vision thus defined is expressed in the signature Writing the Future, Together, driven by BIC’s ambition for sustainability (see 3.1.1.2) and comprising five ambitious commitments. These commitments are in line with the Group’s strategy.

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



THE BIC SUSTAINABLE DEVELOPMENT PROGRAM

Launched in 2003, the BIC Sustainable Development Program has continued to evolve and expand, incorporating major environmental and human issues as well as the expectations of all stakeholders, but also benefiting from advances in R&D, innovations, and evolutions in the Group's operations.

This exhaustive program encompasses all key sustainability issues as well as the risks⁽¹⁾ related to sustainable development to which the BIC Group, as a responsible company, must respond. A specific reporting system is used to monitor the Group's performance as part of a dynamic of ongoing improvement. For nearly 10 years, the Program was guided by a triennial oversight tool called the BIC Sustainable Development Barometer, which has now been succeeded by the five ambitious commitments defined in the signature "Writing the Future, Together."

Through its Sustainable Development Program, the BIC Group also contributes to the global sustainable development goals adopted by the UN in its successive programs (the Millennium Development Goals until 2015 and the Sustainable Development Goals since then) (see also page 69).

3.1.1.2. BIC's ambition for Sustainable Development

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

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

Our ambition is to ensure that we limit our impact on the planet and make a meaningful contribution to the lives of the

people we employ and society in the long term, simply because it is the right thing to do.

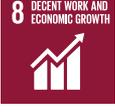
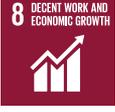
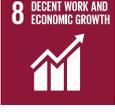
We believe that improving our environmental and societal product footprint, acting against climate change, providing our employees with a safe workplace, making our supply chain more responsible and reinforcing our commitment to education are key in shaping our business tomorrow so that we can write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

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

Gonzalve Bich – CEO

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the Chapter "Risks" on pages 44 to 48.

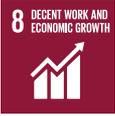
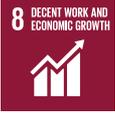
3.1.1.3. Writing the Future, Together – Progress chart

WRITING THE FUTURE, TOGETHER				
5 commitments	Progress as of Dec. 2018	Other factors: approach and performance	Pages	UN SDG*
	By 2025, the environmental and/or societal footprint of BIC® products will be improved	As of Dec. 2018, the processes and criteria for product evaluation and improvement are being defined Eight categories of criteria have been selected for the evaluation and improvement of BIC® products' environmental and societal footprint (light and long lasting, recycled plastic, second life, green chemistry, responsible chemistry, efficient manufacturing, affordability, benefits for society.) Other factors of the approach: <ul style="list-style-type: none"> • 8.32% of all BIC® products made from alternative materials • 6% recycled plastics in the manufacture of BIC products (Stationery) • 19 BIC® products with the NF Environnement ecolabel • At least, 50% of BIC® products have environmental benefits • At the end of 2018, more than 34 million pens collected through TerraCycle 	75	   
	By 2025, BIC will use 80% renewable electricity	68% renewable electricity being used The use of renewable energy by the BIC Group is part of a global approach to energy that also covers energy efficiency in operations. When it comes to using renewable energy, the approach is based on a Group roadmap and takes into account local opportunities and constraints. The use of certified renewable electricity is expected to help reduce BIC's GHG emissions by 50% by 2025 (market-based). Since 2018, all BIC® products manufactured in France and Brazil are using renewable electricity. Other factors of the approach: <ul style="list-style-type: none"> • In terms of energy efficiency, the Group is continuing its efforts. Thus over the last 10 years, energy consumption per ton of products has decreased by 16% 	88	    
	By 2025, BIC aims for zero accidents across all operations	As of end 2018, a roadmap has been defined for each category and continent The Group belongs to "Vision 0," a program of the International Social Security Association Groupwide deployment of the EH&S reference system Safety reporting covering all BIC Group employees An incident management tool for recording and analyzing each incident, then monitoring the resulting action plan 209 managers have taken "Managing Safely" training More than 50,000 hours of safety training have been delivered in 2018	98	 

* UN Sustainable Development Goals.



WRITING THE FUTURE, TOGETHER

5 commitments	Progress as of Dec. 2018	Other factors: approach and performance	Pages	UN SDG*
 <p>#4 Proactively involving suppliers</p>	<p>By 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing</p>	<p>As of end 2018, the strategic suppliers, risks and actions have been identified</p> <p>The BIC Group has mapped its risks related to purchasing (100% of all purchased supplies) and defined an action plan for controlling key risks.</p> <p>Other factors of the approach:</p> <ul style="list-style-type: none"> • ESG evaluations (EcoVadis tool) of strategic suppliers since 2011 • Global or local program for CSR auditing of contract manufacturers • 346 strategic suppliers • 10 purchasing categories evaluated • 95 risks identified • 31 action categories identified • 74% of contract manufacturers audited in 2018 	108	  
 <p>Improving lives through education</p>	<p>By 2025, BIC will improve learning conditions for 250 million children globally</p>	<p>Learning conditions for approximately 15 million children were improved in 2018 through direct actions with children or through actions with teachers and parents</p> <p>BIC Global Education Week:</p> <ul style="list-style-type: none"> • 63 BIC sites participating • 40 pays • 26.4% of employee participated <p>Other factors of the approach:</p> <ul style="list-style-type: none"> • 58% of actions and philanthropic contributions undertaken by local entities or Corporate Foundation promote education (82% ** in financial value) 	113	     

* UN Sustainable Development Goals.

** For this indicator, all philanthropic actions in favor of education, including those carried out under commitment # 5, are considered.



The BIC Sustainable Development Program and its five flagship commitments: Writing the Future, Together [NFPS]

3.1.1.4. With Writing the Future, Together, the BIC Group contributes to the UN Sustainable Development Goals



GOALS SUSTAINABLE DEVELOPMENT



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

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
#1			x			x		x				x					
#2								x	x	x		x	x				
#3			x					x									
#4								x				x					x
#5	x			x	x	x		x					x				

The table shown above charts the ways in which Writing the Future, Together contributes to the UN SDGs. To create it, the BIC Group evaluated its contribution to the targets defined by the UN for its 17 major goals. The BIC Group contributes mainly to two goals, in particular through the products that it manufactures and markets in more than 160 countries, reflecting its vision of offering “simple, inventive and reliable choices for everyone, everywhere, every time”:

SDG 8. Decent work and economic growth, in particular through the development of products and production modes that favor the efficient use of resources, including recycled materials (see pages 74 to 78 and 86 to 94).

SDG 12. Responsible consumption and production, through the Company’s eco-design program, which offers consumers information to help them make their purchasing choices, and through its monitoring and compliance program, which ensures

that the products it markets are safe and comply with health and environmental standards (see pages 75, 80 and 82 to 84).

Within the direct perimeter of its operations or its sphere of direct influence by making simple, reliable products that meet essential needs available to everyone, undertaking initiatives that provide support for its employees, offering various products and programs to promote access to education, reducing the environmental impacts of its factories, ensuring respect for Human Rights in its own factories and by its suppliers and subcontractors, and through the actions of its Corporate Foundation – the Group also contributes to the following UN sustainable development goals:

- SDG 1.** End poverty;
- SDG 3.** Good health and well-being;
- SDG 4.** Quality education;
- SDG 5.** Gender equality;
- SDG 6.** Clean water sanitation;
- SDG 7.** Affordable and clean energy;
- SDG 9.** Industry, innovation and infrastructure;
- SDG 10.** Reduced inequalities;
- SDG 13.** Climate action;
- SDG 15.** Life on land;
- SDG 16.** Peace, justice and strong institution.

3.1.2. INTEGRATING SUSTAINABLE DEVELOPMENT INTO OUR OPERATIONS

3.1.2.1. Analysis of CSR risks resulting from the BIC Group's operations and the use of its goods and services

The main CSR risks resulting from the BIC Group's operations and the use of its goods and services are discussed in the chapter on "Risks," pages 44 to 48.

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

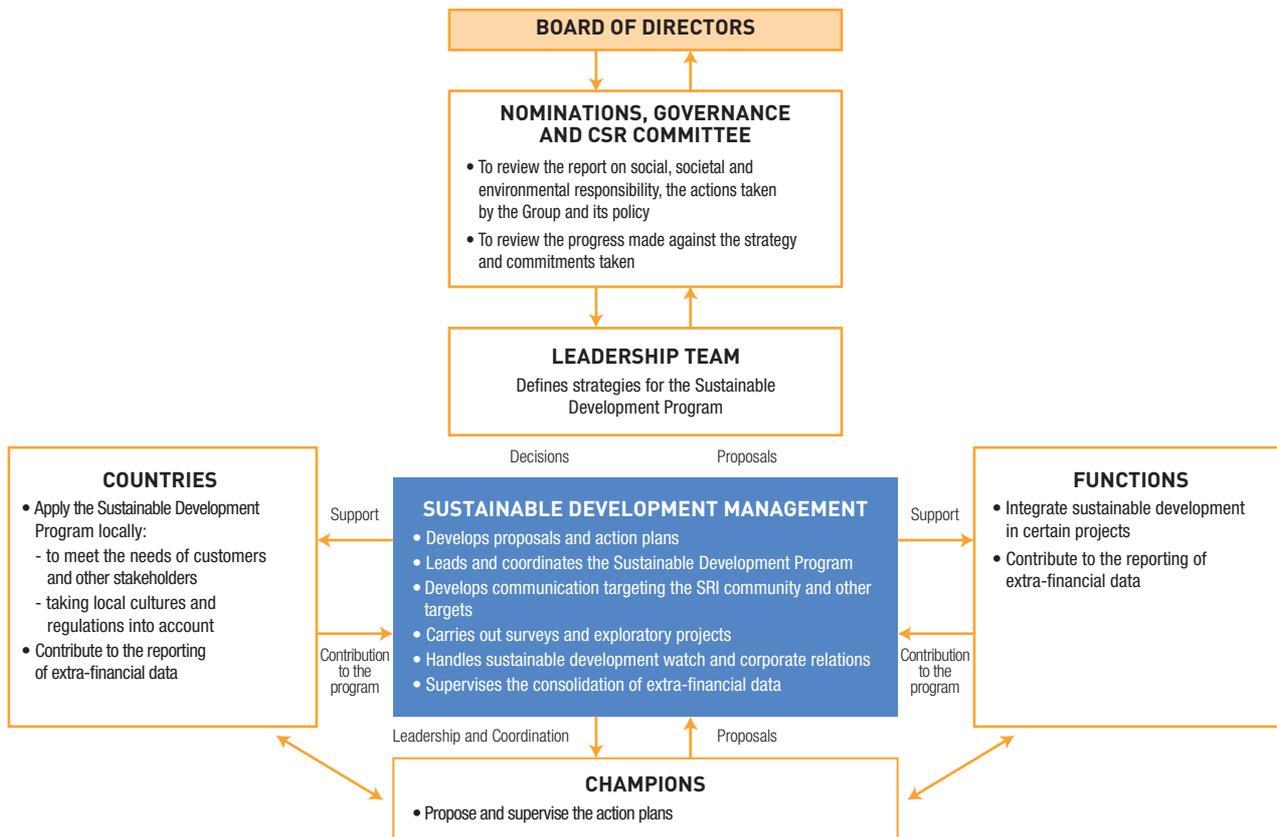
The issues of sustainable development are considered in the Company's decision-making process. Every meeting of the Leadership Team includes an update on recent progress in sustainable development. In 2017, the Leadership Team supervised the development of the "Writing the Future, Together" program and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

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



3.1.2.3. Our operational structure

Managing sustainable development is based on a continuous improvement approach that is deployed across the entire BIC Group since 2013. For the definition of the “Writing the Future, Together” program, “Champions” were designated for each topic in order to coordinate the tasks of defining the commitments. A dedicated organization has been introduced to enable the implementation of the roadmaps and achievement of the 2025 goals. Relying on the “Champions” as well as the active involvement of the Leadership Team and the three category Directors, this new organization reflects the “integrated” approach that BIC seeks to adopt in order to fulfill its commitments.



3.1.2.4. Our Policies

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

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

Since 2007, **the BIC Code of Ethics** has defined the fundamental ethical principles that the Group asks all employees to follow under all circumstances and everywhere in the world (see also page 111).

The Group’s Anti-Corruption Policy, defined in 2016, states that BIC Group will not tolerate bribery or corruption in any place where it operates, upholding its reputation for integrity (see page 111).

The BIC Group Code of Conduct comprises a set of professional and social principles derived from the standards of the International Labor Organization (ILO) (see also page 110).

The Product Safety Policy, introduced in 2001, specifies the 10 commitments adopted to ensure that the products developed and manufactured by BIC are safe in terms of human health and the environment. More specifically, BIC has adopted seven

commitments to ensure the quality and safety of its lighters (see also page 82).

The Environment, Health & Safety (EH&S) Policy, defined in 2005 and signed by the CEO, codifies the Group’s commitment to minimizing the impact of its industrial activities (see also page 86).

The BIC Charter of Diversity, which was signed by the CEO and the Group’s Human Resources Director in 2011, demonstrates BIC’s desire to actively promote diversity (see also page 105).

The Responsible Purchasing Charter, signed in 2014, codifies the Group’s desire to establish mutually beneficial relationships with its suppliers based on its five Values (see also page 109).

The Responsible Communication Charter, defined in 2013, formalizes BIC Group’s integration of the Value of Responsibility in its communication. This charter applies to all communication undertaken by the Group around the world (see also page 73).

The Group’s statement on animal testing, prohibiting these tests unless specifically required by regulation (REACH) and prompting the Company to use reliable alternatives to animal testing on chemical substances made possible by the latest technological breakthroughs.



3.1.3. INTERACTION WITH OUR STAKEHOLDERS

3.1.3.1. The BIC Panel

› Challenges and approach

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

Each year, individual interviews were held to enable members of the panel to comment on the Company's strategy and practices, suggest improvements that could contribute to the action plans, express expectations for the future and formulate opinions on the Group's Sustainable Development Program.

BIC Group wants to seize the opportunity offered by the new commitment program "Writing the Future, Together" to reassess the way it interacts with stakeholders. The next step could be to form a panel of stakeholders with recognized expertise in key issues for the BIC Group, in particular the major issues concerning the risks identified during the updating of the mapping (laws on the duty of vigilance and Non-Financial Performance Statement).

3.1.3.2. Evaluation by clients of the CSR approach and the products' environmental and social performance

› Challenges

BIC Group distinguishes its "customers" (i.e. companies, public administrations and office supply distributors, as well as major mass-market retailers) from its "consumers," the end users of its products (whose expectations are discussed in section 3.2.2.).

Customers are becoming increasingly demanding in terms of the environmental and social performance of the products they buy, as well as the evaluation of their suppliers' sustainable development policies.

They submit many questionnaires addressing increasingly specific and diversified topics. Their questions concern environmental management policies, systems for collecting and recycling waste, environmental advantages and product labeling, compliance with product quality and safety regulations, the local origin of products, respect for human rights, etc.

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

› Approach

In addition to responding to its customers' specific questionnaires on its CSR approach, BIC discusses all pertinent topics with them, including sustainable development issues, as part of its commercial relations. In certain cases these relations can take the form of partnerships. All the professional functions involved (marketing, communication, sales) are equipped with the tools they need to explain BIC's Sustainable Development Program. BIC Group's eco-design approach (see page 75) and stringent product safety standards (see page 82) give its products an advantage for meeting current societal trends.

3.1.3.3. Responsible lobbying and participation in sector working groups

› Challenges

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

› Approach

Participation in sector dialogue

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

Although BIC has no tradition of making public statements on major industrial or societal topics, the Group does address the public when this type of action seems necessary. It also participates in sector dialogue and seeks to exert its influence in four key areas that are directly related to its commitments as a responsible corporation: product safety, the fight against counterfeiting, the fight against unfair competition and environmental protection.

BIC carries out its lobbying primarily as a member of various organizations, participating as needed in their working groups and the conception of their positions:

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

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

Lobbying activities can also take the form of direct contacts with the pertinent authorities, institutions, governmental agencies and NGOs.

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

Clearly identified lobbying responsibilities

At the highest level of the Group, CEO Gonzalve Bich and BIC Executive Vice-President Marie-Aimée Bich-Dufour, along with the Category and Continent Directors, are responsible for steering and monitoring all lobbying actions on a regular basis.

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

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

Employee awareness

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

› Progress made in 2018

BIC Group lobbying activity in 2018 focused on pending regulations and standards concerning stationery products (EU directives and regulations: REACH, CLP, Toy Safety) and lighters (ISO 9994, Child Safety, CLP). The Group is also following the European Commission project to improve market oversight.

3.1.3.4. Dialogue with the financial community

› Challenges

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

› Progress made in 2018

Throughout 2018, the dialogue on the topic of sustainable development continued at various events, including:

- the Oddo Mid-Cap Forum in January 2018 in Lyon, France, where BIC met, upon their request, with financial and extra-financial analysts and fund managers at individual and group meetings;
- the Annual Shareholders' Meeting on May 16, 2018;
- the ESG/SRI meeting organized by Société Générale on November 13, 2018.

3.1.3.5. 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 Policy

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

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

- implement the necessary means, in terms of organization, processes and tools, for verifying all communications issued by the Group;
- make responsible use of its stakeholders' personal data, in compliance with the regulations;
- include environmental and social impacts in the criteria that determine its communication choices.

It also defines communication actions to help build a more responsible world.

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



3.2. RESPONSIBILITY CONCERNING OUR PRODUCTS [NFPS]

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. Through its Writing the Future, Together program, BIC is reinforcing its commitment with the creation of a "Sustainable Scorecard," conceived to improve the environmental, social and societal performance of all BIC® products. BIC also contributes to the emergence of the circular economy by cultivating its eco-design process, initiating partnerships for the supply of secondary raw materials, and participating in the creation of a pilot recycling program for writing products. In addition, all BIC® products are designed to meet and anticipate the expectations of all consumers in developed as well as developing countries.

3.2.1. OUR PRODUCTS' ENVIRONMENTAL PERFORMANCE

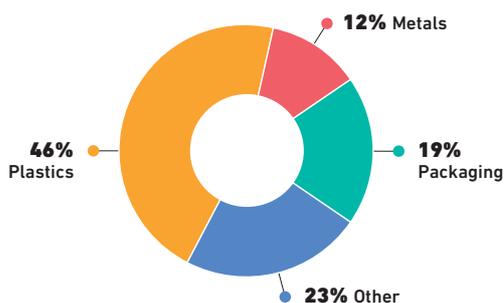
› Challenges, risks and opportunities

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

The BIC Group has identified the following risks among the major CSR risks ⁽¹⁾ resulting from its operations:

- "Plastic: plastic wastes and depletion of the resource";
- "Animal well-being" (for compliance with the requirements of the REACH regulation).

BREAKDOWN OF RAW MATERIAL PURCHASES IN 2018



3.2.1.1. BIC takes action to minimize the impact of plastics

For many years, beginning long before the current increased public concern about plastic pollution, the BIC Group has been committed to fighting plastic pollution through four different actions:

1. Minimizing the quantity of plastic materials it uses and lengthening the useful life of its products (see page 75);
2. Identifying and using alternative materials (recycled or biosourced plastics) (see page 76);
3. Implementing a recycling system in preparation for the circular economy (see page 79);
4. Preparing for the future.

The BIC Group also monitors very closely technical and regulatory evolutions concerning plastic.

➔ OVERCOMING THE DISPOSABLE/SUSTAINABLE CONTRADICTION

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

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.

› Policy, approach and measures implemented

3.2.1.2. Writing the Future, Together – #1 Fostering sustainable innovation in BIC® products

BIC has set the goal of fostering sustainable product innovation and has codified this ambition in the following commitment: By 2025, the environmental and/or societal footprint of BIC® products will be improved.

In 2018, BIC reached the first milestone in fulfilling this commitment by defining the process and criteria for evaluating and improving its products, summed up in the “Sustainable Scorecard.” Designed to accelerate sustainable innovation across the Group, this tool brings together all R&D projects conducted at BIC for the purpose of product improvement. The criteria defined in the Sustainable Scorecard will be applied to all products (both new and updated existing products) and to all the steps in the product development process. To evaluate the products’ environmental and societal footprint, eight criteria (light and long lasting, recycled plastic, second life, green chemistry, responsible chemistry, efficient manufacturing, affordability, benefits for society) have been defined. For each criterion, each product’s performance is evaluated according to two, three or four indicators. This tool makes the eco-design approach developed by the Group many years ago (described below) the focal point of product development at BIC, establishing its guidelines as unconditional principles.

2019 will be devoted to the evaluation of all products with the Sustainable Scorecard, constituting the second milestone in the fulfillment of this commitment.

The implementation of the resulting improvement plans for all three categories of BIC® products is scheduled to begin in 2020. Its progress will be monitored using as an indicator the percentage of BIC® products that have been improved in comparison with the baseline year of 2019.

3.2.1.3. The three eco-design solutions developed by BIC

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

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

➔ BIC’S THREE ECO-DESIGN SOLUTIONS

- Economy of materials
- Integrating alternative materials
- Developing refillable products

Economy of materials

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

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

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

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

For example, the BIC® Simply Soleil® shaver is designed to weigh as little as possible. Although it is hollow, its handle nonetheless ensures a high level of performance, quality and comfort in shaving.

› Progress made in 2018

In January 2018, production was launched in Europe of an optimized version of one of the Group’s flagship products, the BIC® Flex 3, launched in Latin America in 2017. Without affecting its ease of use, the shaver’s hollow handle was further lightened by reducing the quantity of rubber. This modification also makes the production lines more efficient, resulting in a 34% reduction in material and a 22% reduction in weight in comparison with the previous BIC® Flex 3 shaver. The first products with this new BIC® Flex 3 handle were packaged for Europe in July 2018 and will be rolled out to the Middle East-Africa markets in 2019.



➔ BIC® WRITING PRODUCTS EARN THE *NF ENVIRONNEMENT* ECOLABEL

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

In the case of BIC® writing products, the main criteria for receiving the ecolabel are limited quantities of raw materials or the use of recycled materials, a long performance life and the strength of the pencil leads. BIC was the first manufacturer of writing instruments to earn *NF Environnement* certification. **Today, a full range of 19 BIC® products has been granted this ecolabel**, including historical products like the BIC® Cristal® and the BIC® 4-Colors™ ballpoint pen, as well as the pens in the BIC® Ecolutions® line.

Integrating alternative materials

Research & Development

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

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

133 alternative materials had been tested, including 45 recycled plastics, 38 hybrid materials and 50 materials derived from renewable resources.

“ 133 alternative materials tested. ”

Integrating alternative or recycled materials into stationery products

Since 2014, BIC has been conducting a research program to maximize the use of recycled and alternative materials in BIC® products. To achieve this, the research teams have identified all BIC® products whose design could be modified or adapted for production using alternative/recycled materials without sacrificing quality. The challenge is, first of all, to ensure a perennial source of such materials that meet the specifications and are available on the market, and secondly, to convert any products that lend themselves to this adaptation. Exemplifying this approach, the BIC® Ecolutions® range is a complete stationery line that consists of products manufactured using recycled materials (at least 50%) in compliance with the standard ISO 14021. For example, the BIC® Matic Ecolutions® mechanical pencil contains 65% recycled materials. All stationery lines now include at least one product made with alternative (e.g. recycled) materials.

➔ THE *RECYBIC* PROJECT RECOGNIZED BY ADEME

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

BIC at the heart of an innovation community

Over the years, BIC has cultivated more than 100 strategic partnerships in research and development with startups, companies at the forefront of innovation, universities, research institutes and external laboratories, playing a leading role in a community with which it pursues long-term prospective and development programs. For example, BIC Group works closely with a number of French startups, like Pilibio and Inofib, specializing

respectively in the production of inks from microorganisms and in natural cellulose fibers. Since 2012, BIC Group has also been a member of *Matériaux Chimie, Chimie Verte* (formerly called MAUD), a competitiveness cluster based in Villeneuve-d'Ascq that backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by the cluster concern multifunctional, eco-designed and bio-sourced materials, high-efficiency processes and clean technologies.

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

Developing refillable and hybrid products

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

In the Stationery category, BIC continues to offer refillable pens. For example, in the BIC® Gel-ocity® line of refillable gel ink pens, the

4-Couleurs™ and 4-Couleurs™ 3+1 combine three ink colors and a mechanical pencil, all refillable. On the U.S. market, pen refills are available on a dedicated website www.shopbic.com. They are also available on the website www.bicworld.com, which links to a European e-commerce site offering the BIC® refill range.

In the Shaver category, the BIC® Hybrid shaver is sold as a handle with four-to-six heads. The underside of the handle is also ribbed to reduce the use of plastic without altering the shaver’s ergonomic characteristics, which are the same as those of a conventional handle. Because it comes with four-to-ten heads, the product’s performance life is at least four times that of a standard non-refillable shaver. Over its entire life cycle and for one year of shaving, the environmental impact of the BIC® Hybrid shaver is 28% less than that of a similar non-refillable BIC® model, like the BIC® Comfort 3® Action®.

LAUNCH OF THE BIC SHAVE CLUB

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

Progress made in 2018

Building on the success in recent years of its triple-blade BIC® Hybrid shavers, which offer the consumer high-quality shaving along with environmental performance, the Group pursued the development of this line in 2018 by:

- expanding its distribution under the BIC® Comfort 3 Hybrid brand in Latin America;
- launching a BIC® Flex 3 Hybrid shaver in a pack containing a handle and five heads, adapted for North America;
- launching the BIC® Soleil Bella Click, a four-blade women’s shaver consisting of a lightweight hollow handle sold with four heads, in North America;
- launching the BIC® Flex 5 Hybrid in Russia in a pack containing a handle and two heads.

Performance of the eco-design process

In 2018, the three BIC® products categories have sold at least 50% of products with at least one environmental benefit.

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

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

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

Perspectives

To sustain the momentum of recent years, in 2019 the Group plans to further expand the distribution of its men’s and women’s hybrid shaver lines:

- two launches in North America: the BIC® Flex 2 Hybrid in a pack containing a handle and 10 heads, and the BIC® Soleil Click 5, a women’s five-blade shaver consisting of a handle sold with three heads;
- a launch in Europe: the BIC® Soleil Click in Italy, a three-blade women’s shaver consisting of a lightweight hollow handle sold with six heads;
- two launches in Latin America: the BIC® Soleil Clic, a three-blade women’s shaver consisting of a lightweight hollow handle sold with six heads, and the BIC® Flex 3 Hybrid, a handle sold with five heads;
- two launches in the Middle East-Africa: the BIC® Flex 3 Hybrid, a three-blade shaver sold with four heads, and the BIC® Flex 5 Hybrid, a five-blade shaver sold with four heads.

The Stationery category is pursuing several innovative projects, including the reuse of post-industrial waste in the core of a Velleda whiteboard, which will reduce emissions of this type of waste by 300 tons a year. BIC Stationery is also conducting trials for the circular economy in partnership with LOOP.



3.2.1.4. Tools to facilitate the eco-design process

Measuring products' environmental performance

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

To deploy an effective policy for limiting the environmental impact of BIC® products, the first step is to measure these impacts across entire life cycles. BIC has been a pioneer in this field since 1994, commissioning life cycle studies of its products by outside consulting experts, which confirm that the environmental impact of a product is mainly due to raw material usage in its manufacturing. BIC has embarked upon an environmentally responsible approach, and demonstrated that its founding principle of "just what's necessary" ⁽¹⁾ enables the Group not only to offer more affordable products, but also products that have less impact on the environment.

ENVIRONMENTAL PERFORMANCE MEASUREMENTS FOR THREE MAIN BIC® PRODUCTS

Life cycle assessment approach - ReCiPe (version 1.12) Endpoint (H/A) Europe				
	Raw materials	Production	Distribution	End of life
BIC® Cristal® ball pen	81%	12%	4%	3%
BIC® Maxi flint lighter	81%	11%	5%	3%
BIC® Classic single-blade shaver	79%	14%	4%	3%

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

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

“ 100% of new Stationery products are subject to eco-measurement. ”

Our LCA and eco-design tools

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

In 2009, continuing its approach, BIC replaced its first tool with SimaPro, a professional LCA software package that is equipped with the e-DEA ⁽²⁾ interface to enable Research and Development

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

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

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

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

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

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

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

(2) *Everybody can Design with Environmental Awareness*.

LCA AT BIC

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

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

3.2.1.5. BIC Group's contribution to the circular economy

› Challenges

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

› Approach

BIC develops an innovative circular economy model

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

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

- fund the extension of the collection program for used pens (see below);
- show citizens and schoolchildren the concrete results of their waste sorting: by collecting used pens, they contribute to the transformation of those materials into outdoor furniture for use in public areas and schoolyards;
- accelerate post-consumer waste recycling, especially for plastics.

This experiment relies on two innovative partnerships:

BIC's partnership with TerraCycle for the collection of used writing instruments: since 2011, the BIC-TerraCycle program has been offering the collection and recycling of used writing instruments in Europe. A pioneer in this field, the program allows users of these products to organize at their consumption sites the collection of all types of writing instruments, whether BIC® branded or not, to be recycled. For each instrument collected, one euro cent is donated to a charity or non-profit association of the organizer's choice or, in the case of schools, directly to the school to finance an educational project. As of the end of 2018, more than 34 million pens had been collected and 467,000 euros in donations made. This program, funded entirely by BIC, enables the Group to gain a better understanding of the way its products are used by consumers and to promote the sorting of waste.

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

Recognized for the innovative character of Ubiocity™, BIC and its partners in this project have frequently been invited to share their initial feedback, in particular at conferences on innovation or the circular economy, for example at professional events organized by the AGEEM teachers association and the mayors of France, the Made in France trade fair, and a conference on the circular economy hosted by ASLOG (French Logistics Association).

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

Waste prevention and management at BIC factories and other sites

More than 78% of the waste in BIC factories is recycled or reused in other ways (see page 92). For more than 10 years now, the waste tracking indicators have shown a constant reduction in the proportion of non-recycled waste per ton of production (-21% between 2009 and 2018).

Although **fighting against food waste, combating food insecurity and promoting responsible, fair trade, sustainable food** are not key issues for BIC, the Group holds regular awareness events for employees in its company restaurants, especially in Brazil and France.

3



Approach for the sustainable use of resources

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

- the three-part approach to eco-design: economy of materials, integrating alternative materials and developing refillable products, described on pages 75 to 79;
- the RecyBIC project to increase the production capacity for pencils in the Evolution® line using recycled materials (see page 76);
- the approach for reducing the environmental footprint of the Group's packaging through the use of certified or recycled fibers, described on page 84;
- the approach for reducing water consumption and the numerous water-saving actions implemented in the factories every year, described on page 87;
- the approach for reducing energy consumption and the numerous energy-saving actions implemented in the factories every year, described on page 89;
- the use of renewable electricity, specified in a BIC Group commitment for 2025 as part of the "Writing the Future, Together" program (see page 88).

BIC remains vigilant about the issue of soil protection even though it is not a major issue for the Group. Soil use conditions and the measures undertaken for soil protection are explained on page 93.

“ 6% of the plastics (by quantity) used in the Stationery category are recycled. ”

› Progress made in 2018

In 2018, the Ubiuity™ line took off in France, with outdoor furniture installed in several cities.

In April 2018, Ubiuity™ was a finalist for the Plastic Recycle Awards at the Plastic Recycling Show Europe, and is one of the projects shortlisted for the Entreprises pour l'Environnement (EpE) prize.

The Ubiuity™ outdoor furniture line was honored in October 2018 as part of the 11th Sustainable Development Trophies organized by Caux Seine Développement and Caux Seine Agglo. The project was commended for its circular economy approach, recovery and reuse of waste materials and partnership involving multiple private parties.

› Perspectives

Pursuing its learning curve in the circular economy, the BIC Group will continue striving to improve the model.

3.2.2. PRODUCTS CONCEIVED TO MEET AND ANTICIPATE CONSUMERS' EXPECTATIONS

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

3.2.2.1. Encouraging consumers to adopt more responsible consumption habits

› Challenges

In the past few years, the demand for responsible products has become a market trend in developed countries. Although this criterion has become a strong expectation among the Group's customers (major retailers, administrations, distributors – see page 72), BIC has observed that the demand for "products offering the best environmental or social qualities" is not significantly higher among the consumers on its markets. Nonetheless, the Group seeks to promote responsible consumption through its product range and consumer information.

› Approach

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

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

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



To help consumers make well-informed decisions, BIC strives to improve the clarity and reliability of the communication used for its range of responsible products. In keeping with its Responsible Communication Charter, the Group seeks to provide clear, accurate consumer information on the benefits of BIC® products. (See section 3.1.3.5 Responsible Communication).

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

and proposes eco-habits that allow consumers to help reduce the footprint.

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

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

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

“ 19 BIC® writing instruments received the French ecolabel NF Environnement (NF 400). ”

➤ **Perspectives**

Responsible products are a permanent and ever-growing feature of BIC's product range. In the coming years the Group will continue integrating these products into its corporate strategy, in particular through commitment #1 of Writing the Future, Together: fostering sustainable innovation in BIC® products, while giving them greater visibility by pursuing the efforts undertaken to improve the communication of its range of responsible products.

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

➤ **Challenges**

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

In 2018, 32% of the Group's turnover came from these growth markets.

➤ **Approach and progress made in 2018**

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

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

subsidiary in Morocco, allowing it to serve these markets even better. In 2018, the Group announced the acquisition of the production operations for writing instruments of HACO Industries in Kenya, as well as the Company's distribution operations for writing products, lighters and shavers. With this acquisition, the Group is bolstering its presence in the heart of East Africa, one of the world's strongest markets for BIC® products.

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

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

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

Offering the best functionality at the best price. In emerging countries, where the optimization of the quality-price ratio is of great importance for low-income populations, BIC sets its pricing policies in collaboration with local retailers, taking into consideration local consumption trends and selling price thresholds. For example, in 2017, BIC Group launched a new BIC® Soleil® Sensitive shaver developed especially for the South American markets. Building on the know-how that it has acquired for meeting the needs of North American consumers, BIC adapted this product to offer high-quality shaving at a lower cost. In 2018, the Cello One was launched in India. This product was designed to be affordable to all and thus facilitate access to writing on the Indian market.

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

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



› Perspectives

Combining all of these parameters, the Group plans to launch the BIC® Flex 2 in emerging markets starting in 2020.

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

› Challenges

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

› Approach

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

To that end, three essential priorities have been defined: the strengthening of existing internal initiatives, partnerships with inclusive business structures, and partnerships with major companies that have established their own distribution modes.

› Progress made in 2018

In 2018, after exploring the latter two priorities, BIC turned its focus to the first one. The Group set out to perpetuate an inclusive distribution system that had been established by its subsidiary in Senegal in 2015. Under this system, sales representatives visit owners of traditional stores, within a perimeter that can be reached on foot, to offer five BIC® products in three categories, thus covering the entire country. In this way, they create new inclusive distribution routes, making these hygiene, personal care and writing products affordable to populations who live far from the conventional distribution networks. The BIC Group hopes to

improve their compensation by increasing their social benefits, for example offering healthcare protection or access to micro-credit loans. A similar system was launched in Madagascar in May 2018, and had already begun to achieve encouraging results by the end of the year.

› Perspectives

In 2019, the Group will launch three inclusive distribution pilot projects in different countries. Goals will be defined for each project in terms of both economic viability and social impact, in order to implement a system for marketing profitable, and therefore long-term, products.

3.2.3. PRODUCT SAFETY

› Challenges, risks and opportunities

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

The "Product safety and consumer health-safety" risk is one of the major CSR risks ⁽¹⁾ identified by the BIC Group.

› Policies, approach and measures implemented

The topics of product safety and the protection of consumer health are of strategic importance for the Group. With the primary goal of offering safe, standard-compliant products, BIC Group integrates regulatory compliance and risk management concerning product safety into its strategy through a body of documents defining its commitment, and through strict processes conceived to ensure that it markets only safe, compliant products. As a result, each day, BIC supplies millions of products while maintaining consistent quality, checked through a vast array of tests and in compliance with national and international safety requirements.

The BIC policies for product safety

The **Product Safety Policy**, introduced in 2001, specifies the 10 commitments adopted to ensure that the products developed and manufactured by BIC are safe for human health and the environment. They include:

- a systematic program of pre-market product qualification testing;
- a global approach, resulting in products that often exceed the safety requirements of local markets;
- expecting BIC suppliers to comply with safety standards;

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.

- incorporating safety considerations from the earliest stages of product design, including toxicological evaluations and tests to assess the products' potential physical and chemical hazards;
 - the anticipation of product safety requirements through active regulatory monitoring at national and international levels, in close cooperation with industry associations that share their members' expertise with the appropriate authorities;
 - the integration of innovations in product safety processes;
 - building awareness among all stakeholders about safety and the appropriate use of BIC® products;
 - carefully reviewing all incidents involving the safety of BIC® products;
 - appropriate measures for product recall in the case of an incident;
 - the implementation of this Policy by a Product Safety Department.
- BIC has also adopted seven specific commitments to ensure the quality and safety of its lighters (see below).

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

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



Regulatory monitoring and compliance

BIC Group has a comprehensive monitoring system based on formalized regulatory watch procedures in addition to internal and external resources – in particular, the product safety teams' specific knowledge of BIC® products, their components and the materials used. In 2018, a BIC Watch List was created. With this list, the Group is extending the monitoring system to include non-official lists defined by NGOs, future regulations and controversial substances that are not already banned. The Group always strives to anticipate the substitution of regulated substances. By its very nature open-ended, this Watch List will be expanded to include requirements and controversies reported from outside of Europe.

The BIC Group, as a member or Executive Committee member of numerous sectoral organizations and industry associations⁽¹⁾, actively participates in regulatory watch and interactions with local regulatory authorities, an important activity for staying abreast of new requirements.

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

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

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

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

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



Systematic testing and evaluation programs

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

BIC Group faces competition from several low-cost lighters that too often do not comply with international safety standards. According to tests conducted by independent accredited laboratories, more than three-quarters of the lighter models in the European market

fail to meet standards. The Group has initiated actions to raise awareness among the various parties involved.

In 2010, emphasizing the consequences for consumer safety, BIC filed a complaint against the Netherlands with the European Commission for non-enforcement of EU safety standards for lighters. As a result, the Commission opened an infringement procedure against the Netherlands. In March 2012 and then in July 2014, the country was served formal notice to explain its failure. The procedure remains pending. In 2018, BIC filed a complaint with the European Commission for similar failures to enforce standards in France and Germany.

COMPLIANCE WITH THE REACH REGULATION

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

To address these requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At Group level, an expert was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the Group and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has preregistered 168 substances for six of its legal entities. In particular, the teams involved registered 14 substances in time to meet the final deadline of May 2018. Procedures have been implemented to anticipate the need for future registrations.

Progress made in 2018

In 2018, the training cycle started in 2015 was continued and finalized. These training actions are aimed at production managers and technicians and concern the evolution of the regulatory context and the BIC processes to respond to them. By giving meaning to the processes put in place, these trainings are intended to help the operational staff in their implementation.

Lastly, more than 335 products were tested in independent laboratories.

Perspectives

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

3.2.4. OPTIMIZED PACKAGING

Challenges

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

has an environmental impact during its manufacturing and shipping, and at its end of life.

Approach and progress made in 2018

Historically, BIC promotes selling products without consumer packaging or in value packs. In Europe, 69% of writing products are packaged in boxes, trays or pouches of at least 10 products (83% in North America), 79% of lighters are sold in trays of at least 50 (72% in North America) and 67% of shavers are marketed in pouches of five, 10 or more (49% in North America).

BIC Group Packaging Community

The "Packaging Community" was formed to promote a packaging approach that takes sustainable development into account and demonstrates its utility for the Group (in particular through data on financial advantages and reductions of GHG emissions), by pursuing shared goals (reduced use of PVC, increased use of recycled and/or certified cardboard – see below) and by defining a strategy for the Group in response to major trends (plastics policy, the circular economy, etc.). To that end, it unites a network of packaging experts from around the world.

Three priorities for reducing the impact of our packaging

Priority #1: Selecting responsible packaging materials

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

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

Certified and/or recycled sourcing for cardboard packaging

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

As of January 2014, the Group has reached its previously defined goal of having 90% of its packaging come from certified sources and/or containing more than 50% recycled fibers. At the end of 2018, the Group’s rate was 94.16% overall. This result reflects the efforts made on several continents and in the concerned factories to select suppliers that are engaged in a long-term responsible approach.

PVC-free plastic packaging

The elimination of PVC in BIC Group packaging was completed several years ago for the factories in Europe and in the U.S., where 99% of the packaging is now PVC-free. The elimination of PVC packaging is also well advanced in Mexico.

Depending on the type of packaging, the transition from PVC to PET can entail a few simple adjustments of the machine settings or, in other cases, a complete reworking of the packaging system. For this reason, the “Packaging Community” works with the factories and R&D, getting the marketing teams involved as far upstream as possible. This transition, initiated by BIC many years ago, allows the Group to meet the demands of certain distributors. For example, one major distributor in the U.K. will no longer stock products whose packaging contains PVC.

The BIC Group takes advantage of every opportunity to replace plastic packaging by cardboard in its products. Two examples provide an apt illustration of this learning curve initiated by the Group:

- In 2018, the BIC® 4-Couleurs™ Velvet, marketed in Europe since the end of December, was designed with all-cardboard packaging. This solution offers consumers the possibility of touching the product directly and eliminates the blister, for a savings of 1 ton of plastic;
- In the U.K., the plastic presentation tray for shaver packs has been replaced by a cardboard tray, for a savings of 16.5 tons of plastic.

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

BIC Group actively seeks to reduce the weight and volume of its packaging through multiple targeted actions around the world in accordance with local distribution models. For example, in the U.S. in 2018, BIC continued its participation in Walmart’s “Packaging Scorecard” program, which puts the focus on seven “Rs” for progress: Remove, Reduce, Reuse, Recycle, Renew (use renewable materials), Revenue (look for savings), and Read (educate consumers).

The packaging center in Charlotte (U.S.) has continued to reduce consumption of packaging per product sold, raising the proportion of blister packs made directly on the production lines to 80%.

Following the products distributed in North America and Oceania in 2017, the packaging for the entire BIC® Soleil line has been optimized for better visibility on the shelf while reducing the quantity of plastic used. This modification has made it possible to reduce the use of plastic by 20% and optimize shipping costs and the related CO₂ emissions (by about 15%).

Priority #3: Reducing packaging waste

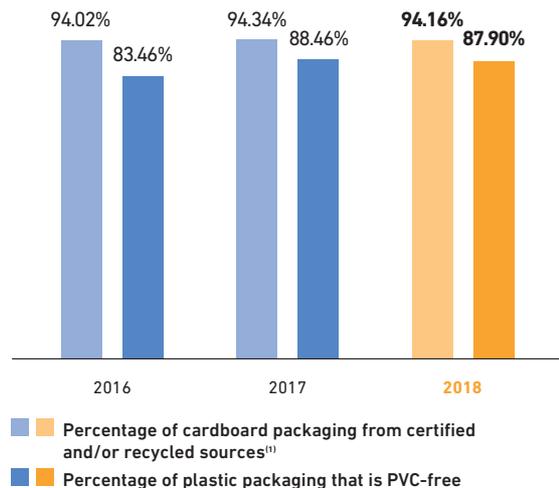
The Group is taking action to increase the recycling rate of packaging production waste in the packaging center facilities. The Charlotte site in the U.S. has already reached the program’s goal of 100% waste recycling. The site is now focusing on the reduction of waste due to packaging obsolescence.

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

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



› Performance



(1) Cello Pens excluded.

These indicators cover all packaged BIC® products delivered to the Group’s customers all over the world (except pallets): consumer packaging (pouch, blister, cardboard box), outer/inner, shrink-wrap, displays, etc. It is calculated on material weight.

› Perspectives

BIC will pursue its programs to reduce the amount of materials used in its product packaging as well as the packaging waste generated by its factories.

The Stationery category plans to launch an action plan in 2019 to reduce the consumption of packaging materials. Based on a survey of good practices and innovations conducted within the category in 2018, this plan will be shared with the other categories in 2019 through the “Packaging Community.”



3.3. ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS ^[NFPS]

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

BIC exerts good environmental control over its entire manufacturing chain due to two factors. First, BIC favors in-house production over contract manufacturing (92% of the Group's net sales are generated by products manufactured in its own factories). Secondly, in the Consumer business in Europe, 82% of the products sold on this continent are also manufactured there.

3.3.1. OUR INDUSTRIAL SITES AND OFFICES

› Challenges, risks and opportunities

To manufacture its products, BIC uses raw materials (plastics, inks, paperboard, metals, etc.), consumes resources (water, energy) and produces waste. The Group is aware of the environmental impact of its production activity and is committed to minimizing it. While the need for raw materials is determined mainly by the design of the products (see section 3.2.1. Our products' environmental performance), the factories that manufacture BIC® products assume the important responsibilities of optimizing their water and energy consumption, as well as reducing greenhouse gas (GHG) emissions and waste production.

The BIC Group has identified the following risks as major CSR risks ⁽¹⁾ resulting from its operations:

- "climate change" risk;
- "other types of pollution (SEVESO sites)" risk.

3.3.1.1. Management systems

› Policy, approach and measures implemented

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

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

Since 2010, the EH&S Policy is deployed at all industrial sites. BIC maintains a formal procedure to review the BIC EH&S Policy to

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

In addition, since 2018, all BIC sites (factories, packaging or distribution centers, head offices and other offices and installations) have been equipped with a system for documenting and managing safety incidents, as part of the implementation of commitment #3 Writing the Future, Together, Committing to a safe work environment (see page 98).

At the industrial sites

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

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

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

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.



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

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

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

In 2018, the implementation rate for BIC management systems at BIC industrial sites is 78% complete for the environment and 88% complete for health and safety. These rates for management system implementation vary every year as plants join or leave the scope and others make progress, but rates remain consistently high.

Certifications

In 2018, BIC Viorex (Greece) has renewed ISO 50001 certification, the international standard for energy management. This certification requires the definition of goals to improve energy consumption and the adoption of a system to track the results achieved to ensure ongoing improvement in energy management.

In 2018, the BIC Viorex factory (Greece) has also renewed the European Water Stewardship (EWS) Gold certification in recognition of its adoption of a water management system that optimizes consumption, reduces pollution, encourages the sharing of best practices. EWS certification also requires close cooperation with the other users of the catchment basin for the joint management of this resource.

In 2018, BIC Viorex was granted BREEAM (Building Research Establishment Environmental Assessment Method) certification for one of its buildings.

The BIC (Nantong) Plastic Products (China) and BIC Bizerte (Tunisia) factories were granted LEED (Leadership in Energy and Environmental Design) certification in 2013 and 2016 respectively.

In 2018, BIC Shavers Mexico (Mexico) obtained the ISO 14001 certification and nine other sites renewed the certification. ex (Greece) renewed their. BIC thus has 12 industrial sites that have met the criteria of this environmental standard.

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

In the offices

For the sake of exemplarity, the BIC Sustainable Development approach covers all of its operations, including office activities, even though they represent a non-significant part of the Group's environmental impact. The environmental performances of the Group's three main offices (Clichy in France, Shelton in the U.S. and Cajamar in Brazil), which have been monitored for four years now,

are consolidated with the presentation of the performances of the Group's industrial sites.

Initiatives have been undertaken at these sites to reduce their environmental footprint. The Shelton (U.S.) offices were granted LEED (Leadership in Energy and Environmental Design) certification in 2009 and are powered by electricity from renewable sources. The Clichy site (France) also purchases electricity from renewable sources. In 2018, the site's office waste collection system was completely overhauled to ensure more effective sorting. The Clichy site (France) is in the process of finalizing a mobility plan in order to offer employees alternative solutions to the individual car for their commute to work. In addition, the renewal of the fleet of company and sales vehicles offered an opportunity to choose vehicles with lower emissions, making it possible to reduce the fleet's average emission rate from 150 to 113 gCO₂ per km.

In the supply chain

Beyond the accounting of its own environmental impacts, BIC Group also considers the impacts of its supply chain. Since 2014, the Workplace Conditions Assessment (WCA) platform for auditing subcontractors' working conditions (see page 110) has included a comprehensive questionnaire on environmental performance, accounting for 6% of the total number of questions posed. Of the 25 suppliers who were active and audited in 2018, 12 suppliers had deficiencies relating to the environment. A total of 18 deficiencies were identified, 44% of which were minor and 56% moderate.

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

› Reducing water consumption

Progress made in 2018 and performance

Water consumption per ton of production decreased by 2.6% between 2017 and 2018. Total water consumption decreased by 5% over the same period while production decreased by 2.5%. This is mainly due to the implementation of water efficiency programs that contemplate the optimization of the industrial processes and machinery.

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

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



- the gross indicators are disclosed on page 119 for additional information.

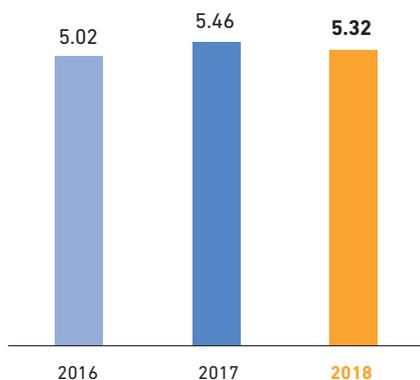
In 2018, 11 sites reduced their ratio of water consumption per ton of production. These sites represent 36% of the Group's water consumption and 48% its production, having improved their ratio of water consumption per ton of production by 13% overall.

BIC Amazonia (Brazil), which represents an important part of the Group's water consumption (12%), reported a nearly 12% decrease in its ratio, mainly due to the installation of a daily monitoring remote system that allows the quick identification and resolution of potential problems. Furthermore, improvements of sanitary facilities were performed and a heating, ventilation and air conditioning (HVAC) system was implemented in the Stationery factory that enabled condensed water from air conditioning was reused to cover other parts of the HVAC system water needs.

In general terms, various water efficiency actions have been implemented in different sites, such as the optimization of production machinery, awareness-raising among employees, rainfall water recovery and improvement of the consumption monitoring systems.

In 2018, the water consumption at the three main offices – Clichy (France), Shelton (U.S.) and Cajamar (Brazil) – decreased by 15.6%, totaling 18,513 m³, or 19.2 m³/occupied workstation, as a result of the closure of BIC Graphic operations in 2017, which were attached to the water consumption of the Cajamar office.

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



Assessing the scarcity of water resources at industrial sites and main offices

In 2018, BIC Group consumed 515,296 cubic meters of water worldwide. However, in addition to the volumes consumed, it is essential to consider where this consumption takes place. It can occur in so-called "water stress" zones where water is a scarce resource. The uneven distribution of water across the planet and limited access to it, may give rise to severe political and social tensions.

In 2018, to identify priority action zones, the Group sought to determine the degree of scarcity of water at all of its sites (industrial sites and offices). An assessment of the risks related to water and its availability was carried out based on the sites' geographic locations.

Although no BIC Group industrial sites or offices are located in major water stress zones, eight are located in medium stress areas (in Europe, United States, India, Africa, Mexico and Brazil).

A cross-analysis of the scarcity of water and water consumption rates at the industrial sites and main offices shows that consumption at the sites in medium stress areas is already relatively limited. The Group will continue to improve the water consumption ratios at these sites. This new correlation of water consumption and scarcity enables BIC to prioritize its action plans for reducing water consumption.

3.3.1.3. Writing the Future, Together – #2 Acting against climate change

› Policy, approach and measures implemented

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

BIC has set the goal of taking action against climate change and has codified this ambition in the following commitment: By 2025, BIC will use 80% renewable electricity.

Building on the experience acquired in recent years at certain of its sites, in 2017 the BIC Group defined a roadmap for its goal of 80% renewable energy by 2025, as part of a long-term vision of achieving 100% renewable electricity. This roadmap reflects a strategy in which each country or site examines its opportunities for sourcing renewable electricity, taking their regulatory and operational constraints into account. To bring about a far-reaching change in its purchasing process for electricity, BIC is putting the focus on renewable energy certificates⁽¹⁾, green contracts and specific Power Purchase Agreements, and is investigating the production potential of certain sites.

In addition to the use of renewable electricity, BIC is pursuing its investments and actions to improve its sites' energy efficiency and strives to optimize its transportation activities in order to reduce their climate footprint (see section 3.3.2 Our transportation activities).

› Progress made in 2018

The use of renewable energy

In 2018, the share of renewable electricity consumed by the BIC Group stood at 68%, compared with 23% in 2017. This significant increase in the Group's use of renewable electricity reflects its commitment in this area. In 2018:

- in France, the BIC Group purchased renewable electricity (Guarantee of Origin, or GoO) certificates for all of its French factories and the headquarters in Clichy. This means that BIC® products manufactured in France are produced using renewable electricity;
- in Spain, the BIC Iberia and BIC Graphic Europe sites began sourcing renewable electricity in September through the purchase of certificates (GoO);

(1) Renewable electricity is defined as electricity generated by biomass sources (including biogas), geothermal, solar, water (including hydroelectrical) or wind power.



- in Brazil, the Manaus site began sourcing wind energy in 2018 through the purchase of iREC certificates. This factory, which combines all three BIC® product categories, produces about 1 billion products per year for the South American market;
- in India, the Group invested for the first time in the installation of photovoltaic solar panels (15 kW), installed on the roof of one of its eight factories in the country.

In addition, the Group continues to purchase certificates in other regions and conducts opportunity studies for other renewable energy supplies:

- in the United States, the purchase of renewable wind energy certificates (U.S. RECs) has covered the electrical power needs of the Shelton headquarters and the factory in Milford since 2012. This means that the lighters manufactured in the U.S. are produced using renewable electricity;
- in Greece, purchased GoO certificates cover all of the electrical consumption of the BIC Viorex site since 2016.

The BIC Group's use of renewable energy allows it to promote the development of these energy sources in the countries where it operates, thus reducing its market-based (scope 2) indirect emissions⁽¹⁾. BIC estimates that the use of renewable electricity in its operations will contribute to reducing its greenhouse gas emissions by approximately 50% by 2025.

Optimizing energy consumption

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

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

Energy consumption per ton of production slightly increased between 2017 and 2018 (+1.3%), caused by increased needs for air conditioning and heating due to weather conditions and to quality requirements of production processes.

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

- a portion of energy consumption, for building heating or lighting for example, cannot be entirely correlated to production, mainly because it depends on external events (climatic conditions for instance);
- the ratio per ton of production is a more relevant measure for BIC Group activities with high levels of production (which is not the case for office activities, product storage and packaging or for advertising and promotional product printing);

- the gross indicators are disclosed on page 119 as additional information.

Nine industrial sites improved their ratio of energy consumption per ton of production in 2018. These sites represent 19% of the Group's energy consumption and 23% of the production of finished and semi-finished products, having improved their energy efficiency by 12%.

For example, BIC Amazonia (Brazil) achieved a 9% reduction in its energy consumption per ton of production thanks to the installation of new machinery for the Shavers category and new LED lighting.

Energy efficiency programs at Group sites also included the installation of more efficient machinery, the optimization of lighting towards more efficient solutions and the awareness-raising among employees.

More specifically, in 2018, energy consumption at the three main offices – Clichy (France), Shelton (U.S.) and Cajamar (Brazil) – totaled 0.65 GJ/m². This performance represents a nearly 3% improvement in comparison with 2017, in particular due to the closing down of BIC Graphic operations in Cajamar.

Since the main BIC offices are equipped with servers, the sustainable development approach adopted by the IT support departments has a direct impact on the sites' environmental footprint. After several years of effort on this issue:

- the virtualization of the Group's internal and external servers has now reached the optimal level of about 80%. This gradual conversion has made it possible to reduce the number of machines and to use increasingly efficient equipment, thus reducing the amount of energy needed for cooling;
- in 2017, the Group finalized the implementation of its "Software as a Service" strategy: the applications shared by users Group-wide are installed in the "cloud," i.e. on virtual servers that are externalized, mutualized and configured for automatic standby. To guarantee data security, service providers with ISO 27001 certification are chosen for externalized "cloud" storage;
- the specifications for the renewal of the workstations incorporate two sustainable development guidelines: the quality of the suppliers' sustainable development approach and the energy efficiency of the equipment. The difference in energy consumption between the old and new workstations is estimated at approximately 20%;
- since 2013, in the Europe and Middle East-Africa zones, 100% of the employees who use a computer (some 4,000 in all) have been equipped with "Skype for Business," a set of solutions for remote collaboration.

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



▶ Performances

For more than ten years, BIC Group provides information to the Carbon Disclosure Project (CDP). In 2018, aligned with the former years' performance, BIC obtained an A rating, placing it in the Climate "A-list" and on the CDP "Supplier Engagement Rating leader board" rewarding companies that are making an outstanding contribution to the fight against climate change.

In 2018, BIC Group quantified the direct and indirect emissions of GHG from its industrial sites and main offices (scopes 1 and 2):

- the direct emissions (scope 1) are GHG emissions resulting from the combustion of fossil fuels, primarily natural gas and fuel oil, mainly used to heat buildings. The total amount of direct GHG emissions in 2018 was estimated at 9,813 teqCO₂, a representing a 13.6% increase compared to 2017;
- 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 2018 was estimated at 88,470 teqCO₂, showing a decrease of 5.9% compared to 2017.

The total amount of direct and indirect GHG emissions was thus estimated to be 98,283 teqCO₂ in 2018. Given that production decreased by 2.5% between 2017 and 2018, the ratio of direct and indirect GHG normalized to the Group's production has decreased by 1.9%.

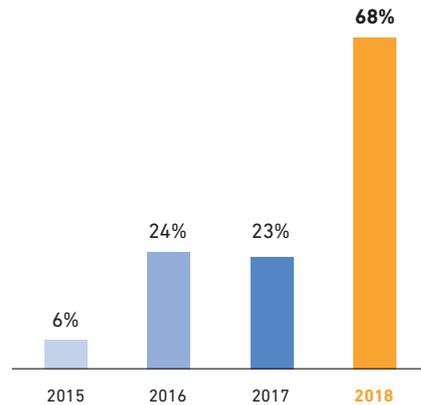
This reduction is explained mainly by the decrease of the national emission factors (scope 2) in some countries.

In the same time, the total amount of direct and indirect GHG emissions with the "market-based" approach is estimated to 58,646 teqCO₂, corresponding to a decrease of 14% compared to 2017. This is due to the increase of the share of electricity from renewable energy consumed by the Group.

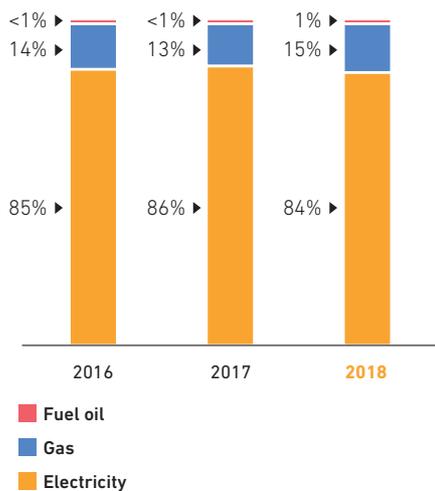
ANNUAL ENERGY CONSUMPTION NORMALIZED TO BIC GROUP PRODUCTION - IN GIGAJOULES/TON



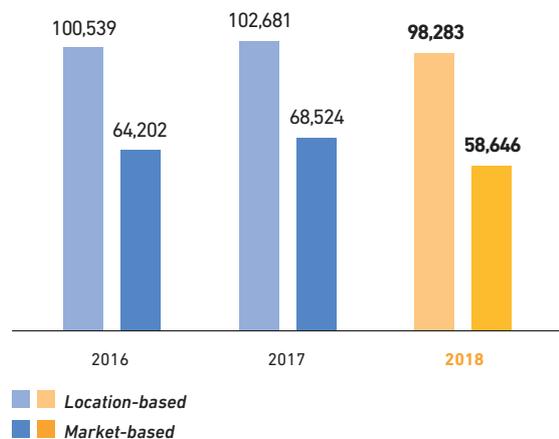
SHARE OF RENEWABLE ENERGY - IN % OF TOTAL CONSUMPTION - BIC GROUP



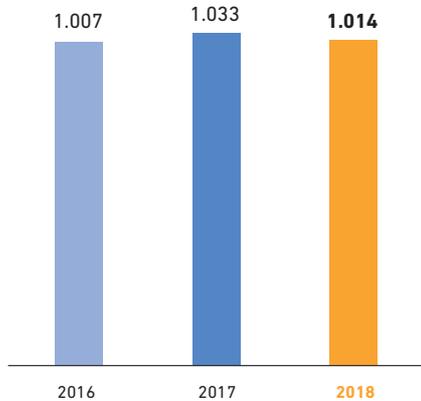
BREAKDOWN OF BIC GROUP ENERGY CONSUMPTION



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



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



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

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

Regarding the item “purchases of goods and services,” the BIC Group has been evaluating emissions related to its purchases of raw materials since 2017. In 2018, these emissions were evaluated at 316,000 teqCO₂, which corresponds to a rise of 14% due to the integration of Cello Pens in the reporting.

Regarding the item “upstream shipping,” the BIC Group estimates the emissions related to its intra-company shipping at 37,000 teqCO₂.

Beyond simply measuring these emissions, the Group is implementing procedures to limit the footprint of these three causes of significant indirect (scope 3) emissions through: eco-design (see page 75), the optimization of shipping by limiting the weight of its products, the reduction of air freight, the optimization of shipping routes, including selection of its locations (see page 93), as well as adoption of a circular economy approach (see page 79).

Evaluating the physical risks for the BIC Group regarding climate change

In 2018, using an analysis model based on risk statistics and the geographic locations of the sites, the physical risks linked to

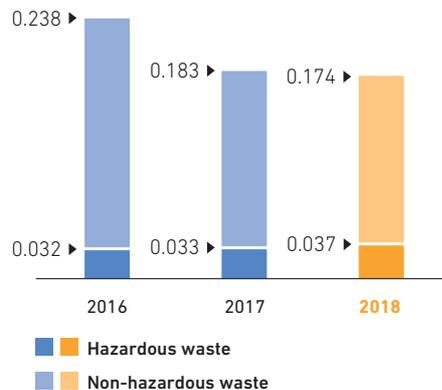
climate change (risks resulting from high temperatures, flooding, storms, hydric stress and rising sea levels) were evaluated for each BIC site and for certain subcontractors and major suppliers. For the sites most at risk, the Group plans to define an appropriate action plan, incorporating any measures already implemented to counter the risk.

3.3.1.4. Reducing waste production

› Progress made in 2018 and performance

In 2018, BIC Group reported a decrease (-1.9%) in the amount of waste generated per ton of production compared to 2017. This variation results from a decrease in the ratio of non-hazardous waste generated per ton of production (-4.6%), which represents almost 82% of the waste generated by the Group, and from an increase in the ratio of hazardous waste (+13.5%).

ANNUAL PRODUCTION OF WASTE NORMALIZED TO PRODUCTION – IN TONS/TON – BIC GROUP



Hazardous waste

In 2018, BIC Group registered a 13.5% increase in hazardous waste generated per ton of production compared to 2017. This increase is mainly due to increased maintenance needs of machinery, in order to improve their productivity standards and to an improvement of waste classification.

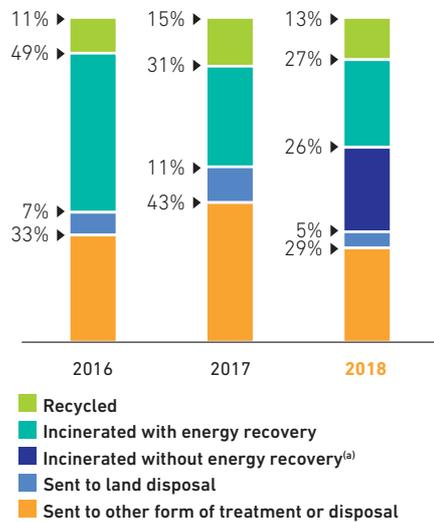
However, 12 sites improved their ratio of hazardous waste generated per ton of production in 2018. These factories, which represent 40% of the Group’s annual production of finished and semi-finished products and generate 25% of the Group’s hazardous waste, reported a 2% overall decrease in their ratio of hazardous waste generated per ton of production.

BIC Viorex (Greece) reported a 13% decrease in its ratio of hazardous waste per ton of production, following the implementation of a project to stabilize and reduce the generation of wasted oil in the production process.

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

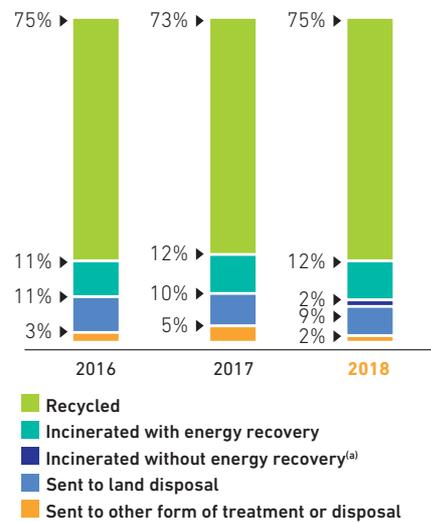


HAZARDOUS WASTE TREATMENT – % OF TOTAL EXPRESSED IN TONS – BIC GROUP



(a) The category “Incinerated without energy recovery” was created in 2018. In 2016 and 2017 this waste was reported under the “Sent to other form of treatment or disposal” category.

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



(a) The category “Incinerated without energy recovery” was created in 2018. In 2016 and 2017 this waste was reported under the “Sent to other form of treatment or disposal” category.

Non-hazardous waste

In 2018, BIC Group’s ratio of non-hazardous waste generated per ton of production decreased by 4.6% compared with 2017.

12 industrial sites improved their ratio of non-hazardous waste generated per ton of production between 2017 and 2018. These industrial sites, which represent 48% of the Group’s annual production of finished and semi-finished products, reported a 9% decrease overall in their ratio of non-hazardous waste generated per ton of production.

For instance, BIC Shavers Mexico (Mexico) optimized its production process to generate less plastic waste. PIMACO Autoadesivos (Brazil) implemented a program to reuse wooden pallets, extending the life of the material and lowering the tonnage of wood waste recycled.

Regarding the main offices, non-hazardous waste production was 129 tons, which represented a decrease of 44% when compared to 2017, due in particular to the closing of BIC Graphic operations in Cajamar (Brazil) and extraordinary discarding activities of furniture and archives in 2017. The Shelton (U.S.) headquarters sends 100% of waste to recovery (recycled or incinerated with energy recovery). All three sites have a dedicated program to responsibly manage end of life for computer equipment. The Clichy headquarters (France) is studying the possibility of totally eliminating single-use cups and glasses for both employees and visitors starting in 2019.

Better recovery of wastes, promoting recycling and reducing waste to landfill

In 2018, the proportion of recovered waste (recycled or incinerated with energy recovery) remained stable. It went from 79% to 78%. This slight decrease is caused by the increase of non-recovered hazardous waste.

The percentage of recycled industrial waste remains at 64%, the same level as in 2017.

During the same period, the quantity of waste produced per ton of production decreased from 0.216 tons to 0.212 tons, reflecting the Group’s ongoing effort to limit its environmental footprint by improving its waste recovery and limiting the amount of wastes that it produces.

Efforts in plants towards recycling continued, such as the implementation of better waste monitoring systems and awareness-raising among employees. In 2018, BIC Canada pushed towards waste recovery by incinerating with heat recovery its non-recyclable waste, instead of sending them to a landfill.

Furthermore, in 2018, the Group reviewed the waste treatment chosen for some of the wastes generated in the sites. The objective was to understand why a certain treatment was chosen over others and evaluate if it was still the best option available in the market. These reasons were mainly regulatory obligations or the absence of waste treatment facilities in isolated zones. In 2018, eight sites sent zero waste to landfill.

3.3.1.5. Reducing other forms of environmental impact

Impact on biodiversity

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

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

In places where there are specific obligations, the management systems address the problem and enable follow-up.

Three hives were installed at the headquarters site in Clichy (France) in partnership with Ekodev, and four hives are managed by a local beekeeper at the BIC Écriture 2000 site in Marne-la-Vallée (France). Through its partnership with Ekodev, BIC also sponsors a melipona hive in the Yucatan region of Mexico as part of an effort to reintroduce this bee to its natural habitat.

Air, water and soil release that seriously affect the environment

The nature of BIC Group's manufacturing operations, primarily the molding and assembly of plastic products and printing of products, has a relatively low local environmental impact compared with other manufacturing sectors. Nevertheless, the BIC Sustainable Development Program, based on the EH&S Policy (see page 86), requires each site to measure, evaluate and reduce every significant form of environmental impact.

Conditions for use of soil

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

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

Noise and odor impact

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

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

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

3.3.2. OUR TRANSPORTATION ACTIVITIES

Challenges

The objective of BIC's shipping management system is to ensure the availability of its products to around 4 million points of sale all over the world, thus maximizing customer satisfaction, while at the same time reducing the environmental impact of its transport activities and optimizing costs.

BIC engages in two types of transport for its products:

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

Due to the environmental and financial impact of air freight, the key challenge for the Group is to use this form of shipping as little as possible. Even though it accounts for only 0.6% of the total tonnage shipped, air freight is the transport method that generates the most GHG: in 2018 it represented 43% of the Group's total emissions from transport.

Approach and progress made in 2018

BIC Group has factories all over the world, which tends to limit the need for shipping its products. For example, in the Consumer business in Europe, 82% of the products sold on a given continent are manufactured on that continent.

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

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

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

BIC pays close attention to the proportion of this type of transport, with the goal of continuing to keep it below 2.3% for intra-company transport. In 2018, the share of air freight, in tons.kilometers, was 0.93%.

Raising awareness and measuring emissions

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

Since 2014, the "Transport Community" has been working closely with the categories (Stationery, Lighters, Shavers) and a steering working group tasked with identifying solutions to achieve significant and long-term reductions in air freight. In 2018, the Transport Community continued to consult with experts and work in cooperation with customers. Transport companies that are committed to sustainable development are also regularly consulted.

The specific monitoring of air transport was introduced in 2014, with quarterly reports to the management teams in each zone.



With this regular monitoring, the Transport Community is focused on this issue at the highest managerial levels. A detailed analysis of these reports has allowed the Transport Community to identify worldwide flows and to define three key actions for their optimization. Cost and flow optimization and the promotion of initiatives to foster sustainable development are included in the criteria for choosing transport service providers in new calls for tenders.

In Europe, a new tool has been tested for distribution shipping in France, Benelux and the UK. Called the "TK'Blue index," it is used to measure GHG emissions due to transport as well as all related negative externalities (noise, soil and air pollution, safety, congestion), while also taking social factors into account. This index enables the precise, reliable monitoring of GHG emissions resulting from the shipping of BIC® products, based on the transport providers' current vehicle fleets and applying the same calculation method for all providers. Having proven its viability within the initially restricted perimeter of three countries, the test has now been extended to other European countries.

Optimizing shipments and routes

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

Selecting responsible carriers

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

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

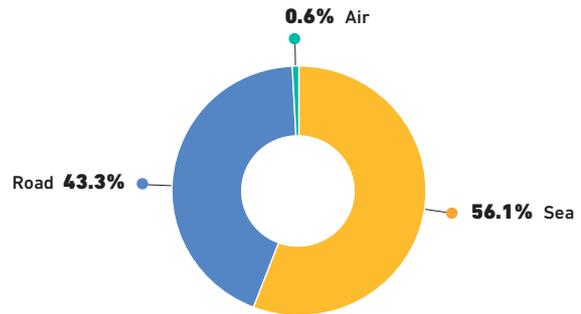
To encourage its transport service providers to adopt responsible practices, BIC has incorporated the reduction of GHG emissions in its criteria for selecting carriers.

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

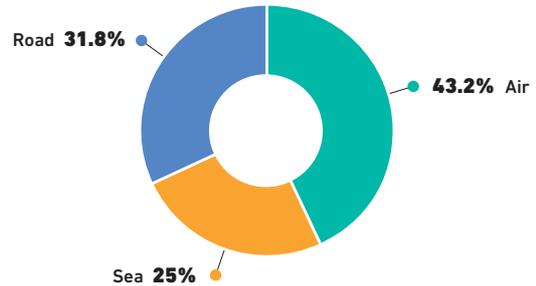
› Performance

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

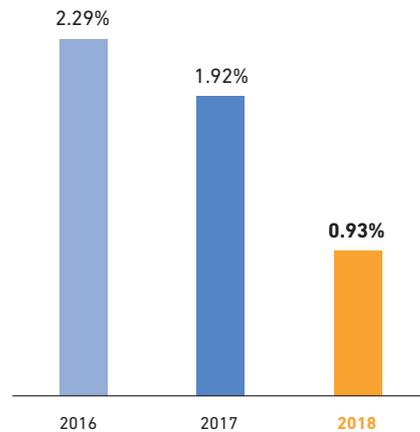
BREAKDOWN OF TONNAGE SHIPPED BY MODE OF TRANSPORT - AS % OF TOTAL



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



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



› Perspectives

In 2019, the Shaver category plans to launch a project to optimize the packaging of the Twin Lady shaver in Saltillo (Mexico). This optimization will increase by 10% the overall number of shavers per outer, for a savings of about 300 pallets per year, or seven containers in the Athens-Saltillo flow.

3.4. OUR SOCIAL RESPONSIBILITY TO OUR EMPLOYEES ^[NFPS]

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

3.4.1 THE WORKFORCE

For the year ending December 31, 2018, BIC Group had 13,664 permanent employees and 3,291 temporary staff.

The following sections describe the BIC's workforce in 2018 and the evolution.

3.4.1.1. Breakdown of the workforce by region and activity

Changes in staff numbers by region are shown below:

WORKFORCE BY REGION – IN FULL-TIME EQUIVALENTS AS OF DECEMBER 31

Workforce by region	Dec. 2016	Dec. 2017	Dec. 2018	Variation 2018/2017
Europe	4,144	4,014	4,061	+1.1%
North America	2,345	805	740	-7.8%
Developing markets	10,873	10,117	8,863	-12.3%
TOTAL PERMANENT STAFF	17,362	14,936	13,664	-8.5%
Temporary staff	3,268	3,912	3,291	-15.9%
TOTAL	20,630	18,848	16,955	-10.0%

In 2018, permanent employees decreased by 8.5% (1,270 employees).

This essentially reflects the decrease of headcount in Cello Pens in India (1,331 fewer employees between December 2017 (6,996 employees) and December 2018 (5,665 employees)). This decrease is linked to the volumes production decline and productivity improvement. In all other BC subsidiaries, the permanent workforce is rather constant.

Permanent employees (with a permanent employment contract) accounted for 81% of the Group's total workforce. Temporary workers accounted for 19% of the Group's total workforce, split

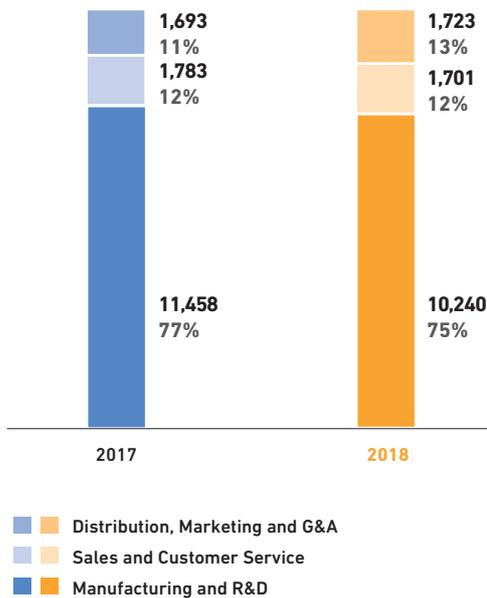
across temporary staff, fixed-period contracts and school and university interns.

As of December 31, 2018, the number of temporary workers was lower than December 31, 2017 by 621 (3,291 vs. 3,912). In India, the number of temporary workers decreased to 423, as well as in Athens, Greece (80 less) and in Mexico (230 less). These decreases are linked to changes in the production volumes.

Temporary workers are employed in manufacturing (89% of temporary staff), sales support (6%) and distribution and administration (5%), essentially due to the highly seasonal nature of BIC's activities.



PERMANENT EMPLOYEES BY ACTIVITY - BIC GROUP

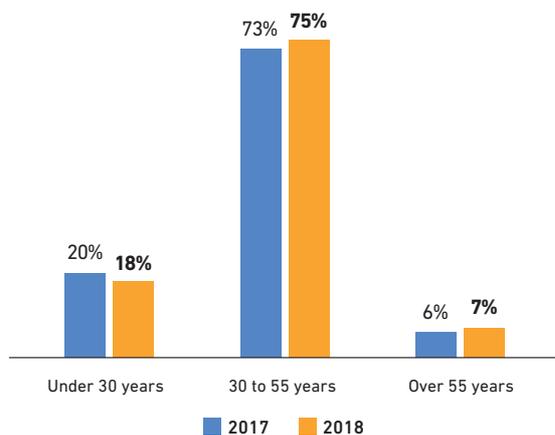


The workforce, across each activity, has remained constant in recent years, reflecting the stability of BIC's system of organization.

3.4.1.2. Breakdown of the workforce by age

All ages are represented in BIC.

BREAKDOWN OF THE WORKFORCE BY AGE GROUP



3.4.1.3. Breakdown of the workforce by category

PERMANENT HEADCOUNT BY CATEGORY

	December 2017	December 2018	Variation 2018/2017
Managers	2,723 (18%)	2,787 (20%)	+2.3%
Non-managers	12,211 (82%)	10,877 (80%)	-10.9%

Managers accounted for 20% of permanent Group employees in 2018. For BIC Group, the main characteristic of a manager is that he/she coordinates a range of resources for which he/she is responsible, with a degree of autonomy and responsibility necessary for the achievement of objectives on at least an annual basis. Management might refer to a team, a project, a process, a technique, or a customer or supplier portfolio.

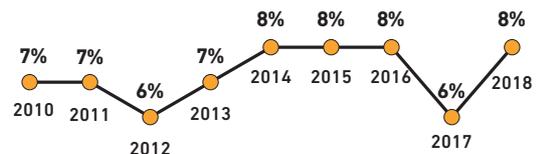
3.4.1.4. Recruitment and terminations

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

The Group recruited 1,563 external candidates, including 400 for management positions. In 2018, the external recruitment rate was 11%, as last year (15% for managers).

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

VOLUNTARY TURNOVER - PERMANENT WORKFORCE



In India (Cello Pens) the number of voluntary departures has doubled in 2018. It has increased from 740 in 2017 to 1,421 in 2018. The voluntary departures rate is 20% for 2018.

In the rest of the Group, the voluntary departures rate increased from 6% to 8% in 2018, which corresponds to 622 resignations and retirements in 2018 (569 departures in 2017).

In 2018, as in 2017, the highest rate is in Asia-Océania (21%). In North America, the rate is 11%, 10% in Middle East Africa and 9% in Latin America. For several years, Europe has a low voluntary turnover (5.6%) due to staff stability in factories.

For the perimeter excluding India - Cello Pens, the Group carried out 360 terminations in 2018 versus 314 in 2017⁽¹⁾. The involuntary departure rate has increased from 3 to 5%.

In India, the number of terminations has significantly increased; from 295 to 431 terminations in 2018, representing an involuntary departure rate of 6%.

In the event of staff restructuring that results in job cuts and terminations of profiles that are not adapted to the futures organizations, Group policy is to respect local legal obligations as a minimum, in cooperation with social partners. Moreover, BIC strives to reassign employees whenever possible.

(1) Excluding Cello Pens and departures related to the sale of BIC Graphic in 2017.

As part of the operation to transfer BIC Sports activities, BIC Group committed to communicating with all stakeholders in a consistent, transparent manner and in accordance with applicable regulations. Multiple communication formats were created and delivered throughout the BIC Graphic locations in question to keep employees regularly up to date on the process. All employees of BIC Sports were rehired by the new owner under the same contractual conditions (salaries and benefits).

3.4.2. SHARING OUR VALUES, LISTENING TO OUR EMPLOYEES

› Challenges

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

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

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

› Approach

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

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

› Performance and progress made in 2018

The Engagement and Adherence to Values Survey

Once again, BIC conducted its Engagement and Adherence to Values Survey in 2018. All factories within the Group were represented, along with 2,000 team members from India. This year the survey covered 11,053 team members (permanent and temporary employees under contract). Participation increased from 84% in 2016 to 93% in 2018, a rise of 9 points, with 10,255 team members responding. This year over 83% of the participants responded online.

2018 saw an overall engagement index increase of +1.5 compared with 2016 (84.3% vs. 83%). The addition of India accounted for the positive swing.

The manager index saw a significant increase in 2018 compared with 2016 (77.6 vs. 72.2).

In 2018, BIC's strengths focused on Pride in Company, Engagement and, once again, BIC Values. 87.9% of team members are "proud to be associated with BIC." This is reflected in the favorable responses around the Group's core values of Responsibility and Ethics. BIC also saw areas of opportunity, particularly in Growth and Development, Recognition and Reward, and Resources and Support. In addition, there was opportunity identified with clarity of direction for the Company, which scored under 50%.

For the first time, BIC included an item targeting Diversity and Inclusion: "BIC promotes an inclusive culture where people of diverse backgrounds feel welcome." Overall, team members responded very favorably at 82.4%.

The engagement of its team members is a key asset that BIC seeks to maintain. To that end, the Group's managers continue to use specially developed tools and coaching to help them define local action plans in response to the survey results. These action plans are defined by each entity, based on its results. Training plans for high-potential employees have been bolstered and possibilities for offering non-financial recognition are being studied. BIC University is being refreshed for a global relaunch in January 2019 (see page 103).

› Perspectives

BIC will continue its program of in-house surveys, with the goal of being attentive to its employees and implementing plans for improvement. For example, North America conducted three separate "spot" surveys of its team members throughout 2018 in response to a change of leadership.

3.4.3. HEALTH/SAFETY IN THE WORKPLACE

› Challenges, risks and opportunities

The BIC Group has identified the "health/safety in the workplace" risk as one of the major CSR risks ⁽¹⁾ resulting from its operations.

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

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.



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

Writing the Future, Together – #3 Committing to a safe work environment

BIC has set the goal of taking action for safety in the workplace, as stated in the following commitment: By 2025, BIC aims for zero accidents across all operations.

Inspired by the "Vision Zero" approach developed by the International Social Security Association ⁽¹⁾, the Group is developing a program that integrates the dimensions of safety, health, and well-being at work, at every level, with the goal of achieving zero sick leave days due to on-site accidents for everyone who works for BIC. It is based on the ISSA's Seven Golden Rules: take leadership – demonstrate commitment; identify hazards – control risks; define targets – develop programs; ensure a safe and healthy system – be well-organized; ensure safety and health in machines, equipment, and workplaces; improve qualifications – develop competence; invest in people – motivate by participation.

This "zero accidents" goal implies an intensification of the Group's safety culture and policies in all of its operations, and includes the implementation of specific local actions.

In 2018, building on the approach already adopted over the past several years in the Stationery category, BIC began extending and adapting that category's health-safety roadmap to the other categories and continents. 2019 will be devoted to finalizing and implementing these roadmaps.

Policy, approach and measures implemented

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

The Group deploys safety management systems at its production sites. Each site has an EH&S manager in charge of the deployment of the EH&S Policy and follow-up of programs for reducing the employees' health and safety risks, under the responsibility of the Industrial Directors. The self-assessments of compliance with the Code of Conduct were conducted for 10 years, until 2016. These self-assessments are based on a questionnaire prepared and analyzed by independent Auditors. The organization of work in BIC's factories complies with local laws and the Group's Code of Conduct, which is modeled on the standards of the International Labor Organization.

The BIC Group has established a specific internal organization for this purpose, including a contact at each BIC site (industrial sites or offices) as well as an EH&S manager for the Stationery category, which has the largest number of factories within the Group, plus a safety manager for Latin America. A Group EH&S committee is in charge of deploying the approach on all categories and continents and sharing best practices. Made up of HR and EH&S supervisors, it meets every quarter.

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

Progress made in 2018

In 2018, the launch of the "Vision Zero" approach spawned a great many projects:

- an accident surveillance tool (the "e-HSE Suite" platform) was selected and implemented in all of the Group's sites. To be operational in 2019, it will serve as the management tool for workplace accidents (evaluating risks, recording and documenting accidents, defining corrective action plans). This tool will also be useful at the category and continent levels for developing effective action plans;
- health & safety reporting was extended throughout the Group, and is no longer limited to the factories and headquarters. All Group sites (offices, factories and headquarters) are now included in the approach and reporting.

In the Stationery category:

- all of the category's factory directors got together for a two-day meeting at which they defined the safety strategy for each of their factories. These strategies were then shared with the employees and their implementation began within the year;
- employees at all factories (except Cello Pens) were surveyed on the Group's health-safety culture. This survey revealed the employees' attitudes toward safety in the workplace and identified the elements of the health-safety culture at BIC. The results were shared with the management team of each factory to help them develop appropriate action plans. This survey will be repeated every other year to measure progress in the adoption of the health-safety culture;
- Safety Watches were initiated in 2018 at all sites (except Cello Pens). Conducted among employees, they allow co-workers to point out questionable practices and habits in a dynamic of dialog and ongoing improvement. They have proven to be an effective tool for improving safety by changing behavior patterns;
- the EH&S managers were trained in behavioral safety to facilitate the deployment of the Safety Watches.

Each year, various types of initiatives are also launched in the Group's factories and other sites. A few examples from 2018:

- BIC South Africa opened a space dedicated to sharing safety information within the factory in order to communicate on: the "Vision Zero" roadmap and progress made so far, incident/accident alarms, responses to proposals submitted via a suggestion box, and feedback from audits and cross-visits;
- the Conté-Samer and BIC Écriture 2000 sites (France) hosted their first Safety Days in 2018;
- "Safety Weeks" were organized at the BIC Violex (Greece) and Manaus (Brazil) sites.

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



› Performance

In 2018, health and safety management systems were operational at 88% of BIC's sites.

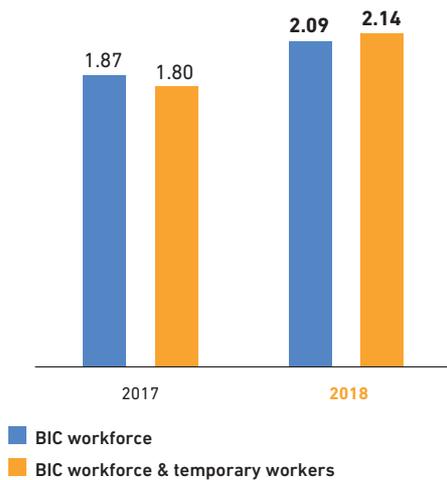
In all BIC sites, accidents resulting in lost work time for BIC employees are mainly caused by the handling of materials and machines. The frequency rate increase in 2018 from 1.87 to 2.09. The development and implementation of actions plans will continue in 2019 and should lead to an increased safety culture and a decrease of this rate. The severity rate remains stable at 0.08. In addition, 61 sites reported no accidents with lost work time in 2018.

More generally, the Group regrets 76 accidents for BIC employees and 8 for external temporary workers. The incidence rate for BIC employees and temporary workers reaches 2.14 in 2018.

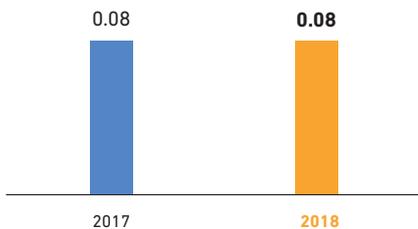
Most of the occupational diseases, which so far have only been monitored in France, are related to musculoskeletal disorders.

Due to the extension of the reporting perimeter in 2018 to include all of the BIC Group's operations (factories and offices), only two years of data will be given below.

INCIDENCE RATE: NUMBER OF ACCIDENTS LEADING TO LOSS OF WORK TIME - PER MILLION HOURS WORKED



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



› Perspectives

Starting in 2019, significant actions will advance the adoption of the Group's safety culture and the implementation of the health-safety roadmaps:

- the first worldwide EH&S meeting will be held in Greece at BIC Violex in April 2019;
- the actions implemented by the Stationery category in 2018 will be duplicated in the Shavers category;
- a safety welcome session will be established for all office newly hired personnel;
- the sharing of good practices will be expanded with a "Best In Class" communication campaign within the Group;
- Safety Watches will be extended to the two Cello Pens factories in India.

3.4.4. EMPLOYEE SECURITY RELATED TO GEOPOLITICAL RISKS

The BIC Group has identified "employee safety related to geopolitical risks" as one of the major CSR risks ⁽¹⁾ resulting from its operations.

In 2018, BIC Middle East launched Travel Tracker, a service provided in partnership with International SOS. This service offers team members comprehensive information and support before and during travel, automatically linked to their travel booking. It prepares them for their visit by providing information on any potential health, security, political or climate risks. It also includes emergency services through which BIC can be notified in case an unforeseen event occurs while an employee is traveling. Team members can also seek help if they find themselves in danger, have questions or need medical support during their trip. This initiative is part of a proactive strategy to mitigate risk by keeping safety and security top of mind.

3.4.5. HEALTH AND WELL-BEING IN THE WORKPLACE

› Challenges

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

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

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.



› Approach

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

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

The efforts focus on four main areas:

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

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

› Progress made in 2018: health and well-being "You First by BIC" in the United States

In the United States, BIC CORPORATION continues to focus, through the "You First by BIC" initiative, on all aspects of employee health and well-being: physical, psychological and financial. In 2018, there was a continued campaign to promote a holistic approach to well-being through a telehealth program, subsidized gym memberships, an on-site cafeteria with healthy options and a healthy eating incentive program, healthy vending machines, a seasonal on-site farmers market, an on-site walking trail and an on-site fitness room for group classes/meditation/yoga. Other efforts included the promotion of healthy lifestyles and an offer for CIGNA HealthCare members and a covered spouse to earn "well-being dollars" annually.

To promote physical well-being, BIC CORPORATION continues to offer its employees numerous on-site preventive screening

programs (osteoporosis, skin cancer, oral cancer and hypertension screenings). In addition, biometric screenings are offered at all BIC sites in the United States (height, weight, waist circumference, body mass index, cholesterol levels and A1C screenings). On-site flu shot clinics are offered in all U.S. locations.

Prevention/awareness campaigns in Latin America

To supplement the weekly exercise sessions that have been offered for several years now at the Group's sites in Brazil (BIC Amazonia, PIMACO and the headquarters in Cajamar), a new program called GymPass has been launched to encourage employees and their families to engage in sports and physical activity. Awareness sessions were also held as part of the "Pink October" (for the prevention of breast and cervical cancer) and "Blue November" (against prostate cancer) programs. In addition, on World Diabetes Day, BIC Amazonia offers screening and information for employees about the disease and ways to prevent it.

In Mexico, a new security brigade was implemented for the new offices in Toreo. A Safety and Hygiene Committee was also formed to comply with Mexican regulations.

A series of initiatives were implemented in Central American locations as a result of the well-being program launched in 2017. These initiatives focus on promoting a healthy lifestyle and physical activity. They include programs like after-work exercise as well as monthly awareness sessions on nutrition, healthy snacks and other topics. Screening campaigns were also conducted on Health Day in November.

In Colombia and Ecuador, Healthy Week was continued from 2017. During the week of August 13, team members were offered information on nutrition, wellness exams and talks by various speakers from the wellness and health industry. In addition, "Well-Being Committees" were formed at the beginning of the year. These committees focus on organizing and implementing activities such as health and legal talks for team members. Medical checkups were offered to ensure that all team members maintain their health. External sports activities like soccer games were encouraged to promote exercise.

In Argentina and Chile, the Group offers annual Safety and Hygiene training sessions, including CPR training, evacuation drills and handling of fire extinguishers. A week of health awareness called "Your Health Matters" was implemented. 28% of the workforce received influenza vaccinations and 37% received a medical checkup.

Wellness promotion in Morocco

In Morocco, "Joy Ministers" are elected every quarter to focus on implementing wellness initiatives focused on well-being at work.

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

Every year since 2000, BIC South Africa has implemented a program to combat 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 team of peer educators made up of Group employees. The program consists of three parts: employee education, voluntary counseling and testing for anyone (permanent or temporary employees) and a health program. BIC South Africa pays the majority of medical expenses for HIV-positive employees: 100% of the employees who ask for antiretroviral medication receive it. If needed, seropositive employees can be vaccinated against hepatitis B. In 2018, educators were offered a refresher training course and videos about sexually transmitted diseases were shared with all employees. On World AIDS Day, like every year, an awareness campaign was carried out with the goal of reaching all employees. All of these events will be ongoing in 2019. The Company's charge nurse attended an HIV conference in November 2018 to learn to identify complications that employees might develop.

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

Reducing physical stress on the job in France

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

Developing the social protection systems available to BIC employees

In 2018, BIC Middle East introduced a life, total and partial disability insurance policy for its team members in the UAE. This is a major step in providing some financial security for members' families in the case of events that significantly impact a team member's well-being.

In 2018, BIC CORPORATION in the United States continued its partnership with OneExchange, a private healthcare exchange that offers a broad range of plan choices in compliance with U.S. healthcare reform. The percentage of employees with health insurance linked to a healthcare savings account continues to rise.

A call for tenders in health and life insurance was launched in several countries for the purpose of finding brokers or insurers that can offer reduced rates and/or improved medical coverage. The resulting changes will be implemented in 2019.

› Perspectives in health and well-being

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

› Progress made in 2018: the role of the manager

The managers' attitudes and behavior are the cornerstone of any effort to combat psychosocial risks (PSR). As a responsible company, BIC trains its managers in the ability to acquire and apply new managerial skills and in their fundamental role as the providers of a positive dynamic for themselves and for their teams. They also have a clearly stated mission to be on the lookout for the subtle signals indicating that an employee is in distress and are trained to detect those signals. The "Manager@BIC" and "Leader@BIC" training modules, created to help managers deal effectively with the challenges they face as team leaders, increasingly incorporate the aspect of well-being at work as well as stress management in their programs.

All managers were trained on the new Performance Module, which consisted of: the model itself, how to give and receive feedback, writing a development plan and how to successfully evaluate team members based on the new model, encompassing not only the accomplishment of Business Goals but also how each team member demonstrates BIC's Core Values, Core Competencies and Functional Competencies.

› Progress made in 2018: employee services

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

In 2017, an EAP was launched in Latin America for employees of the BIC Consumer Products business, offering help in legal, financial, medical and psychological matters. Building on this, in 2018 monthly communications were generated about the EAP with a focus on specific topics by site. In addition, a 24/7 free telephone assistance service was implemented for team members and their direct families.

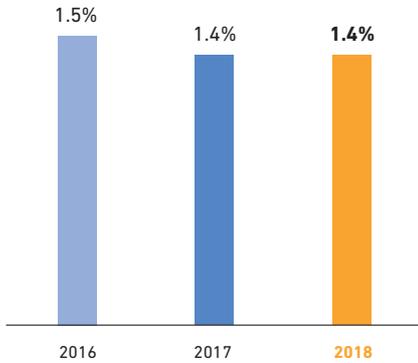
› Performance

In France, BIC had recorded 40 recognized cases of occupational diseases by the end of 2018.

3



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



Absenteeism (excluding on-site accidents and maternity) remained stable.

Absenteeism (including on-site accidents and maternity) is globally in 2018 1.4% (excluding Cello Pens, it is stable and equal to 2.4%, as in 2017, while for Cello Pens, it is 0.5% in 2018).

3.4.6. EMPLOYEE DEVELOPMENT

› Challenges

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

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

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

› Approach

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

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

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

The Talent Development team makes this model available to all teams. It is for example used to structure BIC tools like the Taleo system and the People Acceleration Plan, etc.

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

› Progress made in 2018

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

Learning from new professional experiences (70) New Performance Review Model rollout

All leveled Team Members were trained on the new Performance Model, which has specific criteria evaluating both the WHATs of performance as well as the HOWs. The HOWs reflect how well a team member demonstrates BIC's Core Values, Core Competencies and Functional Competencies. During this training, Team members reviewed the 70/20/10 model and were encouraged to seek out relevant professional experiences as part of their development plan, thus addressing areas of opportunity in the HOW of performance.

BIC enjoyed another successful year of Executive Mentoring, offering identified Key Talents a formal approach for the development of their Core and Functional Competencies.

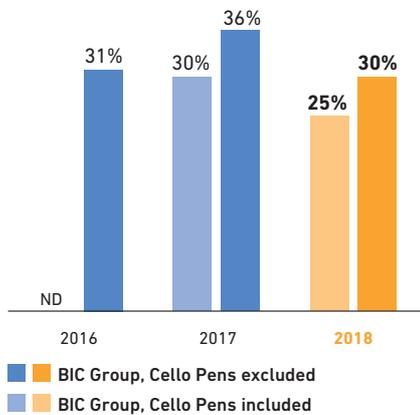
In 2018, BIC Group launched a global "Performance Management" training program worldwide to help employees understand the changes made to BIC's Performance Management process. The goal of the training was to build skill in the fundamentals of Performance Management (goal setting and development planning) and introduce the qualitative assessment of HOW. Continuous feedback via Touch Points was also introduced and is essential to ensure that team members are on track with goal and development plans set in the beginning of the year. The retraining of the entire organization allowed BIC to drive a stronger adoption of the process and deliver higher performance for the business.

Mobility and succession plans

The “Open Positions Review” sessions facilitated by the Group Talent Development Team are designed to facilitate the mobility process. During these meetings, open positions are discussed along with role requirements and potential matches suggested in an effort to offer team members the best options for their own development and for the business. Open positions are shared globally in an effort to make optimal use of the available talents. In addition to the Open Positions Review discussions, BIC conducts a formal detailed review of high potential employees and potential succession to key positions.

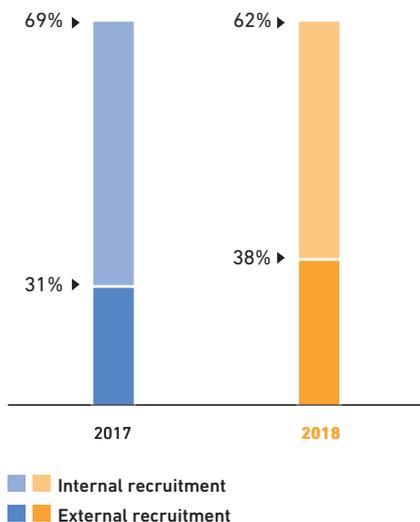
› **Performance**

INTERNAL DEVELOPMENT MOVES AND PROMOTION RATE



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

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



In 2018, the internal promotion rate went down by 62% for the four top manager levels.

For all managers' categories, the internal promotion rate was also decreasing to 44% in 2018, while it was at 51% in 2017.

Learning from others (20)

In 2018, BIC University implemented Mentoring@BIC, a program that offers Team Members the experience of being mentored by leaders at BIC to identify developmental needs and take appropriate action within an agreed-upon development plan.

BIC University also structured the coaching program under Coaching@BIC, which offers team members support from trained coaches to help them recognize ways they can improve the effectiveness of their performance and their impact in the business.

Learning from training (10)

The programs developed by BIC University

Created in 1998, the mission of BIC University is to “Develop and evolve learning solutions that meet business needs and for building the workforce for the future.”

With plants and sales teams in 53 countries, it is critical for BIC to make training accessible to everyone, everywhere in the world. In order to achieve this challenge, BIC University has a team of five dedicated people based in France and North America as well as a network of 12 BIC University Ambassadors all over the world. The community of Ambassadors promotes, leverages and delivers BIC University solutions. In addition, BIC University relies on an internal network of more than 71 internal trainers, subject matter experts with a passion for knowledge sharing.

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

- The BIC U Curriculum – which contains training in main topic areas such as Personal Effectiveness, Business Skills for Tomorrow and People Manager Development – is available everywhere in various forms: facilitator-led training, webinars, e-learning modules, simulation exercises, etc.
- In 2018, the Recruiter@BIC and Managing Other programs were completely redesigned to better adapt to the Group's current business and team organization.

BIC University's online portal, BICUonline, contains a catalog of curated resources available to 5,300 team members worldwide. The BIC U Curriculum and the BICUonline portal were refreshed in 2018 for simpler navigation and access to learning opportunities. All resources are mapped by Core Competencies and main topic areas, making it easy to identify the right training opportunity to meet each team member's developmental needs.

This portal also hosts all of the Group's compliance training (BIC Group Code of Ethics and Anti-Corruption Policy).



Increasing BIC University's impact

BIC continues to invest in its organizational capacities in order to make BIC University's training available to everyone everywhere.

"BIC U everywhere for everyone": in 2018, the implementation of BIC University at BIC-Cello (India) continued with the identification and development of internal and external resources (training for trainers and selection of external service providers) plus greater visibility of BIC U through BICUonline.

"BIC U aligned with business priorities": in 2018, the BIC Performance Management process was completely revamped and BIC University trained all team members and people managers impacted by the new process. 2,967 people were trained by 71 trainers.

"Quality first": in 2018, the impact of the programs for the Company was evaluated by employees, using the ForMetris tool, at a rate of 75%. This is above the market average, confirming the ForMetris levels of the past several years.

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

Technical/functional training

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

For the past several years the Group has been striving to perpetuate its key technical skills. For example, in Tarragona (Spain), the Lighter category is recruiting new employees through apprenticeship programs in partnership with two schools. In France, the "Training for Industrial Professionals" (TIP) program trains young people in the technical functions of mechanics, tool setting and plastics technology, for which there is a shortage on the labor market.

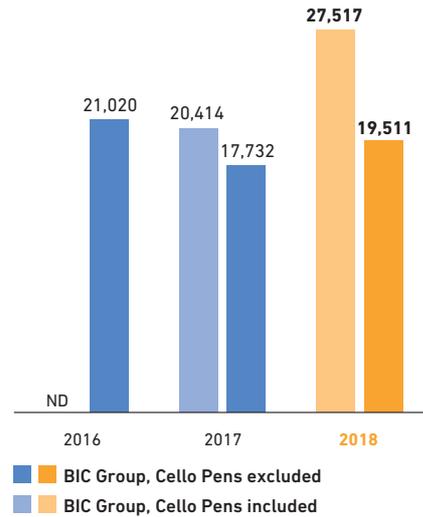
Since 2016, 13 apprentices have been recruited as part of this program in those three categories, and 10 trainees have completed their training in Tarragona (Spain) and at Violex (Greece).

In Manaus (Brazil), BIC University enables employees to receive training and earn certification. In addition, the Manufacturing School has been relaunched with the objective of developing technical skills and competencies for team members in technical careers. The main changes were: a new training matrix was created taking into account the needs per job, new content was created to meet those needs, and 10 internal voluntary facilitators were certified with the appropriate methodology and competencies to multiply knowledge and train others. The School's primary goal is to be recognized as a key program for professional and technical career growth, relying on BIC know-how and the facilitators' knowledge and experience. 40 team members across categories were enrolled in the first module, which focused on Problem Solving. A new Languages Program was also launched in 2018 in order to improve English skills across categories and support areas. Individual assessments were carried out to identify proficiency levels and organize the classes. There are now five classes for 36 team members running at BIC after work, in partnership with an English business school.

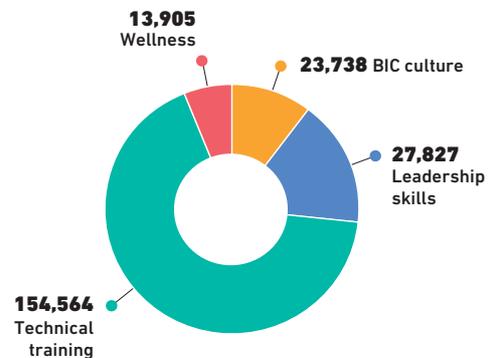
Performance

In 2018, 11,459 employees received training (or 68% of headcount present on December 31, 2018) with an average of three days per employee.

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



NUMBER OF TRAINING HOURS (PER THEME) – BIC GROUP 2018 – PERMANENT AND TEMPORARY WORKFORCE



3.4.7. THE REMUNERATION SYSTEM

Challenges and approach

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

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

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

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

In 2018, variable remuneration relating to performance represented an average of 13% of fixed remuneration for Group employees (excluding Cello Pens).

For non-managers, BIC guarantees an appropriate remuneration and respects minimum salaries determined by local laws and which is inspired by local and international companies locally.

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

› Performance

The average annual cost (including payroll taxes) of each employee totaled 33,854 euros in 2018, increasing +5.6% versus 2017, at actual exchange rates.

Analysis using constant exchange rates shows an increase of +9.7% compared with 2017. Overall, this variance in the average annual cost of each employee is due to:

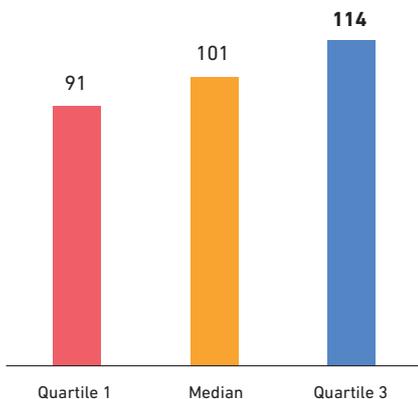
- a +8.8% increase in average fixed remuneration;
- a +14.6% increase in variable remuneration compared with 2017;
- a +10.2% increase in payroll taxes and other benefits.

Excluding Cello, the average annual cost is stable.

Information on Senior Management remuneration is provided on pages 150 to 168.

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

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



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

3.4.8. PROMOTING DIVERSITY

› Challenges, risk and opportunities

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

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

The BIC Group has identified "discrimination related to gender" as one of the major CSR ⁽¹⁾ risks resulting from its operations.

› Policy, approach and measures implemented

The **BIC Charter of Diversity**, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates BIC's desire to take action to promote diversity. It is shared by all of the Group's entities worldwide and has been translated into the main languages spoken in the Group. It is now being reformulated in order to fine-tune the definition of BIC's position on diversity and integration.

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

› Progress made in 2018 and performance

To cultivate even greater diversity, BIC formed a working group in 2017 comprising employees from the various categories and geographic zones. The group also reflects the Company's diversity, uniting different nationalities, age brackets, responsibility levels, genders, etc. In 2018, this working group focused on the definition of a roadmap that includes: expressing the Group's vision for promoting diversity all the way to the highest level of the Company, defining a Group-wide commitment, introducing training on unconscious bias at all hierarchical levels, and establishing a network of Diversity & Inclusion correspondents.

In 2018, the topic of diversity and inclusion was added to the Group engagement survey.

In Argentina and Chile, typical meals from various countries were served at lunch during Diversity Week, increasing employees' understanding and appreciation of other culinary cultures.

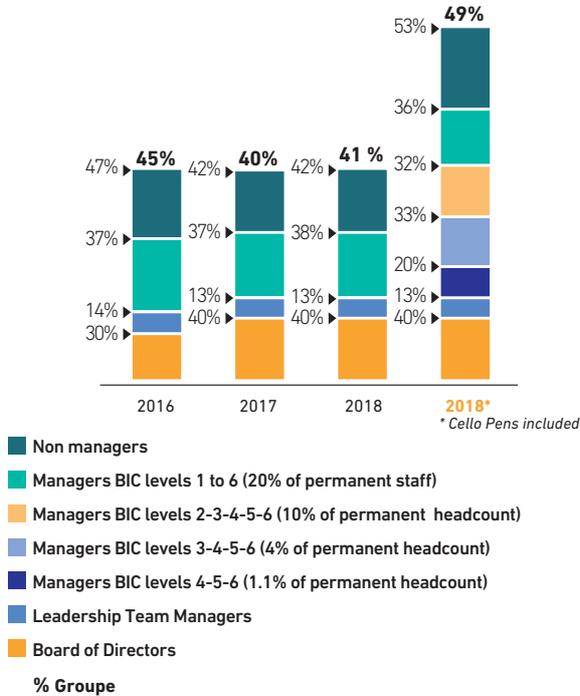
The mentoring program in the Africa Middle-East zone seeks to ensure gender equality in the targeting of talents.

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.



Male/Female equality

PERCENTAGE OF WOMEN IN THE PERMANENT WORKFORCE – BIC GROUP



In 2018, women accounted for 49% of permanent employees in the Group: 35% of the workforce in Europe, 41% in North America, 48% in Latin America and Asia, 47% in Middle East – Africa, 62% in India and 43% in Oceania.

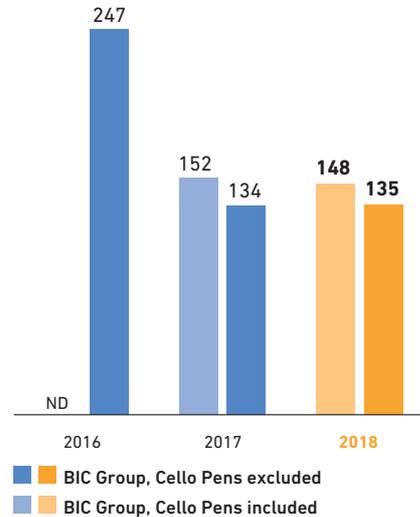
Compared with 2017, the proportion of women in the headcount remains globally stable.

Disabled employees

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

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

NUMBER OF DISABLED WORKERS ON THE PERMANENT WORKFORCE – BIC GROUP



In 2018, disabled workers at the Group's largest sites totaled 148 (excluding indirect jobs associated with outsourcing). They numbered 53 in Europe, 22 in North America, 49 in Latin America and 24 in the rest of world (Middle East, Africa, Oceania and Asia).

Intergenerational equity

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

In this context, BIC seeks to promote:

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

Perspectives

Based on the proposals of the Diversity & Inclusion working group, BIC plans to set specific goals and launch pilot initiatives in this area in 2019.

3.4.9. SOCIAL DIALOGUE

› Challenges

BIC Group strives to use all the means available to engage in dialog with its employees. In this spirit, it sets up the initiatives on listening to employees mentioned on page 97. To maintain its employees' engagement and remain attentive to their expectations, the Group strives to cultivate a high-quality social dialog, either directly with the management or with the employees themselves, their representatives, or labor union representatives at unionized sites.

› Approach

In every country where the Group has operations, it complies with all applicable collective agreements. In addition, each subsidiary The following table gives a few examples of such agreements.

Perimeter	Topic
Spain – BIC Iberia	A contract was signed between unions and the employer guaranteeing the Company's independence from branch or field agreements, ensuring ongoing discussions and negotiations with internal team members who know the local and internal context. The contract offers team members better conditions than the steel union branch agreement while corresponding more closely to BIC's needs. It ensures better follow-up and analysis of absenteeism, with the possibility of a corrective action plan, and confirms the update in 2018 and 2019 of job families, jobs descriptions and job mapping.
United States	A three-year agreement with the United Steelworkers union has been signed that will improve employees' financial conditions while giving the Company greater flexibility.
Clichy (France)	Negotiation of a new optional profit sharing agreement based on criteria linked to operations in order to improve individuals' impact on the Group's shared profits. An agreement on gender equality that integrates new benefits for employees while ensuring across-the-board equality of women and men in terms of human resources and careers.

› Performance

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

Employees in Manaus (Brazil) can make their observations and expectations known through the "HR & You" program. This new communication channel allows employees to dialog with human resources staff via a questionnaire focusing on leadership

strives, insofar as its resources allow, to improve working conditions by offering wages above the legal minimums, through superior employee benefits, or through investments to improve the working environment.

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

› Progress made in 2018

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

effectiveness, communication, remuneration and engagement. The Leadership Team is also questioned in order to highlight any convergences or gaps that might arise between the two groups. Action plans are then defined to address the critical points thus identified. This project was launched for the Lighters category in 2017, and in 2018 the participation rate among employees in the Shavers category was 100%.

› 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 unions and employee representatives.



3.5. OUR SOCIETAL RESPONSIBILITY [NFPS]

In September 2015, the United Nations adopted a new Sustainable Development Program comprising 17 worldwide goals for combating poverty, inequality and injustice. These goals emphasize the crucial role of universal access to education and hygiene. The Group strives to meet these challenges through its local economic presence, with about four million points of sale offering BIC® products worldwide, and through its global presence: BIC manufactures and distributes its products in 160 countries, supplying the most developed marketplaces as well as some of the most impoverished ones (see page 82).

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

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

3.5.1. FULFILLING OUR RESPONSIBILITY ACROSS OUR ENTIRE VALUE CHAIN

► Challenges, risks and opportunities

The vast majority of BIC® products, representing 92% of the Group's net sales, are produced in BIC factories. BIC's corporate organization prevents it from diluting its responsibility when it calls upon subcontractors: all purchased or subcontracted products and their suppliers are subject to stringent prior qualification processes in terms of quality, safety and social criteria.

In the course of its operations, BIC works with about 2,000 suppliers and subcontractors. For the Group, being a responsible company means maintaining control over the entire value chain. To this end, the Purchasing Departments analyze all risks: stock levels, diversification of suppliers and sourcing zones, risks associated with the country and the rarity of the resource. BIC also strives to extend the high standards that it applies in its own operations, in terms of quality, respect for the environment, ethics and Human Rights, to all the parties involved in the production and distribution of its products. Its demands encompass factors like compliance with deadlines, cost control, quality and innovation, but also include adherence to the Group's values and commitments in terms of sustainable development.

The BIC Group has identified the following risks as major CSR risks⁽¹⁾ resulting from its operations:

- "human rights (child labor, ILO standards)";
- "fair practices (corruption)."

The risks identified by the BIC Group in its supply chain are detailed in section 2.3 of the registration document, "Vigilance Plan."

► Policies, approach and measures implemented

3.5.1.1. Writing the Future, Together – #4 Proactively involving suppliers

BIC has set the goal of involving its suppliers proactively and has codified this ambition in the following commitment: by 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing.

In 2018, BIC reached the first milestone in fulfilling this commitment by conducting a comprehensive review of its system, based on its longstanding approach of ESG evaluations of strategic suppliers and audits of contract manufacturers.

In 2018, the BIC Group's purchasing teams were mobilized to define the ambition of the purchasing strategy, namely: to maximize purchasing's contribution to the creation of value for BIC, its suppliers and subcontractors by:

- **securing the created value** (ensuring continuous supply and consistent quality, consumer safety, regulatory compliance, brand protection);
- **increasing the created value** (performance and costs, manufacturing processes, the development of new customer benefits with no technological or material disruption);
- **creating additional value** (innovation that benefits consumers, overhaul of the processes).

A complete review of the supplier database has been carried out in order to identify suppliers that are considered strategic for the BIC Group based on four criteria:

- representing high volumes of purchases for BIC;
- continuity of operations if the supplier ceases to function;
- single-source supply;
- a significant impact on BIC's growth.

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.

As a result of this review, the BIC Group has identified 346 strategic suppliers among the 15,000 suppliers in its database.

An evaluation of the CSR risks related to its suppliers was carried out, the results of which are presented in the Group's Vigilance Plan (see page 49).

Lastly, a review was carried out of the risk control tools already in place within the Group. To meet the requirements of its Responsible Purchasing Charter (see box), BIC currently relies on three main tools:

- compliance with the Code of Conduct (see page 110);
- audit programs (see page 110);
- ESG evaluations by EcoVadis. From 2011 to 2017, BIC used the EcoVadis tool to evaluate the performance of its strategic raw material suppliers based on environmental, social and governance (ESG) criteria.

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

The "Packaging Community" works with its suppliers in a similar way. In particular, paper and cardboard packaging suppliers are encouraged to obtain SFI, FSC or PEFC certification or to supply packaging containing recycled materials (see page 84).

The cross-identification of risks and the review of the risk control programs resulted in the drafting of an initial list of recommendations for improving control over risks related to strategic suppliers and implementing the strategy for maximizing the contribution to the creation of value.

These recommendations concern the use of each tool in the system, its perimeter of application, internal responsibilities and roles, and the possibility of implementing additional tools in the future.

The Responsible Purchasing Charter

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

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

Perspectives

2019 will be devoted to defining a roadmap based on purchasing's contribution to the creation of value for BIC, its suppliers and subcontractors. The implementation of this roadmap will then be monitored by the indicator "% of strategic suppliers concerned by at least one responsible purchasing action". In addition to this roadmap for controlling major risks related to purchasing, BIC is pursuing its program of social audits of contract manufacturers.

3.5.1.2. Ensuring respect for Human Rights in the workplace

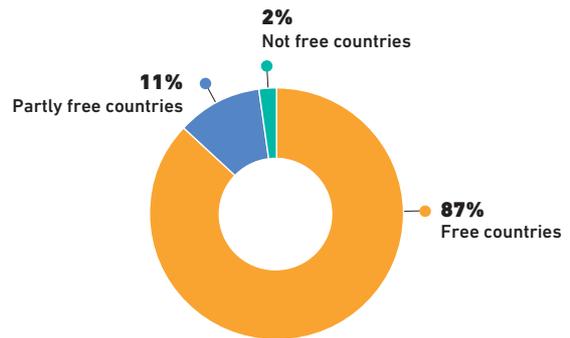
Challenges

BIC's reliance on contract manufacturing is relatively low. Overall, 92% of the Group's net sales are generated by products made in its own factories. 87% of these factories are located in countries with no Human Rights risk according to Freedom House ⁽¹⁾.

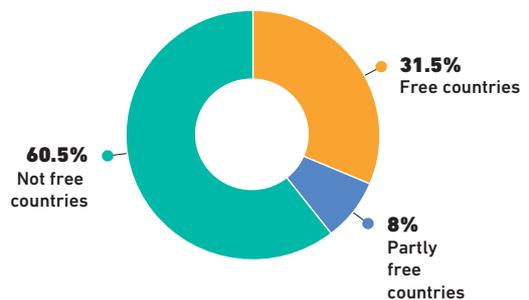
BIC works with subcontractors primarily for stationery products in the Consumer business and for Advertising and Promotional Products. Subcontracting gives the Group greater flexibility.



PERMANENT WORKFORCE BY CATEGORY OF COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2018 - BIC GROUP



GLOBAL CONTRACT MANUFACTURERS BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2018 - BIC GROUP



(1) Source: "Freedom in the World 2018", a study by the non-governmental organization Freedom House.



› Approach

An approach guided by the BIC Group Code of Conduct

To ensure respect for Human Rights in the workplace, BIC has implemented a **Code of Conduct**. This document comprises a set of professional and social principles derived from the standards of the International Labor Organization (ILO). The Group is committed to upholding socially responsible behavior in all its operations. The principles in this document are applied at all production facilities, whether owned by the Group or operated by contract manufacturers, and BIC conducts audits to ensure its implementation.

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

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

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

The social audit program

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

Products). Regular audits are conducted every two years to verify that standards are maintained at a satisfactory level.

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

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

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

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

- Self-assessments were conducted by all BIC factories from 2006 through 2016. The Group was thus able to acquire a thorough understanding of the risks and to develop corrective action plans in cooperation with the Human Resources Department.

➔ THE SIX STEPS FOR EVALUATING CONTRACT MANUFACTURERS

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

➤ SA 8000 CERTIFICATION FOR THE BIC AMAZONIA FACTORY

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

➤ Progress made in 2018 and performances

In 2018, 25 contract manufacturers (for Consumer Products or BIC Graphic) were audited, representing 33% of our active contract manufacturers at year end. The audits directly requested and managed by BIC, revealed 1 zero tolerance, 18 major, 133 moderate and 145 minor deficiencies, and 28 corrective action plans were implemented. The four biggest areas of deficiency were found in management systems, health & safety and wages & hours:

- The facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented : 6%.

- The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented : 5%.
- The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented : 5%.
- Total overtime hours exceeds allowable limits under applicable law or agreement : 4%

Overall, under BIC two-years-cycle of social audits, 74% of the contract manufacturers were audited. The contracts manufacturers that were not audited during this cycle (especially for operational reasons) will be early 2019.

➤ SOCIAL AUDITS IN THE ADVERTISING AND PROMOTIONAL PRODUCTS BUSINESS

BIC Graphic Europe joined the SEDEX platform in 2012. SEDEX, the Supplier Ethical Data Exchange, is a not-for-profit organization dedicated to driving improvements in responsible and ethical business practices along the supply chain. Being a member of SEDEX provides the added benefit of having a confidential platform for sharing social compliance audit reports and related information and participation in working groups. The SEDEX Members Ethical Trade Audits (SMETA) standard combines several reputable standardization programs including the ILO Convention, ETI (Ethical Trading Initiative) Base Code, SA 8000 and ISO 14001. In 2018, the Tarragona factory (Spain) was audited according to the WCA criteria and earned a score of 100%. The Mexican factories and Conté (France) factories were also audited.

➤ Perspectives

In the years to come, the BIC Group plans to pursue its social audit program, which will be incorporated in the BIC strategy "Writing the Future, Together" and its commitment #4, Proactively involving suppliers (see 3.5.1.1).

3.5.1.3. 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 (Brazil, Mexico, India, Italy and Argentina) and 68% in countries with a medium or low risk of corruption according to Transparency International, including France, the United States and Spain.

➤ Approach

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

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

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

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



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

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

Employees are offered training on the Code of Ethics and the fight against harassment.

"BIC Speak Up," the Group's anonymous and confidential reporting system, is accessible by telephone and Internet to all current and former BIC employees 24 hours a day and is available in more than 200 languages.

BIC is committing to ensure the confidentiality of the information gathered as well as to ensure that no sanction is taken against an employee who reported in good faith a breach of the BIC Group Anti-Corruption Policy or to the Group Code of Ethics.

The alert hotline will be accessible to third parties from 2019.

This alert mechanism aims to prevent the actions or conducts that would be contrary to integrity, honesty or equity.

It is the responsibility of the entities' CFOs or equivalent Officers to assess the entities' tax positions and manage all tax filings. The BIC Group Tax Department provides broader support to all entities. In 2018, the internal control procedures did not detect any case of tax evasion linked to the activities of the Group.

› Progress made in 2018

In 2018, BIC carried out an evaluation of its risks related to third parties. The Group continued to strengthen its ethics program and efforts to fight corruption, expanding its mandatory training on the

Anti-Corruption Policy through e-learning sessions for employees in Africa, the Middle East and the Asia Pacific zone.

› Perspectives

In the coming years, further training will be extended to cover additional aspects of compliance. Year after year, the Group will continue to bolster its mechanisms for upholding ethics and fighting corruption.

3.5.2. SUPPORTING THE LOCAL ECONOMY AND PROMOTING SOLIDARITY

3.5.2.1. Generating and maintaining jobs

› Approach

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

Every time it starts operations in a new region, BIC's policy is to favor local hiring over expatriation. As a result, the Group has a total of only 88 expatriated employees today (0.64% of permanent employees). BIC thus contributes directly to local economies by generating jobs.

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

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

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

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

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

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

3.5.2.2. Writing the Future, Together – #5 Improving lives through education

› Challenges

The UN Sustainable Development Goal no. 4 is “to ensure inclusive and equitable quality education and to promote lifelong learning opportunities for all.” It underlines the two key challenges regarding education: access to education and equity in learning. The latest UIS ⁽¹⁾ report shows that today:

- access to education remains a major problem: 263 million school-age children do not have access to primary or secondary education. Access to primary education has not increased in the past decade, with 9% of all children of primary school age remaining outside of the scholastic system since 2008;
- the quality of the instruction is a critical problem: more than 617 million children and teenagers fail to acquire minimum skills in reading and mathematics, even though two-thirds of them are in school.

› Approach

Through its activities of designing, manufacturing and distributing writing instruments, BIC Group has long been involved in the promotion of education. Firmly convinced that education is crucial for the development of free will and independence, and to combat poverty, BIC has in particular been an active advocate of writing by hand, even before its importance in the structuring of children’s thought processes was proven. BIC has set the goal of Improving lives through education and has codified this ambition in the following commitment: By 2025, BIC will improve learning conditions for 250 million children, globally.

The Group acts through three channels:

- actions undertaken by the BIC Corporate Foundation;
- philanthropic actions (donations of products, funding and skills) undertaken by local entities for the benefit of their communities (detailed in section 3.5.2.3 below);
- coaching actions to help improve learning conditions, including awareness of the benefits of writing by hand in the learning and memorization processes.

At the end 2018, the year in which this goal was launched, the BIC Group estimated the number of children whose learning conditions have been improved at 15 million through direct actions with children or through actions with teachers and parents.

The BIC Corporate Foundation

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

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

- Runa Khan, founder and President of the NGO Friendship;
- Marine de Bazelaire, Head of Sustainability Continental Europe, HSBC;
- Jean-Marc Guesné: Associate, Azao Consulting.

(1) *Unesco Institute for Statistics.*



The BIC Corporate Foundation takes action in three different ways to fulfill its mission:

Beneficiary	Description of the project
Projects funded directly by the Foundation	
Sport dans la Ville (France)	Construction of a center called "But en Or" ("Golden Goal") to encourage children and young people to engage in various sports activities, events, excursions and summer camps. The "L dans la Ville" program helps girls unlock their potential through sports, mentoring, cultural activities and professional development. The "Job dans la Ville" program helps young people define their professional orientation and career objectives.
Friendship (Bangladesh)	Funding of a school in the Chars region, which is under constant threat from natural disasters and suffers from a chronic shortage of educational structures. The school offers pre-primary and primary education with a focus on ethics, environmental awareness and improved personal hygiene, along with more traditional teaching (English, mathematics, etc.). A center for adults has also been opened to improve literacy among mothers of Friendship pupils and other adults.
Carolina for Kibera (Kenya)	Kibera is Africa's largest shantytown. Most of its residents subsist on less than one dollar per day. The Foundation sponsors ICT training for girls as well as the Kiva Loan program, which offers startup capital for entrepreneurial ventures by Kibera residents. It also finances a program for education through sports specifically for girls, and a scholarship program covering 100% of the beneficiaries' school expenses for four years.
BIC Citizens In Action Project	
Life Project 4 Youth (LP4Y)	<p>A worldwide program launched by the Group in 2008, based on a shared commitment by employees and the Corporate Foundation, with the goal of protecting the environment and helping local communities.</p> <p>At the global level, matching fund campaigns: the employees are mobilized through fundraising drives and the Group matches the amount of money collected. All BIC subsidiaries around the world participate in these campaigns. In 2018, BIC employees contributed 62,000 euros, which was doubled by the BIC Corporate Foundation to reach a total of 124,000 euros. These donations went to the NGO LP4Y (Life Project 4 Youth) to support a youth center project in Chhattisgarh, India, called "A New Center, A New Start." The center offers high-quality training to develop young people's social and professional skills, along with sessions to build awareness of sustainable development, and will be an economic development driver for the region. The goal is to help 600 young people between 2017 and 2020.</p> <p>At the local level, "BIC Citizens in Action" also encompasses numerous volunteer projects around the world, in which BIC employees donate their time, energy and resources to help local associations and organizations.</p>
Winners of the call for in-house projects	
Laboratoria (Mexico)	This initiative, proposed by BIC Mexico, offers a six-month "boot camp" program in computer coding for women from underprivileged backgrounds.
Croix Rouge (Spain)	This initiative, proposed by BIC Graphic Europe (Spain), allows 132 children in danger of educational exclusion to receive scholastic aid for three years, along with assistance for their families.

In 2018, the Foundation continued to expand its operations and defined the basis of methods for measuring the impact that it aims to have. This will enable the Foundation to monitor its activity and the benefits that it provides.

Awareness and coaching actions

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

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

- initiatives in schools in a number of countries (South Africa, Cameroon, Egypt, Spain, India, Morocco, Nigeria, the Philippines, etc.) such as: building awareness of the importance of education and writing, the production of written materials or workshops to offer teachers resources that they can use in class;
- for the first time in 2018, a special week was dedicated to education. Called "BIC Global Education Week" (October 1-5), the event offered all BIC employees the opportunity to donate a day of their time to improving learning conditions in their local community.

› Perspectives

In 2019, BIC will pursue its efforts, continuing to work with key people to promote successful education, as well as pupils and students, teachers and parents. The Group plans to open its first training institute in India and to host another "Education Week."

3.5.2.3. Philanthropic actions by BIC Group and its subsidiaries

› Approach

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

Major philanthropic actions and charity products to promote education

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

In 2018, BIC South Africa renewed its large-scale "Buy a Pen, Donate a Pen" charity products campaign. South Africa is a country that faces enormous educational challenges: more than 2 million of its citizens are illiterate and its unemployment rate exceeds 27%. For this campaign, for each product purchased, BIC South Africa donates one pen to the NGO READ Educational Trust, which distributes them to underprivileged children. As in previous years, the operation was a huge success, with 1.2 million pens once again donated, bringing the overall total to 8.5 million pens in seven years.

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

In the United States, BIC is a national sponsor of the Kids In Need Foundation, a non-profit organization whose goal is give every child the opportunity to learn and succeed in school, providing school supplies free of charge to those most in need. For the 16 million children living in conditions of extreme poverty, obtaining school supplies can be a determining factor in their future success. Every year, KINF helps more than 200,000 teachers and 6.2 million pupils in the U.S. In its 23 years of existence, KINF has distributed more than \$1 billion (in retail value) worth of school supplies to children who have no other way to obtain them.

In Morocco, the BIC Group gave its support, through the donation of writing products, to INSAF, an association that combats the exploitation of underage girls working as domestic help. INSAF regularly monitors the social and scholastic progress of the girls it helps and organizes awareness actions at the local and national levels involving children, families and institutional and social leaders. In 2018, BIC's donations were used to help schoolgirls in poor neighborhoods.

In order to contribute to the development of pupils and teachers and to uphold its commitment to promoting education in the country, BIC Mexico funded the renovation of a classroom in a school damaged by the earthquake of September 19, 2017.

Examples of philanthropic actions by BIC Group subsidiaries in 2018

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

In the United States, since 2009 BIC Consumer Products USA has supported Susan G. Komen for the Cure®, contributing to the fight against breast cancer through the sale of stationery products.

For the past several years, BIC employees in Greece have taken action through the annual MediBIC operation, which renovates medical dispensaries in remote regions of the country, usually in villages. Each project includes the renovation of the village's health center, including the building, furniture and supply of medical instruments, to provide the local population with a complete medical infrastructure. In 2018, the operation mobilized an organizational team of 10 members plus 10 volunteers who helped with the day-long installation.

In Morocco, BIC participated in an international day for the handicapped organized by "20 Aouït" Hospital in Casablanca. The event aimed to draw the attention of health professionals and the public to the situations of persons suffering from cerebral palsy, primarily to promote their inclusion in ordinary living environments. BIC contributed to the event by offering coloring products and organizing activities for children.

› Performance

In 2018, product donations and financial aid worldwide represented 2.2 million euros (internal valuation), primarily in education⁽¹⁾, health and emergency aid. These two sectors represent 82% of BIC's community activities in number and 94% in financial value.

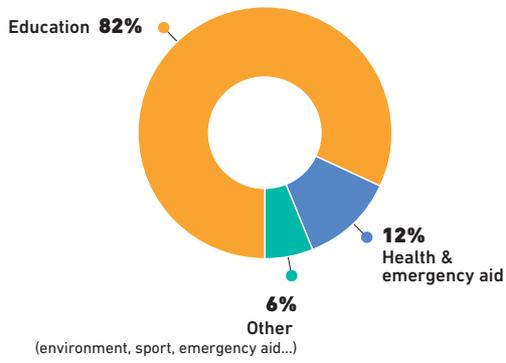
“ **BIC Group objective achieved: the contribution toward communities is more than 0.50% of pretax profit.** ”

“ **244 philanthropic projects involving volunteer work, product donations and financial aid carried out worldwide in 2018 (all fields combined).** ”

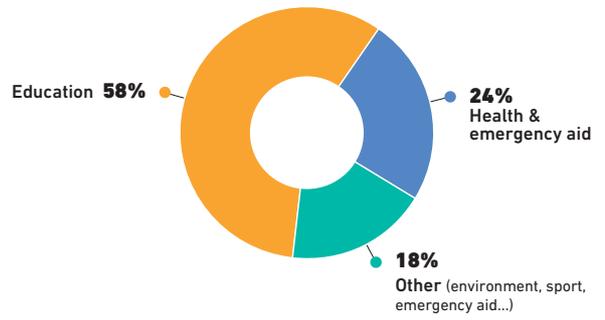
(1) For this indicator, all philanthropic actions in favor of education, including those carried out under commitment # 5, are considered.



FINANCIAL BREAKDOWN OF ACTIONS – BIC GROUP – 2018



BREAKDOWN OF ACTIONS BY FIELD – BIC GROUP – 2018



3.6. MILESTONES [NFPS]

3.6.1. EXTRA-FINANCIAL RATINGS

In 2018, BIC was listed on the following socially responsible investment indexes:

- The 2018 CDP A list (see page 90);
- The Supplier Engagement leader board by CDP
- The Euronext Vigeo index: Europe 120;
- The Euronext Vigeo index: Eurozone 120;
- The FTSE4Good Index;
- The Ethibel Pioneer and Ethibel Excellence Investment Registers;
- The Ethibel Sustainability Index (ESI) Excellence Europe;
- The STOXX Global ESG Leaders Index.

3.6.2. AWARDS RECEIVED

- Recognized for "best information on corporate social responsibility in response to Article 225" by the high council of the *Ordre des Experts Comptables* (French chartered accountants association);
- Ubicuity™:
 - Plas Eco for Ubicuity™: winner of 11th Sustainable Development Trophies 2018, organized by Caux Seine Développement and Caux Seine Agglo; recognition of the partnership between BIC and Plas Eco for the development of an integrated, perennial recycling system,
 - Finalist at the Plastic Recycling Show Europe: recycled plastic product of the year dedicated to consumers' lifestyle,
 - Finalist for the *Prix Entreprises & Environnement* in the circular economy category, organized by Ademe and the French Ministry of Ecological and Solidarity Transition;
- Grand Prix de la Transparence 2018: best reference document by an SBF 120 company;
- BIC South Africa was named Best Employer 2019 by the Top Employer's Institute certification program;
- At the PSI Sustainability Awards 2018 (European network of the promotional products industry), BIC Graphic Europe was awarded:
 - 1st prize in the "Social Initiative" category for the "School success" project in partnership with the Spanish Red Cross and the BIC Corporate Foundation;
 - 3rd place in the "Environment Initiative" category for the Ubicuity™ project.

3.6.3. PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1 to December 31, 2018.

3.6.3.1. Perimeter

Regarding the indicators that refer to human resources, the reporting perimeter encompasses all permanent employees of all French and foreign operational units within the Group, with the exception of information on training and the disabled, for which temporary employees are included. In 2018, the activities of Cello Pens have been included in the reporting perimeter for these indicators.

The environment indicators concern the operations that have a significant impact, namely the industrial activities owned by the Group. These indicators therefore concern BIC factories that produce finished or semi-finished products, as well as its engineering units and packaging operations of more than 50 employees or whose operations are regulated by government directives such as SEVESO (EU), PSM or RMP (U.S.). Other sites are included on a voluntary basis. Group headquarters with more than 200 permanent employees are also included in the reporting.

For health and safety indicators, all BIC sites (offices or industrial sites) are included in the perimeter.

In 2018, the sites of BIC Sport activities and BIC La Granada are excluded from the reporting perimeter for environment and health and safety indicators.

HACO Industries Kenya entity is excluded from the perimeter for all indicators.

3.6.3.2. Indicators

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

The inventory of BIC's activities for the benefit of communities is compiled from information and data sent annually by the management of each subsidiary. This reporting is an estimate in projects number and value.

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

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

Concerning environmental indicators, the classification of the type of waste treatment is based on the sectors to which they are directed.

Concerning the reporting of greenhouse gases emissions, the conversion factors for scope 1 are from the French Environment and Energy Management Agency ADEME (2010). Conversion factors for scope 2 "location based" emissions are those proposed annually by the International Energy Agency (IEA).



Unless otherwise indicated, the indirect emissions correspond to scope 2 emissions using a location-based approach.

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

Greenhouse gas emissions related to purchase of raw materials

This indicator includes the main raw material used in the products of the three main categories, including Cello (since 2018) and the Stationery activity of BIC Sport (France) and in the packaging reported in the indicator "Percentage of responsible materials for packaging" for the three main categories (excluding PIMACO, BIC Ecuador, BIC Nantong and Cello Pens activities).

Percentage of BIC® products with at least one environmental benefit

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

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

This indicator is calculated on the number of units and concerns the products of the three main categories (excluding PIMACO and Cello Pens activities). For the Lighters category, only lighters are considered. For Stationery and Shavers categories refills are considered in the calculation.

Percentage of responsible materials for packaging

This indicator includes all packaged BIC® products delivered to the Group's customers all over the world (except pallets): consumer

packaging (pouch, blister, cardboard box), outer/inner, shrink-wrap, lighter displays, etc. It is calculated on material weight and concerns the products of the three main categories (excluding PIMACO, BIC Ecuador, BIC Nantong and Cello Pens activities).

Percentage of air freight

The scope of this indicator is the inter-site shipping, *i.e.* all the factory to factory and factory to warehouse shipments (BIC factories and warehouses, contract manufacturers; inter and intra-continental). It is expressed in tons/kilometer and concerns all Group activities. In 2018, the activities of Cello Pens have been included in the reporting perimeter for this indicator.

Emission factors are issued from the French Environment and Energy Management Agency: ADEME (2007).

Percentage of contract manufacturers being audited

The indicator applies to all contract manufacturers of finished products. The rating system measures the level of performance of each contract manufacturer based on the social indicators of the BIC Group Code of Conduct. This indicator concerns all Group activities except Cello Pens.

Writing the Future, Together - #5 Improving lives through education

The number of children whose learning conditions have been improved by BIC is an estimation of children reached by direct actions and/or impacted through actions towards teachers, deans or parents.

This number is a minimum because some of the actions carried by BIC may not be reported.

The present report follows the methodological recommendations of the Global Reporting Initiative (GRI). The GRI indicators used in the report are referenced in the cross reference table for environmental and social indicators (page 318).

3.6.4. INDICATORS TABLE

Environmental indicators	Unit	2016	2017	2018
Management systems of factories				
Factories with environmental and health & safety management systems (or with implementation under way)	%	91.5	84.0	83.0
Energy consumption				
Annual energy consumption	Gigajoules	1,199,734	1,190,167	1,176,465
Share of electricity of renewable origin	%	24	23	68
Annual energy consumption normalized to production	Gigajoules per ton	12.02	11.98	12.14
Greenhouse Gas (GHG) emissions				
Total amount of annual GHG emissions	tCO ₂ eq	100,539	102,681	98,283
• Direct GHG emissions (Scope 1)	tCO ₂ eq	9,057	8,637	9,813
• Indirect GHG emissions (Scope 2)	tCO ₂ eq	91,483	94,043	88,470
Total amount of annual GHG emissions GES (market based)	tCO ₂ eq	64,202	68,524	58,646
Total amount of annual GHG emissions normalized to production	tCO ₂ eq/ton	1.007	1.033	1.014
GHG emissions related to raw material purchase	tCO ₂ eq		276,000	316,000
GHG emissions related to intra-company transport*	tCO ₂ eq		67,000	37,000
Water consumption				
Annual water consumption	m ³	500,992	542,290	515,296
Annual water consumption normalized to production	m ³ per ton	5.02	5.46	5.32
Waste production				
Annual waste production	Tons	26,945	21,430	20,515
• Non-hazardous waste	Tons	23,729	18,171	16,908
• Hazardous waste	Tons	3,216	3,259	3,607
Annual production of waste normalized to production	Tons/tons	0.270	0.216	0.212
Recycled waste	%	68	64	64
Recovered waste (recycled or incinerated with energy recovery)	%	83	79	78
Transportation				
GHG emissions related to intra-company transport*	tCO ₂ eq/ton	0.768	0.536	0.345
Intra-company transport operated without air freight	%	97.71	98.08	99.07
Products				
Number of products certified with the French <i>NF Environnement</i> ecolabel		22	19	19
Number of products that have at least one environmental benefit**	%	>50.0	>50.0	>50.0
Packaging				
BIC cardboard packaging from a certified and/or recycled source	%	94.02	94.34	94.16
BIC plastic packaging PVC free	%	83.46	88.46	87.90
Other Indicators				
Provisions and guarantees for environmental risks ^(b)	Million euros	-	-	-
Compensation paid during the fiscal year under court order	Million euros	-	-	-

* Excluding BIC Graphic (Advertising and Promotional Products).

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

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

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



Social indicators	Unit	2016	2017	2018
Group workforce (excluding Cello Pens)				
Total workforce (full-time equivalent)		20,630	18,848	16,955
• Permanent employees		17,362	14,936	13,664
• Temporary workers		3,268	3,912	3,291
Voluntary turnover	%	8*	8	14
Permanent workforce by region				
Permanent workforce by geographical area				
• Europe	%	24.0	26.9	30.0
• North America	%	13.5	5.4	5.0
• Developing countries	%	62.5	67.7	65.0
Permanent workforce by activity				
Percentage of permanent workforce by activity				
• Manufacturing and R&D	%	63*	77	75
• Distribution, marketing et G&A	%	18*	11	13
• Sales force and customer service	%	19*	12	12
Training, career management and engagement				
Percentage of employees that have received training	%	95*	75*	68
Number of training days	days	21,020*	20,414	27,517
Number of training days per employee	days	2.1*	2.2	3.0
Number of training hours per theme	hours	168,163*	141,859	220,042
• Technical training	hours	120,732*	91,189	154,564
• Leadership skills	hours	18,498*	16,985	27,827
• BIC culture	hours	22,730*	27,110	23,738
• Health & Wellbeing	hours	6,203*	6,575	13,905
Internal promotion rate among managers (highest levels: 3 to 6)				
• External recruitment	%	35*	31	38
• Internal recruitment	%	65*	69	62
Participation rate in surveys	%	83.1*	NA	93
Internal development moves and promotion rate	%	31*	30	25
Diversity				
Percentage of women in management and workforce				
• Board of Directors	%	30*	40*	40
• Leadership Team	%	14*	13*	14
• Managers (highest levels: 3 to 6)	%	30*	29*	32
Safety				
Incidence rate of workers' accidents – BIC workforce (accidents with temporary or permanent incapacity)	Number/million hours worked		1.87	2.09
Incidence rate of workers' accidents – BIC workforce and temporary workers (accidents with temporary or permanent incapacity)	Number/million hours worked		1.80	2.14
Severity rate of workers' accidents – BIC workforce	Number/thousand hours worked		0.08	0.08
Absenteeism				
Absenteeism rate (excluding on-site accidents and maternity)	%	1.5*	0.8	0.8

* Excluding Cello Pens.

Societal indicators	Unit	2016	2017	2018
Respect for Human Right in the workplace				
Net sales from BIC® products manufactured in its own factories	%	90	90	92
BIC permanent employees working in countries with no Human Rights risk ^(a)	%	82	80	87
BIC factories located in countries with no Human Rights risk ^(a)	%	89	91	87
Contract manufacturers located in countries with no Human Rights risk ^(a)	%	20	36	32
Net sales in countries with no Human Rights risk ^(a)	%	88.1	84.9	84.0
Sponsorship				
Contribution to communities (percentage of the Group's pretax profit)	%	>0.5	>0.5	>0.5

(a) Source: Freedom House.



3.6.5. REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PUBLISHED IN THE GROUP MANAGEMENT REPORT

This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Société BIC
Société Anonyme
14 rue Jeanne d'Asnières
92611 Clichy Cedex

For the year ended December 31, 2018

To the Shareholders,

In our capacity as Statutory Auditor of BIC SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2018 (hereinafter the "Statement"), presented in the reference document including the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement was prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the company's website or on request from its headquarters.

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on:

- the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation;
- the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 et seq. of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- We familiarized ourselves with the Group's business activity, the report on the main social and environmental risks relating to this activity and the impacts thereof with regard to the respect for human rights and the fight against corruption and tax evasion, together with the subsequent policies and their results.
- We assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement includes an explanation justifying the absence of information required by paragraph 2 of section III of Article L. 225-102-1.
- We verified that the Statement presents the business model and the main risks relating to the Group's business activity, including, where relevant and proportionate, the risks generated by its business relations, products or services as well as policies, measures and outcomes, including key performance indicators.
- We verified that, when relevant to the main risks or policies presented, the Statement presents the information stipulated in section II of Article R. 225-105.
- We assessed the process of selecting and validating the main risks.
- We inquired as to the existence of internal control and risk management procedures set up by the company.
- We assessed the consistency of the results and key performance indicators used with regard to the main risks and policies presented.

- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- We assessed the collection process set up by the entity to ensure the completeness and fairness of the Information.
- For the key performance indicators and other quantitative outcomes⁽¹⁾ that in our judgment were of most significance, we carried out:
 - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
 - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities⁽²⁾ and covered between 15% and 52% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that in our judgment were of most significance⁽³⁾;
- We assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

One of the statutory auditors,
Deloitte & Associés

François Buzy
Partner

Julien Rivals
Partner, Sustainability Services

Means and resources

Our work engaged the skills of eight people between September 2018 and March 2019.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around a dozen of interviews with people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non-financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comments

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comment:

- as mentioned in the methodological milestones of the non-financial statement, the reporting perimeter is limited for some indicators (including those related to packaging and to the products that have at least one environmental benefit).

Paris-La Défense, March 15th, 2019

(1) **Progress of the Writing the Future, Together program in 2018:** Share of electricity of renewable origin (commitment #2), Incidence rate of workers' accidents for BIC workforce and Incidence rate of workers' accidents for BIC workforce and temporary workers (commitment #3), Estimated number of children whose learning conditions have been improved (commitment #5).

Other quantitative information:

Products and packaging: Percentage of BIC® products with at least one environmental benefit, Percentage of recycled plastics used in the Stationery category, Percentage of cardboard packaging from a certified and/or recycled source, Percentage of plastic packaging PVC free;

Environment: Annual water consumption normalized to production, Annual energy consumption normalized to production, Percentage of intra-company transport operated without air freight, Direct (scope 1) and indirect (scope 2) GHG emissions (location-based and market-based), GHG emissions related to intra-company transport (scope 3), GHG emissions related to raw materials purchase (scope 3), Annual production of non-hazardous and hazardous waste normalized to production, Percentage of recovered waste (recycled or incinerated with energy recovery);

Safety: Severity rate of workers' accidents for BIC workforce;

Human resources: Workforce as of December 31st, Percentage of women managers, Number of recruitments and terminations, Percentage of employees that have received training, Absenteeism rate.

(2) BIC Viorex (Greece), BIC Corporation Milford (United States), Shelton office (United States), Dubai office (United Arab Emirates), Cello Pens (India), BIC Bizerte (Tunisia), BIC Ecuador (Ecuador).

(3) **Progress of the Writing the Future, Together program in 2018:** Evaluation of the environmental and/or societal footprint of products (commitment #1), Responsible sourcing involving strategic suppliers (commitment #4);

Other qualitative information: Using alternative materials and developing refillable products, Evaluation of indirect GHG emissions (scope 3) measures to limit these emissions.



3

OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

CORPORATE GOVERNANCE

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This chapter, prepared with the support of the Compensation Committee, Nominations, Governance and CSR Committee and Audit Committee, for the parts specific to them, includes the Corporate Governance report referred to in Article L. 225-37 of the French Commercial Code. It was approved by the Board of Directors held on February 12, 2019.

The crossreference table presented in section 9.7. indicates the parts of the management report corresponding to the parts of the Corporate Governance report, which do not appear in this chapter.

The Company refers to the AFEP-MEDEF's Corporate Governance Code for listed corporations (version dated June 2018 available on the website www.medef.fr). The Company complies with this Code except when indicated in this report (section 4.1.2.7.).

4.1. ADMINISTRATIVE AND MANAGEMENT BODIES

4.1.1. COMPOSITION AND FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

4.1.1.1. Governance structure

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

Our philosophy

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

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

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

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

Method of performance of General Management

Following the Shareholders' Meeting held on May 16, 2018, the Board decided the separation of duties of Chairman and Chief Executive Officer. Gonzalve Bich was appointed as Chief Executive Officer and Pierre Vareille as Chairman of the Board.

It consists in separating the position of Chairman of the Board, responsible for the Leadership, governance and overall functioning of the Board and its Committees, and the one of Chief Executive Officer who runs the Company, reporting to the Board of Directors. The missions of the Board of Directors, of the Chairman and of the Chief Executive Officer are described in more detail in section 4.1.2.1 (page 144).

Alongside Gonzalve Bich, two Executive Vice-Presidents, James DiPietro and Marie-Aimée Bich-Dufour, carry out the general management of the Company. The Leadership Team (which includes the Executive Vice-Presidents) reports to the Chief Executive Officer. A complete chart of the Leadership Team is presented in section 2.4.3.2 (page 58).

The Board of Directors held on February 12, 2019 acknowledged Marie-Aimée Bich-Dufour's decision to resign from her functions of Executive Vice-President, effective as of March 31, 2019, it being specified that her appointment as Director will be proposed during the Shareholders' Meeting of May 22, 2019. Besides, she will maintain her position as the Chair of the BIC Foundation for Education and other positions within BIC Group, in particular acting as a representative. For the purpose of said positions, she will enter an employment contract within the Group.

Evolution of Administrative and Management Bodies occurred up to the registration document's date of publication

	Departure	Appointment	Reappointment
Board of Directors	Resignation of Bruno Bich as Chairman and Chief Executive Officer (due to the age limit defined in the Articles of Incorporation), as well as Director May 16, 2018	Appointment of Pierre Vareille, former Vice-President and Lead Director, as Chairman of the Board May 16, 2018 Appointment of Gonzalve Bich as Chief Executive Officer and Director May 16, 2018	Renewal of M.B.D. (Édouard Bich) as Director May 16, 2018 Renewal of Marie-Henriette Poinot as Director May 16, 2018
Audit Committee		Appointment of Candace Matthews as member of the Audit Committee, as a replacement for Pierre Vareille May 16, 2018	

4.1.1.2. Composition of the Board of Directors

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

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

Diversity policy applicable to the Board composition

Supported by the Nominations, Governance and CSR Committee, the Board strives for a balanced composition adapted to the challenges that the Group faces. The Board is thus composed of men and women, all with high level management experience and/or with expertise in a particular field (such as finance, production and human resources). Moreover, the Board of Directors endeavors to be composed of at least one-third Independent Directors.

In 2018, in accordance with the Diversity Policy, the appointment of Maëlys Castella will be submitted to the Shareholders' Meeting of May 22, 2019. Maëlys Castella will provide the Board with her expertise in finance and her experience in strategy and sustainable development, acquired within important international groups, such as Air Liquide. Information on how the Company is seeking gender balance into the Leadership Team and on the results in terms of diversity among the 10% top-level positions is available in section 3.4.8 "Promoting Diversity" of the registration document (page 105-106).

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

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



(1) Excluding the Director representing the employees.



	Personal information				Experience			Position in the Board			
	Main position	Age	Gender	Nationality	Number of shares	Number of directorships in listed corporations ^(a)	Independence	Initial date of appointment	Term of office	Length of service on the Board	Participation in Board committees
Company Officers											
Pierre Vareille (non-Executive)	Co-President, Founder of The Vareille Foundation	61	M	FR	6,000	3	√	2009	2021	10 years	
Gonzalve Bich (Executive)	Chief Executive Officer	40	M	FR U.S.	^(b)	0		2018	2019	1 year	
Directors											
Elizabeth Bastoni	President of Bastoni Consulting Group LLC.	53	F	U.S.	500	0	√	2013	2019	6 years	Comp. Committee (Chair), Nom., Gov. and CSR Committee (Chair)
François Bich	Pensioner	69	M	FR	^(b)	0		1977	2020	42 years	
Marie-Pauline Chandon-Moët	President of Château de Ferrand SAS	52	F	FR	^(b)	0		2003	2020	16 years	
John Glen	Chief Executive Officer of Buccluch	59	M	UK	500	0	√	2008	2021	11 years	Audit Committee (Chair)
Mario Guevara	Pensioner	59	M	MEX U.S.	18,508	0		2001	2019	18 years	
Candace Matthews	Region President – Americas and Europe- Amway	60	F	U.S.	250	1	√	2017	2020	2 years	Audit Committee, Nom., Gov. and CSR Committee
M.B.D. (Édouard Bich)	Managing Director of SOCIÉTÉ M.B.D.	54	M	FR	12,735,000	0		2006	2021	13 years	Audit Committee
Marie-Henriette Poinsot	Director of SOCIÉTÉ BIC	58	F	FR	^(b)	0		1997	2021	22 years	Comp. Committee, Nom., Gov. and CSR Committee
Director representing employees											
Vincent Bedhome	Stationery Project Manager	53	M	FR	23	0		2017	2020	2 years	Comp. Committee

(a) Number of directorships held by the director in listed companies outside of the Group, including foreign companies, assessed in accordance with the recommendations of the AFEP-MEDEF Code.

(b) Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ MBD. On December 31, 2018, the holding held 12,735,000 shares, i.e. 27.68% of SOCIÉTÉ BIC share capital and 37.75% of the voting rights.

Independence of directors

Based on the recommendations of the Nominations, Governance and CSR Committee, the Board of Directors reviewed the qualification as Independent Director at its meeting of February 12, 2019, in the light of the criteria set out in the AFEP-MEDEF Corporate Governance Code (§ 8):

Criterion 1	Not to be and not to have been within the previous five years: <ul style="list-style-type: none"> • an employee or executive officer of the Company; • an employee, executive officer or director of a company consolidated within the corporation; • an employee, executive officer or director of the Company's parent company or a company consolidated within this parent company.
Criterion 2	Not to be an executive officer of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the Corporation (currently in office or having held such office within the last five years) holds a directorship.
Criterion 3	Not to be a customer, supplier, commercial banker, investment banker or consultant: <ul style="list-style-type: none"> • that is significant to the corporation or its Group; • or for which the corporation or its Group represents a significant portion of its activity. <p>The evaluation of the significance or otherwise of the relationship with the Company or its Group must be debated by the Board and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the annual report.</p>
Criterion 4	Not to be related by close family ties to a company officer.
Criterion 5	Not to have been an auditor of the corporation within the previous 5 years.
Criterion 6	Not to have been a director of the Corporation for more than 12 years. Loss of the status of Independent Director occurs on the date of the 12 th anniversary.
Criterion 7	A non-executive officer cannot be considered independent if he or she receives variable compensation in cash or in the form of securities or any compensation linked to the performance of the corporation or group.
Criterion 8	Directors representing major shareholders of the corporation or its parent company may be considered independent, provided these shareholders do not take part in the control of the corporation. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the nominations committee, should systematically review the qualification as independent in the light of the make-up of the corporation's capital and the existence of a potential conflict of interest.

4

Criteria	P. Vareille	G. Bich	E. Bastoni	V. Bedhome	F. Bich	M-P. Chandon-Moët	J. Glen	M. Guevara	C. Matthews	M.B.D. (E. Bich)	M-H. Poinsot
1: Employee or corporate officer within the past 5 years	✓		✓			✓	✓		✓		
2: Cross-directorships	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
3: Significant business relationships	✓		✓				✓		✓		
4: Family ties	✓		✓	✓			✓		✓		
5: Auditor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6: Period of office exceeding 12 years	✓	✓	✓	✓			✓		✓		
7: Status of nonexecutive officer	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
8: Status of the major shareholder	✓		✓	✓			✓	✓	✓		



Independent Directors do not have any relation of any kind with the Company, its Group or its management that is such as to color their judgment. In 2018, the sole relationships between a Director and BIC Group involve Directors qualified as non-independent. On the recommendations of the Nominations, Governance and CSR Committee, these relationships have been considered as non-significant in view of the commitments, the amount of the transactions they represent for each of the interested companies (they represent less than 0.05% of the commercial flows of each) and their normal conditions.

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

Training of the Directors

In 2018, Directors attended an e-learning on Anti-Corruption and Ethics. In 2017, they had attended a seminar hosted by the International Institute for Management Development. Vincent Bedhome had attended the training program "To be an Employee Director" hosted by the *Institut Français des Administrateurs*. Each Director is provided, if he or she considers it to be necessary, with supplementary training relating to the Company's specific features, its businesses, its business sector and its social and environmental responsibility aspects.

4.1.1.3. Evolution of the Board of Directors following the Shareholders' Meeting of May 22, 2019

Gonzalve Bich and Elizabeth Bastoni, whose mandates are up for renewal, will be proposed for reelection for three years at the Shareholders' Meeting of May 22, 2019. Mario Guevara's mandate will expire.

The Board will also propose the nomination as Directors of:

- Maëlys Castella, as a replacement for Mario Guevara,
- Marie-Aimée Bich-Dufour, as a replacement for Marie-Henriette Poinsot, resigning.

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

- Pierre Vareille – Chairman;
- Gonzalve Bich – Director and Chief Executive Officer;
- Elizabeth Bastoni – Director;
- Vincent Bedhome – Director representing the employees;
- Marie-Aimée Bich-Dufour – Director;
- François Bich – Director;
- Maëlys Castella – Director;
- Marie-Pauline Chandon-Moët – Director;
- John Glen – Director;
- Candace Matthews – Director;
- M.B.D. (Édouard Bich) – Director.

The proportion of Independent Directors, as well as female directors, will rise up from 40% to 45%.

4.1.1.4. Mandates and duties of the Corporate Officers and Directors as of December 31, 2018

PIERRE VAREILLE

Chairman of the Board of Directors



61 years old

Nationality:
French

Number of BIC shares held:
6,000

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2021, for fiscal year 2020

Member of a committee

No

Professional address

Bernos Advisors - Schwerzelrain 2 - 6315 Oberaegeri - Switzerland

Main position

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

Other current mandates or functions

- Director - Verallia - France
- Director - Etex SA - Belgium (listed company)
- Director - Ferroglobe plc - United Kingdom (listed company)
- Director - Outokumpu Oyj - Finland (listed company)

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

- Chief Executive Officer - Constellium NV - Netherlands
- Chairman of the Board of Directors - Constellium Switzerland AG - Switzerland
- President - Constellium France Holdco - France
- Director - Vectra - U.S.A.
- Chairman - Association des Centraliens - France

Biography

Pierre Vareille has been Chairman of the Board of Directors of SOCIÉTÉ BIC since May 16, 2018 and an Independent Director since 2009. He was Vice-President and Lead Director from 2016 to May 2018.

Pierre Vareille started his career in 1982 with Vallourec, holding various positions in manufacturing, financial control, sales and strategy. After having held general management positions at GFI Aerospace, Faurecia and Pêchiney, he was from 2004 to 2008 Chief Executive of the English automotive equipment manufacturer Wagon PLC. From 2008 to 2011 he served as Chairman and CEO of FCI and, from 2012 to 2016, as Chief Executive Officer of Constellium.

Pierre Vareille graduated from the *École Centrale de Paris* and is an alumnus of the *Institut d'Études Politiques de Paris* as well as the Sorbonne University (Economy and Finance) and the *Institut de Contrôle de Gestion*.

 Independent Director

4



GONZALVE BICH

| Director and Chief Executive Officer



40 years old

Nationalities:

French/American

Number of BIC shares held:

Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D. On December 31, 2018, SOCIÉTÉ M.B.D. held 12,735,000 shares, i.e. 27.68% of SOCIÉTÉ BIC share capital and 37.75% of the voting rights

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Director: Annual Shareholders' Meeting of May 16, 2018
Chief Executive Officer: Board of Directors of May 16, 2018

Expiration date

Director: Annual Shareholders' Meeting in 2019 for fiscal year 2018
Chief Executive Officer: indefinite duration

Member of a committee

No

Professional address

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

Main position

- Chief Executive Officer of SOCIÉTÉ BIC

Other current mandates or functions

- Director – BIC Cello (India) Private Ltd. ^(a) – India
- Director – BIC UK Ltd. ^(a) – United Kingdom
- President, Chief Operating Officer and Director – BIC International Co. ^(a) – U.S.A.

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

None

Biography

Gonzalve Bich is Director and Chief Executive Officer of SOCIÉTÉ BIC since May 2018. He served as Executive Vice-President from June 2016 to May 2018. He was Chief Operating Officer (COO), responsible for the BIC Group Consumer Products business, Human Resources and Information Technology from January 2017 to May 2018.

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

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

(a) BIC Group.

JAMES DiPIETRO**Executive Vice-President****59 years old****Nationality:**
American**Number of BIC shares held:**
21,945**Date of 1st appointment**

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

Expiration date

The duties and powers of James DiPIETRO will expire on the date of appointment of a new Chief Executive Officer.

Member of a committee

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

Main position

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

Other current mandates or functions

- President and Director – Furtuna Holdings Co. Limited. ^(a) – British Virgin Islands
- Chief Executive Officer and Director – BIC International Co ^(a) – U.S.A.
- Chairman, Chief Executive Officer and Director – BIC Corporation ^(a) – U.S.A.
- Director – No Sabe Fallar S.A. de C.V. ^(a) – Mexico
- Director – Industrial De Cuautitlan S.A. de C.V. ^(a) – Mexico
- Director – Servicios Administrativos Industrial de Cuautitlan S.A. de C.V. ^(a) – Mexico
- Vice-President – SLS Insurance Company ^(a) – U.S.A.

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

None

Biography

James DiPietro joined BIC in May 1998 as Senior Vice-President Finance of BIC Corporation. He was appointed Chief Financial Officer in 2002 and Executive Vice-President of SOCIÉTÉ BIC in June 2016. Prior to joining BIC, he was Director of Finance for Bayer's consumer pharmaceutical business in North America.

He began his career as an Internal Auditor with Chase Manhattan Bank.

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

(a) BIC Group.

**MARIE-AIMÉE
BICH-DUFOUR**

Executive Vice-President until March 31, 2019

**60 years old****Nationality:**
French**Number of BIC shares held:**

Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.
On December 31, 2018, SOCIÉTÉ M.B.D. held 12,735,000 shares, i.e. 27.68% of SOCIÉTÉ BIC share capital and 37.75% of the voting rights

Date of 1st appointment

Board of Directors of March 22, 1995

Expiration date

March 31, 2019

Professional address

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

Main position

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

Other current mandates or functions

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

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

None

Biography

Since March 25, 1995, Marie-Aimée Bich-Dufour has been Executive Vice-President of SOCIÉTÉ BIC and Board of Directors' Secretary. Moreover, she is President of the BIC Corporate Foundation for Education.

She was Group General Counsel until February 1, 2016.

In 2004, she also took on the responsibility of the Sustainable Development Program until 2018.

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

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

(a) BIC Group.

ELIZABETH BASTONI

| Director



53 years old

Nationality:

American

Number of BIC shares held:

500

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 15, 2013

Expiration date

Annual Shareholders' Meeting in 2019, for fiscal year 2018

Member of a committee

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

Professional address

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

Main position

- President of Bastoni Consulting Group, LLC - U.S.A.

Other current mandates or functions

- Chairman, Compensation Committee - Jerônimo Martins - Portugal

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

- President - Choukette, Inc. - U.S.A.
- Head of Human Resources at B.M.G.I. - U.S.A.
- Human Resources consultant - EBB LLC - U.S.A.
- Director, Chairman of the Compensation Committee - Rezidor Hotel Group - Sweden

Biography

Elizabeth Bastoni has been serving family controlled groups, publicly traded boards in Europe since 2011.

She previously served on the boards and chaired the compensation committees for The Rezidor Hotel (Stockholm) Group and CarlsonWagonlit Travel (Paris). Elizabeth Bastoni has also held Executive roles in France and the United States for BMGI, Carlson, The Coca-Cola Company, Thales, Suez and KPMG.

Elizabeth Bastoni was appointed Independent Director in 2013. She is Chair of the Compensation Committee and Chair of the Nomination, Governance and CSR Committee.

Elizabeth Bastoni has a Bachelor of Arts degree from Providence College in Providence, Rhode Island (U.S.A.). She studied French at the Alliance Française (Paris) and French history and culture at La Sorbonne (Paris). She is a former student at L'Ecole du Louvre.



Independent Director

4



VINCENT BEDHOME

| Director representing the employees



53 years old

Nationality:

French

Number of BIC shares held:

23

Basis of the appointment

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

Independent Director

No

Date of 1st appointment

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

Expiration date

December 13, 2020

Member of a committee

- Compensation Committee

Professional address

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

Main position

- Project Manager in the Stationery category

Other current mandates or functions

None

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

None

Biography

In the BIC Group since 1989, Vincent Bedhome has been a Project Manager in the Stationery category since 2003.

He previously held various positions at the BIC plant in Boulogne-sur-Mer, including R&D engineer, Industrial Project Manager and Production Manager.

Vincent Bedhome has a chemical engineering degree from HEI Lille (France) and a PhD in Spectrochemistry from the University of Lille (France).

FRANÇOIS BICH

| Director



69 years old

Nationality:

French

Number of BIC shares held:

Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D. On December 31, 2018, SOCIÉTÉ M.B.D. held 12,735,000 shares, i.e. 27.68% of SOCIÉTÉ BIC share capital and 37.75% of the voting rights

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

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

Expiration date

Annual Shareholders' Meeting in 2020, for fiscal year 2019

Member of a committee

No

Professional address

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

Main position

- Pensioner

Other current mandates or functions

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

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

None

Biography

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

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**MARIE-PAULINE
CHANDON-MOËT**
(Maiden name: BICH)

| Director

**52 years old****Nationality:**
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.
On December 31, 2018, SOCIÉTÉ M.B.D. held 12,735,000 shares, *i.e.* 27.68% of SOCIÉTÉ BIC share capital and 37.75% of the voting rights

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 28, 2003

Expiration date

Annual Shareholders' Meeting in 2020, for fiscal year 2019

Member of a committee

No

Professional address

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

Main position

- President of Château de Ferrand SAS - France

Other current mandates or functions

None

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

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

Biography

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

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

JOHN GLEN

| Director



59 years old

Nationality:

British

Number of BIC shares held:

500

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

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

Expiration date

Annual Shareholders' Meeting in 2021 for fiscal year 2020

Member of a committee

- Chairman of the Audit Committee

Professional address

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

Main position

- Chief Executive Officer of Buccleuch Group – United Kingdom

Other current mandates or functions

- Director – The Three Stills company – United Kingdom

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

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

Biography

John Glen, Scottish, is Chief Executive Officer of Buccleuch, the holding company of a family-owned group that operates in industry and agro-businesses. He will be stepping down as CEO of Buccleuch Group as of March 2019. He will continue to develop and commercialize a portfolio of major energy projects in sustainable technologies, on the Buccleuch family's lands.

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

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

 Independent Director

4



MARIO GUEVARA

| Director

**59 years old****Nationalities:**

Mexican/American

Number of BIC shares held:

18,508

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Director: Annual Shareholders' Meeting of May 22, 2001

Expiration date

Annual Shareholders' Meeting in 2019, for fiscal year 2018

Member of a committee

No

Professional address

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

Main position

- Pensioner

Other current mandates or functions

None

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

None

Biography

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

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

CANDACE MATTHEWS | Director

60 years old

Nationality:
American

Number of BIC shares held:
400

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 10, 2017

Expiration date

Annual Shareholders' Meeting in 2020 for fiscal year 2019

Member of a committee

- Audit Committee
- Nominations, Governance and CSR Committee

Professional address

Amway - 7575 Fulton Street East - Ada - MI 49355-0001 - U.S.A.

Main position

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

Other current mandates or functions

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

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

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

Biography

Since November 2014, Candace Matthews has been Region President, Americas, Amway. In January 2019, her role was expanded to also includes Europe. She was recruited to Alticor, the parent company of Amway, in December 2007, as Chief Marketing Officer.

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

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

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

 Independent Director

4



**MARIE-HENRIETTE
POINSOT (Maiden
Name: BICH)**

| Director

**58 years old**
Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D. On December 31, 2018, SOCIÉTÉ M.B.D. held 12,735,000 shares, *i.e.* 27.68% of SOCIÉTÉ BIC share capital and 37.75% of the voting rights

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 21, 1997

Expiration date

Annual Shareholders' Meeting in 2021 for fiscal year 2020

Member of a committee

- Compensation Committee
- Nominations, Governance and CSR Committee

Professional address

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

Main position

- Director of SOCIÉTÉ BIC

Other current mandates or functions

None

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

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

Biography

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

SOCIÉTÉ M.B.D.

| Director



Number of BIC shares held:
12,735,000 shares, i.e. 27.68% of
SOCIÉTÉ BIC share capital and
37.75% of the voting rights (as of
December 31, 2018)

Type of legal entityPartnership limited by shares (*Société en Commandite par Actions*)**Registration**

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

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 24, 2006

Expiration date

Annual Shareholders' Meeting in 2021, for fiscal year 2020

Member of a committee

Audit Committee

Address

1 place Paul Verlaine - 92100 Boulogne-Billancourt – France

Permanent representative

Édouard BICH

54 years old

Nationality: French

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

Professional address

SOCIÉTÉ M.B.D. - 1 place Paul Verlaine - 92100 Boulogne-Billancourt – France

Main position

Managing Director of SOCIÉTÉ M.B.D.

Other current mandates or functions

- Member of the Supervisory Board – Stockage Plus SAS. – France
- Member of the Executive Board for Europe, the Middle East and Africa – The Wharton School – U.S.A.
- Managing Director – Platypus Capital SPRL – Belgium

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

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

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

Other current mandates or functions

None

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

None

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Mandates expired in 2018

Bruno BICH

Director of SOCIÉTÉ BIC from June 2, 1986 to May 16, 2018.

Chairman of the Board of Directors of SOCIÉTÉ BIC from June 1993 to May 2018. He served as Chief Executive Officer from June 1993 to February 2006 on the one hand and from June 2016 to May 2018 on the other hand.

Absence of court conviction of the Directors and Corporate Officers

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

Absence of conflict of interests among the Directors and the Corporate Officers

There is no conflict of interests between any duties to the issuer, of any of the persons referred to above, and their private interests and/or other duties (for further developments, see section 4.1.2.3.).

Family ties

Marie-Aimée Bich-Dufour, Marie-Pauline Chandon-Moët and Marie-Henriette Poinot are sisters and François Bich is their brother. Édouard Bich and Gonzalve Bich are their nephews. There is no family relationship between the other Corporate Officers of SOCIÉTÉ BIC.

Service contracts providing benefits

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

4.1.1.5. Transactions in Company shares by Corporate Officers in 2018

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

Declaring	Type and number of transactions				Balance of transactions over the year
	Purchase	Sale	Exchange	Other	
Pierre Vareille, Chairman (former Vice-President and Lead Director)	1	-	-	-	3,000
Gonzalve Bich, Chief Executive Officer (former Executive Vice-President)	1	1	-	-	422
James DiPietro, Executive Vice-President	2	2	-	-	3,151
Marie-Aimée Bich-Dufour, Executive Vice-President	1	-	-	-	2,340
François Bich, Director	1	-	-	-	5,760
Mario Guevara, Director	2	2	-	-	11,638
SOCIÉTÉ M.B.D., Director	6	-	-	-	30,000

4.1.2. FUNCTIONING OF THE BOARD OF DIRECTORS

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

4.1.2.1. Remits of the Board of Directors and Chairman

The Board of Directors:

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

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

The missions of the Board of Directors are defined as follows:

- install the proper governance structure and ensure its ethical operation;
- define the Company's business perimeter and appetite for risk, ensure that the key risks to which the Company is exposed are in keeping with its strategies and objectives;
- selection, performance evaluation and compensation of the Chairman, all Board members, the CEO, and Executive Vice-Presidents;
- succession planning for all Board members, including the Chairman, the CEO and the Executive Vice-Presidents. Long term planning of the necessary human resources, focusing on the Leadership Team;

- evaluate, challenge and approve both long-term strategy and annual plans proposed by the CEO and his management team;
- ensure that the Strategic Plan is consistent with the Values and DNA of the Company, and aligned with Shareholder and other stakeholder interests;
- approve significant investments or divestitures, operations impacting the capital structure, and use-of-cash & dividend policies;
- ensure adequate resources have been secured for successful business operation;
- measure and monitor implementation of the strategy, review quarterly financial statements, and approve first-half and annual financial statements;
- be responsible for information to Shareholders.

The Board endeavours to promote long-term value creation by the Company by considering the social and environmental aspects of its activities. If applicable, it proposes any statutory change that it considers appropriate.

It regularly reviews, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly. To this end, the Board of Directors receives all of the information needed to carry out its task, notably from the executive officers.

It also ensures that the executive officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on the governing bodies.

It ensures the implementation of a mechanism to prevent and detect corruption and influence peddling. It receives all of the information needed for this purpose.

Chairman

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

He is careful to maintain a close and trusting relationship with Executive Management and provides the team with assistance and advice while respecting its executive responsibilities. He organizes his activities so as to ensure his availability and put his experience to the Group's service.

4.1.2.2. Limitation of the powers of the Management

The Chief Executive Officer has the broadest powers to act in all circumstances on behalf of the Company, and to represent it in its relations with third parties.

He exercises his powers within the limitations of the corporate object, and subject to any powers expressly attributed by law to the Shareholders' General Meeting and Board of Directors.

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

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

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

4.1.2.3. Rights and duties of the Directors – Insider dealing rules – Conflicts of interests – Shareholders Relation

Information of the Board

In order to successfully carry out its mission, the Board of Directors has complete, accurate and early information, in particular regarding the performance of each business, as well as the financial and treasury position of the Company. In this respect, the Internal Rules and Procedures provide that the Board of Directors must be informed of the Company's financial position, cash flow position and off-balance sheet commitments at December 31 and June 30 each year. The Rules also provide that each Director has the duty to keep up-to-date and to ensure that he/she receives sufficient and relevant information in due time.

Stock ownership and insider dealing rules

The Internal Rules and Procedures provide that all Directors must be Shareholders and should hold, beyond the sole statutory requirement (one share), 500 shares. If they do not hold this number at the time of taking office, they must use their director's fee to purchase them. Moreover, the Chief Executive Officer, Executive Vice-Presidents and the Directors are subject to obligations to hold and keep shares (see section 4.2.2.7.)

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

Finally, Directors must inform the AMF of any operation performed by them or their relatives on BIC's shares (see section 4.1.1.5.)

Conflict of interests

According to the Internal Rules and Procedures, any Director must inform the Board, in full and beforehand, of any real or potential conflict of interest in which he/she could be directly or indirectly involved. In such case, the Director cannot take part in either the debates or in the decision on this matter.



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

Shareholder relations

Shareholders' dialogue with the Board of Directors is entrusted to the Chairman of the Board during Shareholders' Meetings. Throughout the year, this dialogue is handled either directly by Gonzalve Bich, Director and Chief Executive Officer, and by Jim DiPietro, Executive Vice-President and Chief Financial Officer, or by BIC Teams (Stakeholders Engagement, Financial Communication, Legal...) in accordance with securities laws, in particular with equal access to information. Main comments, questions, points of interests, and main concerns from Shareholders and proxy advisors are reported to the Board of Directors.

4.1.2.4. Organization and work

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

In principle, the Board of Directors meets at least six times a year in ordinary session, and at any time required by the Group's business activities throughout the year. The Executive Vice-Presidents, the Leadership Team members or any other person having a particular expertise as to the matters included in the agenda, are authorized, at the request of the Chairman, to attend the whole or part of the Board Meeting. The Statutory Auditors can also be invited to attend meetings other than the ones for which their convening is legally mandatory.

In 2018, the Board of Directors met seven times with an average length of 4 hours 40 minutes. The attendance rate at the meetings was 94%.

REGULAR ATTENDANCE OF MEMBERS OF THE BOARD OF DIRECTORS

	Attendance on the Board of Directors	Attendance on the Audit Committee	Attendance on the Compensation Committee	Attendance on the Nominations Committee
Pierre Vareille	100%	100%	n/a	n/a
Gonzalve Bich	100%	n/a	n/a	n/a
Elizabeth Bastoni	100%	n/a	100%	100%
Vincent Bedhome	100%	n/a	100%	n/a
François Bich	43%	n/a	n/a	n/a
Marie-Pauline Chandon-Moët	100%	n/a	n/a	n/a
John Glen	100%	100%	n/a	n/a
Mario Guevara	100%	n/a	n/a	n/a
Candace Matthews	86%	100%	100%	100%
M.B.D. (Édouard Bich)	100%	100%	n/a	n/a
Marie-Henriette Poinot	100%	n/a	100%	100%

n/a: non-applicable.

Apart from the regular duties undertaken by the Board (e.g. closing of the accounts, review of the quarterly results, approval of the annual budget, approval of the compensation of the Executive Officers, etc.), the Board also deliberated in 2018 on:

- the evolution of the Governance and the separation of the functions of Chairman and Chief Executive Officer;
- the progress of the Strategic Plan;
- the new Sustainable Development Program, Writing the Future Together;
- the risks management;
- Human Resources Policy, especially in terms of non-discrimination and diversity (including gender balance program);
- the share buyback program (including an operation to cancel shares); and
- the update of its Internal Rules and Procedures.

Moreover, the Non-Executive Directors met several times during the fiscal year. The meetings allowed discussions on the Company's Governance methods and on its management's future.

4.1.2.5. Evaluation of the Board and Committees

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

In 2018, a self-assessment on the composition and effectiveness of the Board was conducted. It was carried out by the Nominations, Governance and CSR Committee on the initiative of its Chair. Following this evaluation, four types of improvements have been undertaken on the definition of the strategy, Director's training, Chairman and CEO succession plan and the risk management. The individual performance of each Board member has not been assessed this year (it had been made in 2017).

4.1.2.6. Committees set up by the Board of Directors

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

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

The Committees act strictly in accordance with the remit given to them by the Board. They are actively involved in preparing for the Board's work, and make proposals, but do not have any decision-making powers. In the context of the fulfilment of their tasks, the Committees may contact the Company's principal executive managers after having informed the Chairman of the Board of Directors that they intend do so, and subject to reporting on their discussions with the said executives to the Board.

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

a) Audit Committee

Composition

John Glen – Chairman (Independent Director)

Candace Matthews (Independent Director), who succeeded to Pierre Vareille in May 16, 2018.

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

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

The career of the Audit Committee members allows them to benefit from financial and accounting skills necessary to fulfill their mission. John Glen, Chairman of the Committee, has eight years' experience as Group Finance Director of the Air Liquide group between 2000 and 2008. He was Vice-Chairman of the EFRAG (European Financial Reporting Advisory Group) Supervisory Board for four years. He is a member of the Chartered Institute of Certified Accountants and holds a Masters degree in Economics. Édouard Bich spent eight years in the Finance Department of Procter & Gamble in France. He holds an MBA in Finance from Wharton University – U.S.A. Candace Matthews has been Region President, Americas, Amway since November 2014. In January 2019, her role was expanded to also include Europe. She was recruited to Alticor, the parent company of Amway, in December 2007, as Chief Marketing Officer. Prior to joining Amway, she was Executive President from 2001 to 2007 of Soft Sheen-Carson, recently acquired by L'Oréal. Before that, she held different positions in Marketing at General Mills, Procter & Gamble, Bausch & Lomb and in Management at Novartis and The Coca-Cola company, in the United States. Candace Matthews has a Bachelor of Science degree from Carnegie Mellon University in Pittsburgh, Pennsylvania (U.S.A.) and an MBA in Marketing from Stanford University Graduate School of business in Palo Alto, California (U.S.A.).

Main remits

The Audit Committee's primary mission is to ensure that the accounting principles applied to the Company's consolidated and

statutory financial statements comply with current standards and are consistently applied, and to ensure that the internal consolidation procedures and controls yield financial statements that fairly represent business results.

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

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

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

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

2018 main activities

During 2018, the Audit Committee met four times in the presence of its Chairman and all other members (*i.e.* attendance rate of 100%). Representatives from both audit firms attended the meetings when Company results were reviewed. The meetings of the Audit Committee relating to the review of the financial statements are held several days before the examination by the Board, which allows the management team to take any necessary corrective measures before the Board Meeting.

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

In 2018, the Audit Committee also worked on:

- the Group's Internal Control and Audit findings;
- the review of treasury arrangements including liquidity, banking arrangements and FX Hedging Policy;
- the review of Corporate Finance activities;
- the review of the Finance function;
- the post-mortem review of certain investments;
- the risk management process.

The Group General Counsel made a presentation to the Audit Committee on the actions undertaken within the Group for the purpose of ensuring compliance with regulations and ethics, including the mechanism implemented to prevent and detecting corruption and influence peddling.

In February 2019, the Audit Committee reviewed the 2018 financial statements and notes, which contained a presentation on risks, including social and environmental risks, and significant off-balance-sheet commitments as well as the accounting options chosen.



b) Compensation Committee

Composition

- Elizabeth Bastoni – Chairman (Independent Director);
- Marie-Henriette Poinot;
- Vincent Bedhome (Director representing employees).

Candace Matthews (Independent Director) was a member of the Compensation Committee, until May 2018 when she left and became a member of the Audit Committee.

Current composition of the committee: one independent member out of 2 members (excluding the Director representing the employees).

Main remits

The Compensation Committee issues recommendations, regularly examines and challenges:

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

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

2018 main activities

The Compensation Committee met four times. The attendance rate was 100%. In 2018, the Committee's activity focused specifically on discussions and/or recommendations regarding the:

- Details and level of compensation for the Chairman of the Board and Board members;
- Analysis of the positioning of the total compensation of the Board members, Corporate Officers and of the Leadership Team;
- Details and level of base compensation, annual bonuses and long-term incentives for the CEO and Executive Vice-Presidents;
- Determination of the criteria used for the short-term variable compensation for the CEO and the Executive Vice-Presidents;
- Details of the supplementary pension plans and other benefits for the CEO and the Executive Vice-Presidents;
- Principles and amounts of share awards subject to performance conditions, portion of the grant dedicated to Corporate Officers, determination of three-year targets that govern these awards, in addition to the principles in the case of departure from the Company;

- Principles and number of shares granted to employees without performance conditions;
- Analysis of the compliance with AFEP-MEDEF recommendations.

The Committee also reviewed the compensation of the Leadership Team and the practice of the compensation policy in the Group.

Pierre Vareille, Chairman of the Board of Directors, and Gonzalve Bich, Chief Executive Officer, took part in the Committee work for certain topics.

c) Nominations, Governance and CSR Committee

Composition

- Elizabeth Bastoni – Chairman (Independent Director);
- Marie-Henriette Poinot;
- Candace Matthews (Independent Director).

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

Main remits

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

1. Nominations

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

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

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

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

- To prepare a succession plan for Executive Corporate Officers, in the event of unforeseeable vacancy; the Chairman of the Board of Directors and/or the Vice-Chairman Lead Director is involved in this task;

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

Pierre Vareille, Chairman of the Board, and Gonzalve Bich, Chief Executive Officer, may, in some cases, be involved in the Committee's work.

2. Governance

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

3. Social, societal and environmental responsibility

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

2018 main activities

The Nominations, Governance and CSR Committee met four times in 2018. The rate of attendance was 100%.

The Committee's activity focused specifically on:

- the separation of the functions of Chairman and Chief Executive Officer;

- the nomination of Pierre Vareille, as Chairman of the Board;
- the nomination of Gonzalve Bich, as Chief Executive Officer;
- the renewal of James DiPietro and Marie-Aimée Bich-Dufour as Executive Vice-Presidents;
- the review of Independent Directors;
- executive Officers' performance and development progress;
- objectives for Chief Executive Officer and Executive Vice-Presidents;
- the succession plans for Chair and CEO;
- the results, areas for improvements and actions taken following the Board and Committees' assessment.

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

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

Recommendation of the AFEP-MEDEF Code		
No.	Paragraph	Justification
17.1.	Composition of the Compensation Committee	
	The Committee must mostly consist of Independent Directors.	Following the departure of Candace Matthews from the Compensation Committee in May 2018 to become a member of the Audit Committee, the Committee consists temporarily of half independent members. It will mostly consist of Independent Directors in 2019.
24.6.2	Supplementary pension schemes	
	Supplementary pension schemes must be subject to the condition that the beneficiary must be a Director or employee of the Company when claiming his or her pension rights pursuant to the applicable rules.	James DiPietro, Executive Vice-President of SOCIÉTÉ BIC and CFO of BIC International, a U.S. company, could be entitled to a pension with defined benefit established by BIC Corporation, even while no longer being a Corporate Officer of SOCIÉTÉ BIC and BIC International when exercising his pension rights. This pension scheme is not governed by Article L. 137-11 of the French Social Security Code. All U.S. senior managers who are members of the Group Leadership Team promoted before 2011, benefited and continue to benefit from this pension plan established by BIC Corporation more than 30 years ago. James DiPietro, in the Group for 21 years, has been eligible for this pension for 15 years, therefore well before his appointment as Executive Vice-President. This pension plan has not been modified since this appointment. Gonzalve Bich, Chief Executive Officer of SOCIÉTÉ BIC and President - Chief Operating Officer of BIC International, a U.S. company, could be entitled to a pension with defined benefit established by BIC Corporation, if he does not resign before the age of 52, even though he would no longer be a Corporate Officer of SOCIÉTÉ BIC and BIC International when exercising his pension rights. This pension scheme is not governed by Article L. 137-11 of the French Social Security Code. All U.S. employees hired before 2007 benefited and continue to benefit from this pension plan. Gonzalve Bich, in the Group for almost 16 years, has been eligible to this pension for 15 years, therefore well before his appointment as Chief Executive Officer.
	The supplementary pension scheme may not give right to more than 45% of the reference income (fixed and variable annual compensation due in respect of the reference period).	The pension plans of James DiPietro and Gonzalve Bich are not governed by Article L. 137-11 of the French Social Security Code. The limitation of the maximum right to 45% of the reference income cannot be applied. James DiPietro has already accrued a pension benefit equivalent to 50.00% of the average compensation of the last three years of service. If he does not resign before the age of 52, Gonzalve Bich will have already accrued a pension benefit equivalent to 22,82% of the average compensation of the last three years of service.

4



4.2. CORPORATE OFFICERS' COMPENSATION

4.2.1. COMPENSATION POLICY FOR THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE-PRESIDENTS OF SOCIÉTÉ BIC FOR 2019

4.2.1.1. General principles governing compensation

In addition to the principles of the AFEP-MEDEF Corporate Governance Code, to which BIC refers, (except those recommendations not applied as stated in section 4.1.2.7), the compensation policy for Corporate Officers of SOCIÉTÉ BIC is based on the same principles applied to all BIC Group employees, namely:

4.2.1.1.1. Presentation of principles

Internal equity

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

Pay for performance

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

Competitiveness

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

Communication

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

4.2.1.1.2. Method of determining the pay elements

The Company uses consulting firms specialized in compensation to analyze the composition and level of Corporate Officers' compensation packages with similar responsibilities to those of BIC Corporate Officers in companies based in France and the USA. In line with previous years, the comparison panel includes the following companies:

- in France: Accor Hotels, Alstom, Bureau Veritas, Carrefour, Essilor, L'Oreal, LVMH, Pernod Ricard, Safran, Schneider

Electric, Seb, Tarkett, Thales, Unibail-Rodamco, Valeo, Vallourec;

- in the USA: American Greetings, AptarGroup, Brown-Forman, Church & Dwight, Clorox, Diageo North America, Edgewell Personal Care, Hallmark Cards, Hasbro, Hershey, Kellogg, Kimberly-Clark, Keurig Green Mountain, L'Oreal USA, Mary Kay, Mattel, McCormick, NBTY, NU Skin Enterprises, Snap-on, Solo Cup, Swedish Match, Revlon, SC Johnson & Son, Sealed Air, Tupperware Brands, Unilever USA, Visa Outdoor.

Compensation is set by the Board of Directors upon the recommendation of the Compensation Committee, using the aforementioned principles and with reference to comparable companies and responsibilities. This committee:

- analyzes and compares trends in compensation for comparable individuals and positions in the French marketplace for the Chairman and the Executive Vice-President based in France and in the U.S. marketplace for the Chief Executive Officer and the Executive Vice-President based in the U.S.A.;
- analyzes the financial performance of the Company and individual performance for the individuals under their purview;
- ensures that the Group's policies and priorities are reflected in variable compensation programs, both short and long-term;
- analyses the total compensation including all benefits (and including pension) for the individuals under their purview.

4.2.1.1.3. Allocation of the variable and exceptional pay elements

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

4.2.1.2. Particular principles governing compensation

In application of the general principles of the compensation set forth in this report, and upon the recommendation of the Compensation Committee, the Board of Directors applies a specific compensation structure for the Chairman, Chief Executive Officer and Executive Vice-Presidents of SOCIÉTÉ BIC, with some or all of the following components:

- fixed compensation;
- variable compensation;
- long-term incentives;
- exceptional items;
- supplementary pension plan;
- benefits in kind.

4.2.1.2.1. Fixed part

At the beginning of each year or at any new mandate, the Board sets the fixed part of the compensation of the Corporate Officers for the fiscal year.

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

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

Position	Annual variable part as a percentage of the fixed part, if objectives are 100% achieved	Maximum annual variable part, as a percentage of the fixed part
Chief Executive Officer	125.0%	187.5%
Executive Vice-President and Chief Financial Officer	75.0%	112.5%
Other Executive Vice-President	45.0% -55.0%	67.5% -82.5%

The annual bonus is calculated based on six criteria:

- 20%: Group/Categories and/or geographical area Net Sales;
- 20%: Group/Categories and/or geographical area Income from Operations;
- 10%: Group Net Income;
- 10%: Group/Categories Inventory;
- 10%: Group/geographical area Accounts Receivable;
- 30%: Individual Objectives, including a CSR objective for the Chief Executive Officer.

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

Every year, the CSR objective will represent a part of the individual objective criteria of the Chief Executive Officer.

Position	Maximum number of Performance Shares
Chairman	0
Chief Executive Officer	30,000
Executive Vice-President and Chief Financial Officer	12,000
Other Executive Vice-President	10,000

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

Performance is assessed according to the achievement of two objectives:

- net sales growth at constant basis;

4.2.1.2.2. Annual variable compensation

In compliance with the AFEP-MEDEF Code, the Chairman of SOCIÉTÉ BIC is not eligible to receive variable compensation.

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

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

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

4.2.1.2.3. Performance Share Plan

SOCIÉTÉ BIC has been granting performance shares since 2005.

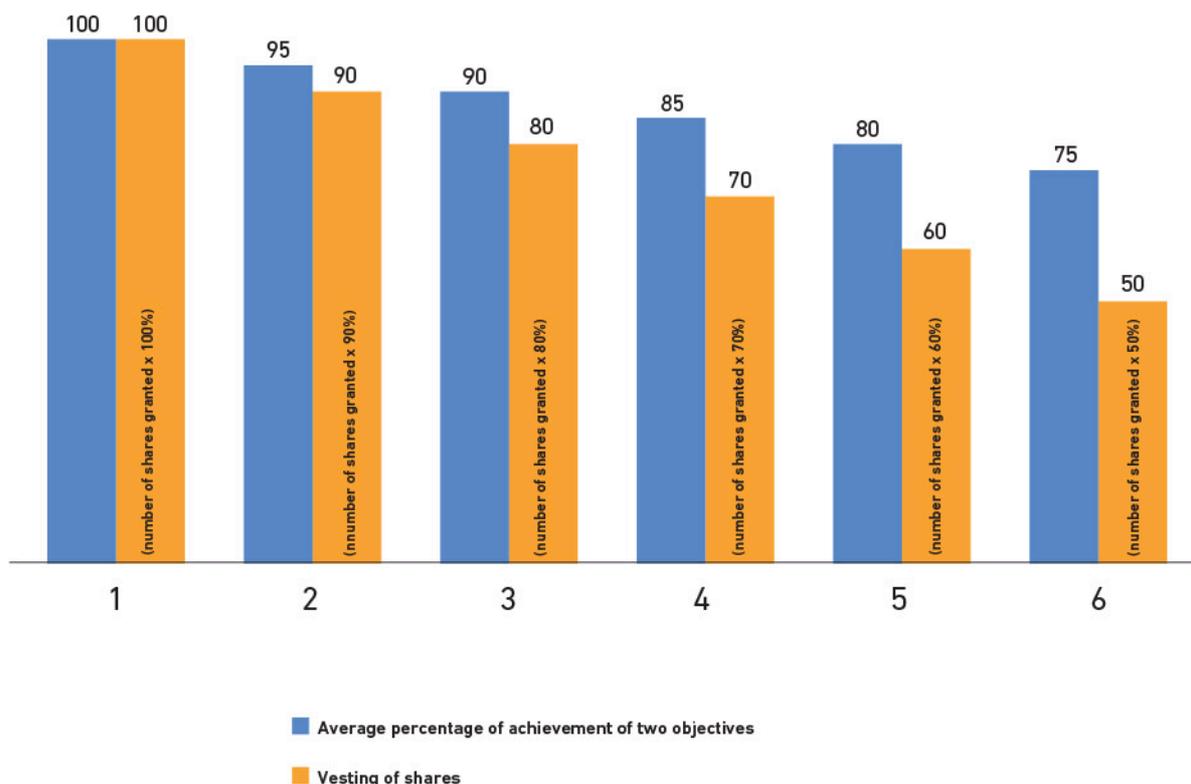
Since 2005, exercising the power placed at its disposal by the Shareholders' Meeting, the Board of Directors decided, upon the recommendation of the Compensation Committee, to put in place a policy of three-year performance-based share grants.

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

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

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



TERMS AND CONDITIONS FOR THE GRANT OF PERFORMANCE SHARES*(for 100 shares)*

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

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

SOCIÉTÉ BIC has not granted stock options since 2011 as part of a policy recommended by the Compensation Committee. The Board of Directors decided to replace stock options with performance and time-based share grants.

4.2.1.2.4. Supplementary pension plans

The Chairman, who is already retiree from other companies, is not eligible for participation to supplementary pension plans.

The Chief Executive Officer and the Executive Vice-Presidents of SOCIÉTÉ BIC benefit from supplementary pension plans as presented in detail in section 4.2.2.8. below.

4.2.1.2.5. Benefits in kind

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

4.2.1.2.6. Termination Payment and Sign-on Bonus

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

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

4.2.2. COMPENSATION AND BENEFITS

4.2.2.1. Rules governing the granting of the annual variable compensation (bonus) for 2018

The Board of Directors set the annual fixed compensation of executives in respect of 2018 and the target annual variable part of their compensation for 2018:

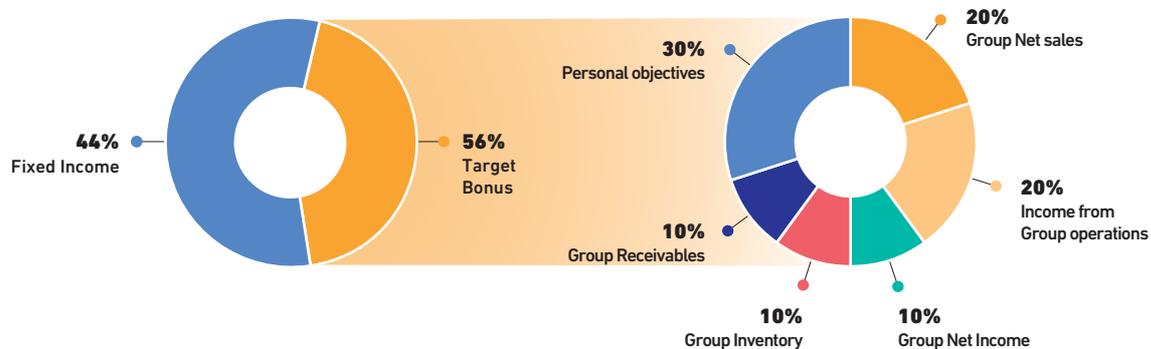
Corporate Officer	Annual fixed compensation in 2018 (in U.S. dollars)*	Target annual variable compensation in 2018 (corresponds to 100% achievement of the objectives)
Bruno Bich Chairman and Chief Executive Officer until May 16, 2018	204,000 euros (until May 16, 2018, date of his departure), or 76,500 euros on 2018	N/A
Pierre Vareille Vice-President and Lead Director then Chairman from May 16, 2018	300,000 euros (from May 16, 2018, effective nomination as Chairman), or 187,500 euros on 2018	N/A
Gonzalve Bich Executive Vice-President then Chief Executive Officer from May 16, 2018	Total paid on 2018: 628,125 U.S. dollars (531,859 euros) Annual fixed compensation of 550,000 U.S. dollars until May 16, 2018 (465,707 euros) Annual fixed compensation of 675,000 U.S. dollars from May 16, 2018 (571,550 euros)	85% of the fixed part until May 2018 125% of the fixed part from June 2018
James DiPietro Executive Vice-President	563,000 U.S. dollars (476,715 euros)	75% of the fixed part
Marie-Aimée Bich-Dufour Executive Vice-President	200,000 euros	45% of the fixed part

* Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 EUR = 1.1810 USD), see Note 3 in the consolidated financial statements.

- a) Bruno Bich does not receive variable compensation for 2018.
- b) Pierre Vareille received Director fees, as Vice-President and Lead Director. A fixed compensation of 187,500 euros was granted for 2018 to Pierre Vareille as Chairman.
- c) The bonus paid to the Chief Executive Officer, Gonzalve Bich, and to the Executive Vice-Presidents, James DiPietro and Marie-Aimée Bich-Dufour, was calculated on the basis of five collective criteria and individual objectives proposed by the Compensation Committee.



AMOUNT AND STRUCTURE OF THE TARGET VARIABLE COMPENSATION OF GONZALVE BICH IN 2018



BONUS - GONZALVE BICH

Calculation is pro-rated according to successive compensation packages

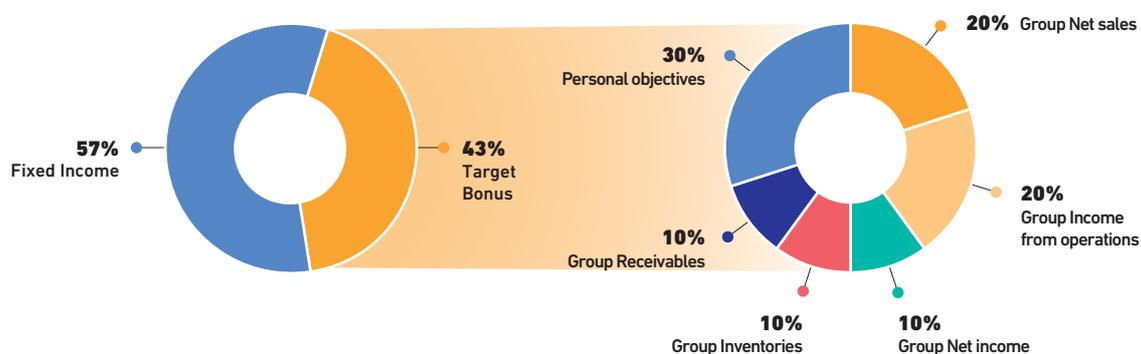
Criteria	Weight of criteria	2018 Bonus as a % of fixed compensation			Index of achievement of 2018 objectives	Actual 2018 bonus paid, as a % of the fixed compensation
		Minimum	Target (index 100)	Maximum		
Group Net Sales	20%	8.70%	21.70%	32.55%	98.8	21.05%
Group Income from Operations	20%	8.70%	21.70%	32.55%	107.7	23.00%
Group Net Income	10%	4.30%	10.80%	16.20%	95.4	9.40%
Group Inventory	10%	4.30%	10.80%	16.20%	99.8	10.80%
Group Receivables	10%	4.30%	10.80%	16.20%	99.7	10.80%
Personal Objectives:	30%	9.75%	32.50%	48.75%	100.0	32.50%
• Vision/Strategy Communication						
• Onboarding						
TOTAL	100%	40.05%	108.30%	162.45%		107.55%

At the end of 2018, individual and collective achievements for each bonus plan criteria were assessed.

The individual part represents 30% of the target bonus and represents a maximum of 48.75% of the fixed compensation. For 2018, the individual part represents 30% of the bonus due.

The Board of Directors has decided to pay Gonzalve Bich a bonus amounting to 725,963 U.S. dollars representing 107.55% of fixed compensation and 99.3% of the target bonus.

AMOUNT AND STRUCTURE OF THE TARGET VARIABLE COMPENSATION OF JAMES DIPIETRO IN 2018



BONUS - JAMES DIPIETRO

Criteria	Weight of criteria	2019 Bonus as a % of fixed compensation			Index of achievement of 2018 objectives	Actual 2018 bonus paid as a % of base compensation
		Minimum	Target (index 100)	Maximum		
Group Net sales	20%	6.00%	15.00%	22.50%	98.8	14.55%
Group Income from Operations	20%	6.00%	15.00%	22.50%	107.7	15.90%
Group Net Income	10%	3.00%	7.50%	11.25%	95.4	6.53%
Group Inventory	10%	3.00%	7.50%	11.25%	99.8	7.50%
Group Receivables	10%	3.00%	7.50%	11.25%	99.7	7.50%
Personal Objectives	30%	9.00%	22.50%	33.75%	100.0	22.50%
<ul style="list-style-type: none"> • Succession Plan • Improve financial analytical and ROI culture • Project management • Finance functional review 						
TOTAL	100%	30.00%	75.00%	112.50%		74.48%

At the end of the year 2018, individual and collective achievements on each criteria were assessed.

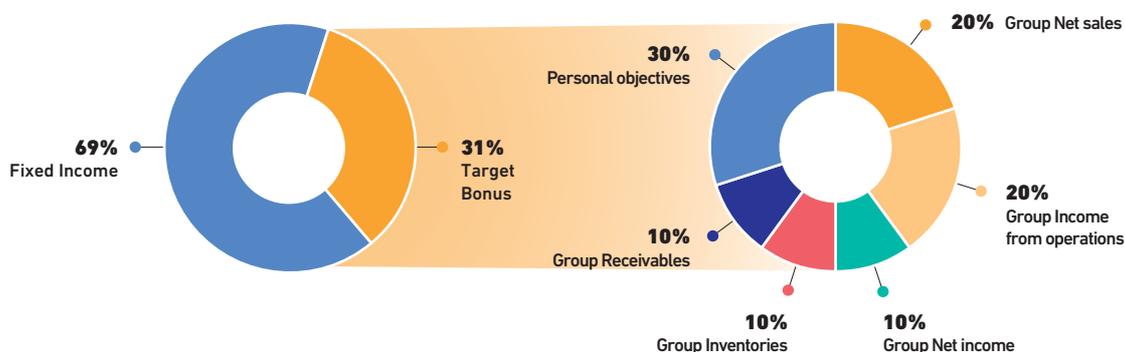
The individual part represents 30% of the target bonus and represents a maximum of 33.75% of fixed compensation. For 2018, the individual part represents 30% of the bonus due.

The Board has decided to pay James DiPietro a bonus amounting to 419,322 U.S. dollars representing 74.48% of fixed compensation and 99.3% of the target bonus.

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AMOUNT AND STRUCTURE OF THE TARGET VARIABLE COMPENSATION OF MARIE-AIMÉE BICH-DUFOUR IN 2018



BONUS – MARIE-AIMÉE BICH-DUFOUR

Criteria	Weight of criteria	2018 Bonus as a % of base salary			Index of achievement of 2018 objectives	Actual 2018 bonus paid, as a % of base salary
		Minimum	Target (index 100)	Maximum		
Group Net sales	20%	3.60%	9.00%	13.50%	98.8	9.73%
Group Income from operations	20%	3.60%	9.00%	13.50%	107.7	9.54%
Group Net income	10%	1.80%	4.50%	6.75%	95.4	3.92%
Group Inventory	10%	1.80%	4.50%	6.75%	99.8	4.50%
Group Receivables	10%	1.80%	4.50%	6.75%	99.7	4.50%
Personal objectives and overall assessment	30%	5.40%	13.50%	20.25%	100.0	13.50%
<ul style="list-style-type: none"> • Succession Plan • Transfer knowledge • BIC Projects for education 						
TOTAL	100%	18.00%	45.00%	67.50%		44.69%

The individual part represents 30% of the target bonus and represents a maximum of 20.25% of the fixed compensation. For 2018, the individual part represents 30% of the bonus due.

The Board of Directors has decided to pay Marie-Aimée Bich-Dufour a bonus in respect of 2018 amounting to 89,380 euros, representing 44.69% of fixed compensation and 99.3% of the target bonus.

4.2.2.2. Total compensation

The total amount of fixed and variable compensation awarded to the five Corporate Officers for the fiscal year 2018 is equal to 1,472,083 euros in respect of fixed compensation (base) and 1,004,723 euros in respect of variable compensation (bonus). For

the fiscal year 2017, those amounts paid to the four Corporate Officers are equal to 1,403,621 euros in respect of fixed compensation (base) and 776,483 euros in respect of variable compensation (bonus).

The total amount of compensation awarded to the members of the Leadership Team (including the Chief Executive Officer and the two Executive Vice-Presidents) for the fiscal year 2018, is equal to 4,433,141 euros in respect of fixed compensation (base) and 2,366,239 euros in respect of variable compensation (bonus). For the fiscal year 2017, the team was made up of 16 members and those amounts were 4,578,385 euros in respect of fixed compensation (base) and 2,279,980 euros as variable compensation (bonus).

4.2.2.3. Individual compensation

Total compensation and fringe benefits awarded for fiscal years 2017 and 2018 by SOCIÉTÉ BIC and by the companies it controls, within the meaning of Article L. 233-16 of the French Commercial Code, to members of the Management bodies of SOCIÉTÉ BIC in respect of their functions within the Group, were as follows:

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

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

Bruno Bich	Fiscal year 2017	Fiscal year 2018
Chairman and Chief Executive Officer until May 16, 2018	<i>(in euros)</i>	<i>(in euros)</i>
Compensation due in respect of the year (detailed in table B)	204,000	76,500
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	-	-
TOTAL	204,000	76,500

Pierre Vareille	Fiscal year 2017	Fiscal year 2018
Vice-President and Lead Director then Chairman from May 16, 2018	<i>(in euros)</i>	<i>(in euros)</i>
Compensation due in respect of the year (detailed in table B)	84,700	226,688
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	-	-
TOTAL	84,700	226,688

Gonzalve Bich	Fiscal year 2017	Fiscal year 2018
Executive Vice-President then Chief Executive Officer from May 16, 2018	<i>(in U.S. dollars) ^(a)</i>	<i>(in U.S. dollars) ^(b)</i>
Compensation due in respect of the year (detailed in table B)	997,687	1,461,705
	(882,908 euros)	(1,237,685 euros)
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	985,812	1,360,157
	(872,400 euros)	(1,151,700 euros)
TOTAL	1,983,499	2,821,862
	(1,755,308 EUROS)	(2,389,385 EUROS)

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

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 EUR = 1.1810 USD). (See Note 3 to the consolidated financial statements).

James DiPietro	Fiscal year 2017	Fiscal year 2018
Executive Vice-President	<i>(in U.S. dollars) ^(a)</i>	<i>(in U.S. dollars) ^(b)</i>
Compensation due in respect of the year (detailed in table B)	1,012,771	1,156,913
	(896,257 euros)	(979,606 euros)
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	985,812	725,417
	(872,400 euros)	(614,240 euros)
TOTAL	1,998,583	1,882,330
	(1,768,657 EUROS)	(1,593,846 EUROS)

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

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 EUR = 1.1810 USD). (See Note 3 to the consolidated financial statements).



Marie-Aimée Bich-Dufour Executive Vice-President	Fiscal year 2017 <i>(in euros)</i>	Fiscal year 2018 <i>(in euros)</i>
Compensation due in respect of the year (detailed in table B)	422,929	290,491
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	354,413	249,535
TOTAL	777,342	540,026

TABLES B – SUMMARY OF THE COMPENSATION OF EACH CORPORATE OFFICER

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

Bruno Bich Chairman and Chief Executive Officer until May 16, 2018	Amounts for fiscal year 2017 <i>(in euros)</i>		Amounts for fiscal year 2018 <i>(in euros)</i>	
	Due	Paid	Due	Paid
Fixed compensation	204,000	204,000	76,500	76,500
Annual variable compensation	-	-	-	-
Multi-year variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	0
Fringe benefits	-	-	-	-
TOTAL	204,000	204,000	76,500	76,500

Pierre Vareille Vice-President and Lead Director then Chairman from May 16, 2018	Amounts for fiscal year 2017 <i>(in euros)</i>		Amounts for fiscal year 2018 <i>(in euros)</i>	
	Due	Paid	Due	Paid
Fixed compensation	-	-	187,500	-
Annual variable compensation	-	-	-	-
Multi-year variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	84,700	68,500	39,188	84,700
Fringe benefits	-	-	-	-
TOTAL	84,700	68,500	226,688	84,700

Gonzalve Bich Executive Vice-President then Chief Executive Officer from May 16, 2018	Amounts for fiscal year 2017 (in U.S. dollars) ^(a)		Amounts for fiscal year 2018 (in U.S. dollars) ^(b)	
	Due	Paid	Due	Paid
Fixed compensation	500,000 (442,478 euros)	500,000 (442,478 euros)	628,125 (531,859 euros)	628,125 (531,859 euros)
Annual variable compensation	397,400 (351,681 euros)	258,400 (228,673 euros)	725,963 (614,702 euros)	397,400 (336,494 euros)
Multi-year variable compensation	-	-	-	-
Other compensation ^(c)	18,632 (16,488 euros)	18,632 (16,488 euros)	34,344 (29,080 euros)	34,344 (29,080 euros)
Directors' fees	-	-	-	-
Fringe benefits	1) Car allowance: 14,400 (12,743 euros)	1) Car allowance: 14,400 (12,743 euros)	1) Car allowance: 15,150 (12,828 euros)	1) Car allowance: 15,150 (12,828 euros)
	2) Company contributions to company U.S. savings plan: a) 401 K: 8,100 (7,168 euros)	2) Company contributions to company U.S. savings plan: a) 401 K: 8,100 (7,168 euros)	2) Company contributions to company U.S. savings plan: a) 401 K: 8,250 (6,986 euros)	2) Company contributions to company U.S. savings plan: a) 401 K: 8,250 (6,986 euros)
	b) Exec Comp Plan: 20,000 (17,699 euros)	b) Exec Comp Plan: 20,000 (17,699 euros)	b) Exec Comp Plan: 20,000 (16,935 euros)	b) Exec Comp Plan: 20,000 (16,935 euros)
	3) Other: 39,155 (34,651 euros)	3) Other: 39,155 (34,651 euros)	3) Other: 29,873 (25,295 euros)	3) Other: 29,873 (25,295 euros)
	997,687	858,687	1,461,705	1,133,142
TOTAL	(882,908 EUROS)	(759,900 EUROS)	(1,237,685 EUROS)	(959,477 EUROS)

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

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 EUR = 1.1810 USD).

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

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James DiPietro Executive Vice-President	Amounts for fiscal year 2017 (in U.S. dollars) ^(a)		Amounts for fiscal year 2018 (in U.S. dollars) ^(b)	
	Due	Paid	Due	Paid
Fixed compensation	515,000 (455,752 euros)	515,000 (455,752 euros)	563,000 (476,715 euros)	563,000 (476,715 euros)
Annual variable compensation	343,814 (304,260 euros)	344,850 (305,177 euros)	419,322 (355,057 euros)	343,814 (291,121 euros)
Multi-year variable compensation	-	-	-	-
Other compensation ^(c)	74,606 (66,023 euros)	74,606 (66,023 euros)	90,714 (76,812 euros)	90,714 (76,812 euros)
Directors' fees	-	-	-	-
Fringe benefits	1) Car allowance: 13,800 (12,212 euros)	1) Car allowance: 13,800 (12,212 euros)	1) Car allowance: 13,800 (11,685 euros)	1) Car allowance: 13,800 (11,685 euros)
	2) Company contributions to company U.S. savings plan: a) 401 K: 8,100 (7,168 euros)	2) Company contributions to company U.S. savings plan: a) 401 K: 8,100 (7,168 euros)	2) Company contributions to company U.S. savings plan: a) 401 K: 9,250 (7,832 euros)	2) Company contributions to company U.S. savings plan: a) 401 K: 9,250 (7,832 euros)
	b) Exec Comp Plan: 20,000 (17,699 euros)	b) Exec Comp Plan: 20,000 (17,699 euros)	b) Exec Comp Plan: 22,520 (19,069 euros)	b) Exec Comp Plan: 22,520 (19,069 euros)
	3) Other: 37,451 (33,143 euros)	3) Other: 37,451 (33,143 euros)	3) Other: 38,307 (32,436 euros)	3) Other: 38,307 (32,436 euros)
TOTAL	1,012,771 (896,257 EUROS)	1,013,807 (897,174 EUROS)	1,156,913 (979,606 EUROS)	1,081,405 (915,669 EUROS)

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

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 EUR = 1.1810 USD).

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

Marie-Aimée Bich-Dufour Executive Vice-President	Amounts for fiscal year 2017 (in euros)		Amounts for fiscal year 2018 (in euros)	
	Due	Paid	Due	Paid
Fixed compensation	300,900	300,900	199,509	199,509
Annual variable compensation	120,541	138,591	89,380	120,541
Multi-year variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	Vehicle (Value of benefit): 1,488	Vehicle (Value of benefit): 1,488	Vehicle (Value of benefit): 1,602	Vehicle (Value of benefit): 1,602
TOTAL	422,929	440,979	290,491	321,652

4.2.2.4. Revision of fixed compensation for 2019

The Board set the annual fixed compensation in respect of 2019:

- 300,000 euros for Pierre Vareille, Chairman of the Board (unchanged vs. 2018);

- 735,000 U.S. dollars (622,354 euros⁽¹⁾ +8.9% vs. his compensation since May 16, 2018) for Gonzalve Bich, Chief Executive Officer; The Compensation Committee recommended this increase based on the CEO's performance and experience in role in addition to the market data.
- 572,850 U.S. dollars (485,055 euros⁽¹⁾ +1.7% vs. 2018) for James DiPietro, Chief Finance Officer and Executive Vice-President;

(1) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 EUR = 1.1810 USD) and for 2017 (1 EUR = 1.1300 USD).

- 200,000 euros (unchanged vs. 2018) until March 2019, for Marie-Aimée Bich-Dufour, Executive Vice-President and President of BIC Foundation.

4.2.2.5. Directors' fees

Total Directors' fees paid to Élisabeth Bastoni, Marie-Pauline Chandon-Moët, Candace Matthews, Marie-Henriette Poinot, François Bich, John Glen, Mario Guevara, Pierre Vareille and SOCIÉTÉ M.B.D. are determined on the basis of their participation in the meetings of the Board, and when applicable, of the Committees of the Board of Directors.

For fiscal year 2018, the allocation of Directors' fees is based on the following policy:

- fixed annual fee: 13,000 euros (+2.4% versus 2017);
- lead Director fixed annual fee: 36,700 euros (+1.9% versus 2017);
- variable part corresponding to 100% Board Meeting Attendance in 2018: 22,800 euros (+2.2% versus 2017);
- variable part corresponding to the attendance to a meeting based on another continent: 3,000 euros;

- variable part corresponding to the role of Audit Committee Chairman: 18,700 euros (+2.2% versus 2017);
- variable part corresponding to the role of Remuneration or Nomination Committee Chairman: 9,350 euros ;
- variable part corresponding to the role of Audit Committee Member: 13,900 euros (+1.5% versus 2017);
- variable part corresponding to the role of Remuneration or Nomination Committee Member: 6,950 euros.

These Board members do not receive any other compensation.

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

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

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

Mr. Vareille was Vice-president and Lead Director until May 2018 and he received additional Directors' fees in connection with this responsibility. As Chairman, he does not receive any Directors' fees.

TABLE C – SUMMARY OF DIRECTORS' FEES

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

Board members	Directors' fees paid relating to 2017 (in euros)	Directors' fees paid relating to 2018 (in euros)
Pierre Vareille	84,700	39,188
Elizabeth Bastoni	69,400	69,500
Vincent Bedhome	-	-
François Bich ^(a)	35,000	22,771
Marie-Pauline Chandon-Moët	35,000	38,800
John Glen	53,300	57,500
Mario Guevara ^(b)	35,000	47,800
Candace Matthews	37,400	80,381
Marie-Henriette Poinot	48,700	52,700
Frédéric Rostand	22,200	-
SOCIÉTÉ M.B.D.	48,700	52,500
TOTAL	469,400	461,140

(a) During 2018, 9,400 performance shares previously acquired by François Bich became available.

(b) Mario Guevara has received a gross compensation of 241,987 U.S. dollars corresponding to the unpaid dividend on vested shares held by BIC until the end of the compulsory holding period. In addition, during 2018, 22,022 performance shares previously acquired became available.

4.2.2.6. Allocation of stock options

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

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

The dilutive impact of the previous stock option grants is reported in Note 8 to the consolidated financial statements. A table that summarizes all stock option plans is included in Note 22 to the consolidated financial statements.

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



TABLE D – STOCK OPTIONS AWARDED DURING FISCAL YEAR 2018 TO EACH CORPORATE OFFICER

(Table 4 following the format of French Financial Markets Authority Position-Recommendation No. 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 fiscal year	Exercise price (in euros)	Exercise period
N/A	-	-	-	-	-	-

STOCK OPTIONS AWARDED DURING FISCAL YEAR 2017 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 fiscal year	Exercise price (in euros)	Exercise period
N/A	-	-	-	-	-	-

TABLE E – STOCK OPTIONS EXERCISED DURING FISCAL YEAR 2018 BY EACH CORPORATE OFFICER

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

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

STOCK OPTIONS EXERCISED DURING FISCAL YEAR 2017 BY EACH CORPORATE OFFICER

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

TABLE F – HISTORY OF STOCK OPTION PLANS*(Table 8 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)*

	Plan no. 13
Annual Shareholders' Meeting date	May 12, 2010
Board of Directors' Meeting date	Dec. 16, 2010
Number of options available for subscription	382,950
<ul style="list-style-type: none"> among which. options granted to the Corporate Officers (% of BIC shares as of December 31, 2018) 	3,350 (0.01%)
Date from which options may be exercised	Dec. 17, 2013
Option expiry date	Dec. 15, 2018
Exercise price (in euros) ^(a)	63.71
Number of options exercised as of Dec. 31, 2018	329,746
Number of void options as of Dec. 31, 2018	53,204
Number of remaining options as of Dec. 31, 2018	-

*(a) No discount on the exercise price.***TABLE K – STOCK OPTIONS GRANTED TO THE TOP 10 EMPLOYEES WHO ARE NOT CORPORATE OFFICER BENEFICIARIES, AND OPTIONS EXERCISED***(Table 9 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)*

Stock options granted to the top 10 employees who are not Corporate Officer beneficiaries, and options exercised	Total number of attributed options/of subscribed shares	Weighted average price (in euros)	Date of maturity	Plan no.
Options granted during the fiscal year by the issuer and by any company included in the perimeter of allocation of the options, to the 10 employees of the issuer and any company included in this perimeter, receiving the highest number of options so granted	-	-	-	-
Options held on the issuer and the companies previously mentioned, exercised during the year , by the 10 employees of the issuer and these companies, receiving the highest number of options so subscribed	17,400	63.71	15 Dec. 2018	13
TOTAL	17,400	63.71		

The characteristics of these plans are described in Note 22 to the consolidated financial statements, as is the use made thereof by the employees as a whole.

No stock options have been granted since 2011.



4.2.2.7. Performance-based share allocations

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

Corporate Officers mentioned in the table below benefit from this policy.

Performance is assessed according to the achievement of two objectives:

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

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

	Plan 1 (2005- 6-7)	Plan 2 (2006- 7-8)	Plan 3 (2007- 8-9)	Plan 4 (2008- 9-10)	Plan 5 (2009- 10-11)	Plan 6 (2010- 11-12)	Plan 7 (2011- 12-13)	Plan 8 (2012- 13-14)	Plan 9 (2013- 14-15)	Plan 10 (2014- 15-16)	Plan 11 (2015- 16-17)	Plan 12 (2016- 17-18)	Average of the plans
Net sales growth	84.8	66.4	95.2	147.1	119.1	89.2	76.8	88.1	108.1	96.7	71.9	48.6	82.55
Cash Flow	85.5	88.2	98.6	99.7	110.1	103.1	98.9	105.8	98.9	98.6	100.6	102.2	53.21
Combined performance criteria (maximum 100)	85	77	97	100	100	96	88	97	100	98	86	75	91.58
Final acquisition as a percentage of the initial grant	70%	54%	94%	100%	100%	92%	76%	94%	100%	96%	72%	50%	83%

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

If the average percentage for the achievement of the two objectives is less than 75%, no share will be given. These principles are illustrated in the graph presented in section 4.2.1.2.3.

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

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

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

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

The total number of shares granted is reported in Note 22 to the consolidated financial statements.

TABLES G - PERFORMANCE SHARES AWARDED DURING FISCAL YEAR 2018 TO EACH CORPORATE OFFICER

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

Performance shares awarded during the fiscal year to each Corporate Officer by the issuer and by any company of the Group (Nominative list)	Number and date of the plan	Number of shares awarded during the fiscal year	Valuation of the shares according to the method used for the consolidated fiscal statements (in euros)	Acquisition date	Availability date	Performance conditions
						1) Net sales growth 2) Cash flow from operations and change in inventory as a percentage of net sales
Gonzalve Bich	14 (May 16, 2018)	15,000	1,151,700	May 16, 2021	May 16, 2021	
James DiPietro	14 (May 16, 2018)	8,000	614,240	May 16, 2021	May 16, 2021	as above
Marie-Aimée Bich-Dufour	14 (May 16, 2018)	3,250	249,535	May 16, 2021	May 16, 2021	as above

PERFORMANCE SHARES AWARDED DURING FISCAL YEAR 2017 TO EACH CORPORATE OFFICER

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

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



TABLES H – PERFORMANCE SHARES THAT BECAME AVAILABLE DURING FISCAL YEAR 2018 TO EACH CORPORATE OFFICER*(Table 7 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)*

Performance shares that became available for each Corporate Officer (nominative list)	Number and date of the plan	Number of shares that became available during the fiscal year	Acquisition terms	Award year
Gonzalve Bich	8 M (Feb. 14, 2012)	705	94% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2012
James DiPietro	5 S (Feb. 10, 2009)	267	100% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2009
James DiPietro	8 M (Feb. 14, 2012)	5,640	94% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2012
Marie-Aimée Bich-Dufour	8 M (Feb. 14, 2012)	2,820	94% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2012

PERFORMANCE SHARES THAT BECAME AVAILABLE DURING FISCAL YEAR 2017 TO EACH CORPORATE OFFICER*(Table 7 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)*

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

*M = Main.**S = Secondary.*

TABLE I – HISTORY OF PERFORMANCE SHARE PLAN ALLOCATIONS

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

	Plan no. 1		Plan no. 2		Plan no. 3		Plan no. 4		Plan no. 5		Plan no. 6
Annual Shareholders' Meeting date	May 19, 2005		May 19, 2005		May 19, 2005		May 23, 2007		May 23, 2007		May 23, 2007
Board of Directors' Meeting date	May 19, 2005		December 14, 2005		December 13, 2006		December 11, 2007		February 10, 2009		February 16, 2010
Grant	M	S	M	S	M	S	M	S	M	S	M
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
• Of which, shares granted to the Corporate Officers (% of BIC shares as of December 31, 2018)											
• Gonzalve Bich	-	-	-	-	-	-	-	-	-	-	600
• James DiPietro	2,650	238	2,650	238	2,650	294	2,650	302	5,050	247	5,000
									(0.01%)		(0.01%)
• Marie-Aimée Bich-Dufour	2,650	-	2,650	-	2,650	-	2,650	-	3,500	-	3,500
									(0.01%)		(0.01%)
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	March 16, 2013
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	March 16, 2016
Performance conditions	1) Increase in net sales										
	2) Net cash from operating activities as a percentage of net sales										
Total number of shares definitively acquired as of December 31, 2018	20,405	1,162	15,741	512	31,443	1,104	37,550	1,436	57,500	2,156	76,797
Total number of void or lapsed shares as of December 31, 2018 ^(a)	11,395	1,456	16,059	2,106	2,007	1,248	-	1,208	-	487	6,678
TOTAL NUMBER OF PERFORMANCE SHARES OUTSTANDING AS OF DECEMBER 31, 2018	-	-	-	-	-	-	-	-	-	-	-

	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14
Annual Shareholders' Meeting date	May 12, 2010	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013	May 18, 2016	May 18, 2016	May 16, 2018
Board of Directors' Meeting date	February 15, 2011	February 14, 2012	February 12, 2013	February 11, 2014	February 10, 2015	May 18, 2016	February 10, 2017	May 16, 2018
Grant	M	M	M	M	M	M	M	M
Number of free shares granted	87,650	159,940	161,010	159,660	176,740	159,680	155,790	170,720
• Of which, shares granted to the Corporate Officers (% of BIC shares as of December 31, 2018)								
• Gonzalve Bich		600	750	1,000	3,250	4,500	5,000	8,000
						(0.01%)	(0.01%)	(0.03%)
• James DiPietro	5,000	6,000	6,000	8,000	8,000	8,000	8,000	8,000
	(0.01%)	(0.01%)	(0.01%)	(0.02%)	(0.02%)	(0.02%)	(0.02%)	(0.02%)
• Marie-Aimée Bich-Dufour	3,500	3,000	4,250	3,250	3,250	3,250	3,250	3,250
			(0.01%)	(0.01%)	(0.01%)	(0.01%)	(0.01%)	(0.01%)
End of the Acquisition Period	March 15, 2014	March 14, 2015	March 12, 2016	March 11, 2017	March 10, 2018	May 18, 2019	March 31, 2020	May 16, 2021
End of the Holding Period	March 15, 2017	March 14, 2018	March 12, 2019	March 11, 2020	March 10, 2021	March 31, 2022	March 31, 2020	May 16, 2021
Performance conditions	1) Increase in net sales							
	2) Net cash from operating activities, as a percentage of net sales							
Total number of shares definitively acquired as of December 31, 2018	57,551	135,452	148,050	139,040	106,809	-	-	-
Total number of void or lapsed shares as of December 31, 2018 ^(a)	30,099	24,488	12,960	20,620	69,931	85,154	66,326	24,083
TOTAL NUMBER OF PERFORMANCE SHARES OUTSTANDING AS OF DECEMBER 31, 2018	-	-	-	-	-	74,526	89,464	146,637

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

M = Main.

S = Secondary.



Free share allocations with or without performance conditions

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

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

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

In 2018, 170,720 performance shares were granted to 499 beneficiaries.

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

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

The vesting period is three years and one month, for the 2017 plan, and three years for the 2018 plan.

In 2018, 30,500 shares were granted without performance conditions to 244 beneficiaries.

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

The total number of shares is reported in Note 22 to the consolidated financial statements.

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

Free shares granted and transferred to the top 10 employees who are not corporate officers	Number of shares	Valuation of the shares according to the method used for the consolidated financial statements (in euros)	Acquisition date	Availability date	Plan no.
<ul style="list-style-type: none"> • Shares granted during the fiscal year by the issuer or by any company included in the perimeter of allocation of shares, to the 10 employees of the issuer and of any company included in this perimeter, who are so allocated the highest number of shares ^(a) 	40,300	3,094,234	May 16, 2021	May 16, 2021	14 M
<ul style="list-style-type: none"> • Shares transferred during the fiscal year by the issuer or by any company included in the perimeter of allocation of shares, to the 10 employees of the issuer and of any company included in this perimeter, who are so transferred the highest number of shares ^(a) 	19,270	1,248,889	March 14, 2018	March 14, 2018	8 M
	6,300	722,043	March 10, 2018	March 10, 2018	11 M

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

M = Main.

S = Secondary.

4.2.2.8. Pension plans

- Since April 2006, the Chairman until May 2018, Bruno Bich, has received a pension paid by the BIC CORPORATION Supplementary Executive Retirement Plan, to which he contributed for more than 30 years. In 2018 Bruno Bich received 555,360 U.S. dollars.
- Pierre Vareille, Chairman from May 2018, is not eligible to any BIC Pension Plan.
- Gonzalve Bich participates in the BIC CORPORATION Restoration Plan (a U.S. supplementary pension plan), which has existed since 2006 and which benefits selected Company executives whose compensation taken into account in the U.S. Qualified Pension Plan is restricted by regulations.

The plan benefit is subject to having been a participant in the plan for at least five years.

- Method for determining the pensionable compensation:
 - the pensionable compensation is the average compensation based on the highest three consecutive years within the last 10 years.
- Rate of pension rights acquisition:
 - this plan provides for a single life annuity, payable at normal retirement age (65) equal to 1.1% of the Social Security ceiling plus 1.5% of average pay in excess of the Social Security ceiling, multiplied by the number of years of service, (not to exceed 35 years), plus 1.4% of average pay per year of service in excess of 35 years. The plan also includes the pension granted by the U.S. Qualified Pension Plan. Full vesting at age 52 with 15 or more years of service or at age 60 with 5 years of participation. Full vesting in the U.S. Qualified Plan occurs at 5 years of service;

- in addition, the Plan provides early retirement benefits for beneficiaries prior to age 65 (or age 62 if they retire at or after age 55 with 10 or more years of service);
 - the commitments arising from this plan are provisioned by BIC CORPORATION in accordance with IAS 19.
 - Maximum Payments:
 - not applicable.
 - Method of funding:
 - the Restoration Plan is unfunded. The U.S. Qualified Pension Plan is funded through a trust.
 - Other expenses paid by the Company:
 - BIC pays the cost of administration, accounting valuations under IAS 19 and funding valuations for the U.S. Qualified Pension Plan.
- At December 31, 2018, Gonzalve Bich had accrued a pension benefit equivalent to 22.82% of the average compensation of the last three years of service out of his 15.9 years of service (i.e., for information, an annual pension equal to 178,912 U.S. dollars payable at age 65 (inclusive of the U.S. Qualified Pension Plan benefit), assuming he had stopped his activity on December 31, 2018. He has elected to receive his Restoration Plan benefit as a lump sum.
- d) James DiPietro participates in the BIC CORPORATION Supplementary Executive Retirement Plan, which has existed since 1970 and which benefits the main executives of BIC CORPORATION.
- The plan benefit is subject to having been a participant in the plan for at least five years.
 - Method for determining the pensionable compensation:
 - the pensionable compensation is the average compensation (base + bonus) of the best three years of the last five years of service.
 - Rate of pension rights acquisition:
 - this plan provides, by year of service, an annual pension equal to 2.50% of the pensionable compensation with a maximum of 50% (i.e., 20 years of service), including the pension granted by the U.S. Qualified Pension Plan;
 - full vesting in the Supplementary Executive Retirement Plan occurs at age 52 with fifteen or more years of service or at age 60 with five years of participation. Full vesting in the U.S. Qualified Plan occurs at five years of service;
 - the commitments arising from this plan are provisioned by BIC CORPORATION, in accordance with IAS 19.
 - Maximum Payments:
 - maximum of 50% of compensation, i.e., 20 years of service, including the pension granted by the U.S. Qualified Pension Plan.
 - Method of funding:
 - The Supplementary Executive Retirement Plan is unfunded. However, BIC invests in life insurance policies to offset the cost of the plan. The U.S. Qualified Pension Plan is funded through a trust.
 - Other expenses paid by the Company
 - BIC pays the cost of administration, accounting valuations under IAS 19 and actuarial valuations for the U.S. Qualified Pension Plan.
- As of December 31, 2018, James DiPietro had accrued a pension benefit equivalent to 50.00% of the average compensation of the last three years of service out of his 20.5 years of service (i.e., for information, an annual pension equal to 462,620 U.S. dollars (including the benefit from the U.S. Qualified Pension Plan) as a single life annuity payable at age 59 (inclusive of the U.S. Qualified Pension Plan benefit), assuming he had stopped his activity on December 31, 2018). He has elected to receive his Supplementary Executive Retirement Plan benefit as a lump sum.
- e) Marie-Aimée Bich-Dufour contributes to the Supplementary Executive Retirement Plan (governed by Article L. 137-11 of the French Social Security Code) for BIC executives in France.
- Condition for pension benefit eligibility:
 - a minimum period of five years of participation is necessary to benefit from the plan;
 - be officially qualified for a pension under the Social Security scheme;
 - retire from BIC in accordance with the provisions of Article L. 137-11 of the Social Security Code.
 - Method for determining the pensionable compensation:
 - the pensionable compensation is the average compensation of the last three years of service;
 - to determine the pensionable compensation, only base and annual bonus are included, all other direct or indirect payments are excluded.
 - Rate of pension rights acquisition:
 - the supplementary pension is equal to 1.25% of the average compensation, per year of membership of the plan, with a maximum of 25% (i.e. 20 years);
 - on May 18, 2016, the Board of Directors decided to freeze the rights in this plan awarded to Marie-Aimée Bich-Dufour during her new mandate;
 - the commitments arising from this plan are provisioned by SOCIÉTÉ BIC in accordance with IAS 19.
 - Maximum Payments:
 - the consolidation of all pension rights cannot exceed a replacement rate of 50% of compensation. This ceiling is verified on the date of retirement.
 - Method of funding:
 - the Supplementary Executive Retirement Plan is funded.
 - Other expenses paid by the Company:
 - BIC pays the Fillon tax, which is 24% of the contributions to the fund.
- On December 31, 2018, the supplementary pension, which has been determined based on seniority in the Plan and on her compensation as of May 18, 2016, amounts to 107,318 euros (for information purposes).



4.2.2.9. Commitments concerning Corporate Officers (related to the start or end of a mandate)

TABLE J

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

Corporate Officers	Employment contract		Supplementary pension plan		Indemnities and benefits due or likely to be due because of a termination or change in positions		Non-competition indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Bruno Bich Chairman and Chief Executive Officer Initial date of appointment: June 2, 1993 Term: May 16, 2018		X		X ^(a)		X		X
Pierre Vareille, Chairman of the Board Initial date of appointment: May 16, 2018 Term: 2021 AGM		X		X		X		X
Gonzalve Bich Chief Executive Officer Initial date of appointment: June 2, 2016 Term: indefinite duration		X ^(b)	X	(See section 4.2.2.8.)		X		X
James DiPietro Executive Vice-President Initial date of appointment: June 2, 2016 Term: day of appointment of a new Chief Executive Officer		X ^(c)	X	(See section 4.2.2.8.)		X		X
Marie-Aimée Bich-Dufour Executive Vice-President until March 31, 2019 Initial date of appointment: March 22, 1995 Term: March 31, 2019		X	X	(See section 4.2.2.8.)		X		X

(a) Bruno Bich liquidated his rights on April 2006, he has received a pension paid by the BIC Corporation (see section 4.2.2.8.).

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

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

COMMENTS ON THE YEAR

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5.1. OPERATIONS AND CONSOLIDATED RESULTS

THE GROUP IN 2018

2018 Key Events

October	In October 2018, BIC announced that it filed an infringement complaint with the European Commission for lack of surveillance of non-compliant Lighters in France and Germany. The complaint concerns non-compliant Lighters that are either imported or sold on these domestic markets, impacting the entire European Union due to the free movement of goods. While the issue has been resolved in many countries around the world, the lack of effective market surveillance in Europe poses a real threat to consumer safety and is a cause for concern. Since day one, BIC has made the quality and safety of its Lighters an absolute priority. By initiating these new proceedings with the European Union, BIC is acting in the interest of all consumers and is committed to assisting those in pursuit of genuine consumer protection.
December	On December 31, 2018, BIC announced the transfer of Haco Industries Kenya Ltd manufacturing facilities in Kenya and distribution of Stationery, Lighters, and Shavers in East Africa to BIC. This acquisition is in line with BIC's continued growth strategy in Africa, one of the most promising markets for BIC® products in the world.
December	On December 31, 2018, BIC completed the divestiture of BIC Sport, its water sports subsidiary, to Take Outdoors for a total Enterprise Value between 6 and 9 million euros, contingent upon BIC Sport's future financial results. Due to BIC Sport's divestiture, BIC may discontinue its writing instrument manufacturing activities located at the Vannes' industrial site and transfer its current production activities to the BIC Écriture 2000-Marne la Vallée (France) and BIC Bizerte (Tunisia) sites. This project is consistent with BIC's Stationery Operational Excellence strategy, aimed at refocusing French factories on large-scale production and specializing the Bizerte factory for both high complexity production for the European market and on mass production for Africa and the Middle East.
January 2019	On January 16, 2019, BIC's Indian subsidiary BIC Cello, inaugurates a new writing instrument facility in Vapi (Gujarat state). This investment enhances the Group's manufacturing footprint in India, enabling BIC to meet consumer demand more effectively in this rapidly-growing market.

Full Year 2018 Net Sales were 1,949.8 million euros, down 4.5% as reported, up 0.9% at constant currency and up 1.5% on a comparative basis. The unfavorable impact of currency fluctuations (- 4.8%) was mainly due to the depreciation of the U.S. dollar and Brazilian real against the euro. Europe grew by 1.8%

while North America grew by 1.4%, and Developing Markets grew by 1.5% all on a comparative basis. The application of hyperinflation accounting in Argentina from July 1, 2018 and unfavorable evolution of the Argentinian pesos, had a negative impact of 0.6 points.

CONDENSED PROFIT AND LOSS ACCOUNT

<i>(in million euros)</i>	FY 2017 (restated for IFRS 15)	FY 2018	As reported	On a comparative basis
Net sales	2,041.4	1,949.8	(4.5)%	+ 1.5%
Cost of goods	971.9	935.5		
Gross Profit	1,069.5	1,014.3		
Administrative & other operating expenses	694.6	755.5		
Income from operations	374.9	258.8		
Finance revenue/costs	21.8	2.8		
Income before tax	396.7	261.6		
Income tax expense	(102.6)	(88.2)		
Net Income From Continuing Operations	294.1	173.4		
Net Income From Discontinued Operations	(6.7)	-		
Net Income Group Share	287.3	173.4		
Earnings Per Share From Continuing Operations (in euros)	6.33	3.80		
Earnings Per Share From Discontinued Operations (in euros)	(0.15)	-		
Earnings per share Group share (in euros)	6.18	3.80		
Average number of shares outstanding (net of treasury shares)	46,475,249	45,598,109		

FY 2018 Gross Profit margin came in at 52.0%, compared to 52.4% for 2017.

FY 2018 Normalized IFO was 352.4 million euros (i.e., a Normalized IFO margin of 18.1%).

KEY COMPONENTS OF THE CHANGE IN NORMALIZED IFO MARGIN

<i>(in % points)</i>	Q4 2018 vs. Q4 2017	FY 2018 vs. FY 2017
• Change in cost of production ^(a)	(2.7)	(0.5)
• Total Brand Support ^(b)	(1.0)	(0.1)
• <i>Of which, promotions and investments related to consumer and business development support accounted for in Gross Profit Margin</i>	(0.2)	-
• <i>Of which, advertising, consumer and trade support</i>	(0.8)	(0.1)
• OPEX and other expenses	+ 1.0	(0.9)
Total change in Normalized IFO margin	(2.7)	(1.5)

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

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

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NON-RECURRING ITEMS

<i>(in million euros)</i>	2017 (restated from IFRS 15)	2018
Income From Operations	374.9	258.8
As % of Net Sales	18.4%	13.3%
Restructuring costs related primarily to BIC Graphic	24.7	
Cello and Pimaco goodwill impairment	-	74.2
Restructuring expenses (Stationery and Lighters manufacturing reorganization, Organizational review, Haco Industries acquisition related costs)	-	15.4
BIC Sport Divestiture	-	4.9
Argentina hyperinflationary accounting (IAS 29)	-	(0.9)
Normalized IFO	399.6	352.4
As % of Net Sales	19.6%	18.1%

Cello goodwill impairment is explained by lower growth perspectives in both domestic and export sales.

Income before tax for 2018 was 261.6 million euros, compared to 396.7 million euros in 2017. Net income Group Share was 173.4 million euros, down 39.7% as reported. Net finance revenue was 2.8 million euros compared to 21.8 million euros in 2017. 2018 was negatively impacted by Argentina hyperinflation accounting for 5.9 million euros and 2017 benefited from 18.2 million euros related to the exchange difference on intercompany loan repayment following the sale of BIC Graphic.

The 2018 effective tax rate was 33.7% and 26.3% excluding Cello and Pimaco goodwill impairment compared to 25.9% in 2017 that included the favorable income related to the invalidation of 3% additional French Corporate income Tax on dividends, net of the French exceptional Corporate Income Tax contribution.

2018 EPS Group share was 3.80 euros, compared to 6.18 euros for the same period last year, down 38.5%. Normalized EPS Group share decreased to 5.87 euros, compared to 6.26 euros.

2018 GROUP PERFORMANCE BY CATEGORY

BIC GROUP NET SALES AND INCOME FROM OPERATIONS (IFO) BY PRODUCT CATEGORY 2017 (RESTATED FROM IFRS 15) - 2018

(in million euros)	Stationery		Lighters		Shavers		Other Products	
	Net Sales	IFO	Net Sales	IFO	Net Sales	IFO	Net Sales	IFO
2017	804.2	54.7	707.4	277.3	459.4	59.8	70.4	(17.0)
2018	771.9	(14.1)	685.8	242.5	438.0	43.7	54.0	(13.4)

BIC GROUP IFO AND NORMALIZED (A) IFO BY PRODUCT CATEGORY 2017 (RESTATED FROM IFRS 15) - 2018

(in million euros)	Stationery		Lighters		Shavers		Other Products	
	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO
2017	66.3	54.7	277.6	277.3	60.0	59.8	(4.4)	(17.0)
2018	62.8	(14.1)	247.0	242.5	45.4	43.7	(2.8)	(13.4)

(a) See glossary § 9.9.

BIC GROUP IFO AND NORMALIZED (A) IFO MARGINS BY PRODUCT CATEGORY 2017 (RESTATED FROM IFRS 15) - 2018

(in %)	Stationery		Lighters		Shavers	
	Norm. IFO margin	IFO margin	Norm. IFO margin	IFO margin	Norm. IFO margin	IFO margin
2017	8.3	6.8	39.2	39.2	13.1	13.0
2018	8.1	(1.8)	36.0	35.4	10.4	10.0

(a) See glossary § 8.9.

Stationery

Stationery Full Year 2018 Net Sales decreased by 4.0% as reported and increased by 1.7% on a comparative basis. Full Year 2018 volumes were relatively flat.

- In **Europe**, while markets remained soft, BIC's Net Sales grew low-single digit, fueled by a robust Back-to-School season across most European countries, notably in France and in the UK where BIC outperformed the market gaining 0.7 points in value share (Year-to-date December 2018). This was driven by the ongoing success of BIC® Gelocity Illusion erasable pen, BIC® 4-Color Shine pen in Western Europe and the BIC® Round Stic in Eastern Europe.
- **North America's** Net Sales grew mid-single digit, fueled by a strong Back-to-School season where BIC outperformed the market. Our focus towards more value-added products was successful thanks to the performances of the BIC® Gelocity® Quick Dry gel. This resulted in 0.8 points value share gains (Year-to-date December 2018) in the gel segment, the fastest growing segment in Stationery. Growth drivers also included e-commerce sales where BIC outperformed the online market, gaining 0.8 points value share (Year-to-date December 2018)

- In **Latin America**, Net Sales increased mid-single digit driven by a robust Back-to-School season in Mexico, with strong performance in both Ball Pen and in Coloring segments. This more than offset the challenging year for Brazil as we faced on-going inventory adjustments by customers, negative impacts from the transportation strike as well as strong competitive pressure.
- The **Middle-East and Africa region** Net Sales were stable. Growth drivers included market share gains in South Africa, thanks to a good in-store visibility and strong Back-to-School sell-in. This was offset by importation legislation issues in North Africa.
- In **India**, Cello Pens' Domestic Net Sales increased low-single digit as Cello continued its strategy of portfolio streamlining and focused on its champion brands such as Butterflow™ and Butter Gel, allowing BIC to gain 0.8 points value share (Year-to-date December 2018, Market Pulse)

Full Year 2018 Stationery normalized IFO margin was 8.1% compared to 8.3% in 2017 as a result of an increase in raw material costs and operating expenses, only partially offset by lower brand support.



Lighters

Full Year 2018 Lighters Net Sales were down by 3.1% as reported and up 2.4% on a comparative basis. Full Year 2018 volumes were up by 1.6%.

- In **Europe**, Net Sales increased mid-single digit, driven by both Western and Eastern Europe (mainly Russia), gaining further distribution. In the fourth quarter, more specifically, Net Sales were favorably impacted by customers' buy-in ahead of the price adjustment implemented in January 2019.
- In **North America**, in a slightly declining market (down by 0.8% in value Year-to-date December 2018, IRI), BIC continued to outperform, gaining 0.2 points in value. Net Sales grew low single digit, as a result of continued growth of our added-value sleeve designs as well as increased distribution.
- **Latin America** posted mid-single digit growth with continued solid performance in Mexico, fueled by further distribution gains. In Brazil, Net Sales were negatively impacted by inventory adjustments by customers, as well as by the transportation strike in May.

Full Year 2018 Normalized IFO margin for Lighters was 36.0% compared to 39.2% in 2017, due to higher costs of production and higher investments in brand support and in operating expenses.

Shavers

Full Year 2018 Shavers Net Sales decreased by 4.7% as reported and up 1.7% on a constant currency basis. Full Year 2018 volumes were down by 3.4%.

- **Europe's** Net sales increased mid-single digit, driven by Eastern Europe's strong route-to-market execution, largely led by Russia where we outperformed the wet shave market, gaining 5.9% in value share (year-to-date December 2018 – Nielsen) thanks to enlarged distribution, the success of the BIC® Flex 3 Hybrid and the launch in the second half of BIC® Flex 5 Hybrid. In Western Europe, we gained market share by 0.3 points in a declining market (down 0.3% in value Year-to-date December 2018 – EU10) for the one-piece segment.
- In **North America**, Net Sales were relatively flat. In a challenging competitive environment, performance was

driven by a positive impact from change in brand support strategy, orders coming in from 2019 pipeline of new products, as well as the success of our 2018 product launches: BIC® Soleil® Balance, BIC® Soleil® Bella Click and BIC® Flex 3 Hybrid.

- At the end of December 2018 ⁽¹⁾, the U.S. one-piece segment was down 3.8% in value in a continued disruptive market. BIC's market share declined by 0.5 points, due to increasing competitive pressure on price and promotions. However, we continued to gain market share in the added-value segment reaching 37.8% share for the Men's 5 blade one-piece market segment and gaining 6.5 points value share in the Female's 5 blade one-piece market segment compared to last year.
- **Latin America** delivered mid-single-digit growth. BIC outperformed by far the overall market, growing value share in all major countries thanks to an enlarged distribution network and product mix. In Brazil, despite a declining one-piece market (down 3.4% in value ⁽²⁾), BIC gained 2.0 points in value with sales boosted by positive mix behind higher volumes of triple blades, such as the BIC® 3 and BIC® Comfort 3. In Mexico, the one-piece market grew 5.0% in value and BIC outperformed gaining 0.3 points in value with continued expansion in convenience stores.
- In the Middle-East and Africa, Net Sales declined high-single digit as the year's performance was overall negatively impacted by unfavorable importation legislation in North Africa.

Full Year 2018 Normalized IFO margin for Shavers was 10.4% compared to 13.1% in 2017 due to an increase in raw material costs and higher operating expenses, in spite of slightly lower brand support investments.

Other Products

Full Year 2018 Net Sales of Other Products decreased by 23.3% as reported (down 11.6% on a comparative basis). BIC Sport registered a low double-digit decline in its Full Year Net Sales on a constant currency basis.

Full Year 2018 Normalized IFO for Other Products was a negative 2.8 million euros, compared to a negative 4.4 million euros in 2017.

(1) Source: IRI total market Year-to-date ending December 2018 – in value terms.

(2) Source: Nielsen 62% Coverage Year-to-date ending December 2018

2018 GROUP PERFORMANCE BY GEOGRAPHICAL AREA

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA

<i>(in million euros)</i>	FY 2017 (restated for IFRS 15)	FY 2018	Change as reported	Change on a comparative basis
Group				
Net Sales	2,041.4	1,949.8	(4.5)%	+ 1.5%
Europe				
Net Sales	570.0	559.7	(1.8)%	+ 1.8%
North America				
Net Sales	786.7	765.6	(2.7)%	+ 1.4%
Developing markets				
Net Sales	684.7	624.5	(8.8)%	+ 1.5%

IMPACT OF CHANGE IN PERIMETER AND CURRENCY FLUCTUATIONS ON NET SALES

<i>(in %)</i>	FY 2017	FY 2018
Perimeter	(0.9)	(0.6)
Currencies	(0.8)	(4.8)
• Of which USD	(0.7)	(1.5)
• Of which BRL	+ 0.4	(1.5)
• Of which MXN	(0.1)	(0.4)
• Of which RUB and UAH	+ 0.1	(0.2)
• Of which INR	-	(0.3)

SENSITIVITY OF NET SALES TO KEY CURRENCY CHANGES

<i>(in %)</i>	2017	2018
+/-5% change in USD	+/- 1.8	+/- 1.8
+/-5% change in BRL	+/- 0.5	+/- 0.4
+/-5% change in MXN	+/- 0.3	+/- 0.3

5



Europe

The Europe region includes Western and Eastern Europe. In 2018, Net Sales in Europe reached 559.7 million euros, a year-on-year increase of 1.8% on a comparative basis.

Europe registered a good performance in 2018 across all consumer categories and all regions, especially in Eastern European countries.

- **In Stationery:** BIC delivered low-single digit growth in a soft market. The Back-to-School season was good both in Western and Eastern Europe, notably in France where BIC gained share for the 15th consecutive year and in the UK where BIC also gained significant share. This was driven by the continuous success of the BIC® Gelocity Illusion erasable pen, the BIC® 4-Color Shine and the BIC® Round Stic.
- **In Lighters:** Net Sales increased mid-single digit, driven by both Western and Eastern Europe (mainly Russia), gaining further distribution.
- **In Shavers:** Net sales increased mid-single digit, driven by Eastern Europe's strong route-to-market execution, largely led by Russia where we outperformed the wet shave market, gaining 5.9% in value (year-to-date December 2018 – Nielsen) thanks to enlarged distribution, the success of the BIC® Flex 3 Hybrid and the launch in the second half of BIC® Flex 5 Hybrid. In Western Europe, we gained market share by 0.3 points during the year in a declining market (down 0.3% in value Year-to-date December 2018 – EU10) for the one-piece segment.

North America

The North America region includes the U.S. and Canada. In 2018, Net Sales in North America reached 765.6 million euros, up 1.4% on a comparative basis.

- **In Stationery:** Net Sales increased mid-single digit as BIC delivered strong growth in e-commerce and during Back-to-School. The introduction of the BIC® Gelocity® Quick Dry pen has been a strong driver of growth.
- **In Lighters:** in a slightly declining market, BIC continued to outperform the market. Net Sales grew low single digit, as a result of continued growth of our added-value sleeve designs as well as increased distribution.
- **In Shavers:** Net Sales were relatively flat. In a challenging competitive environment, performance was driven by a positive impact from change in brand support strategy, orders

coming in from 2019 pipeline of new products, as well as the success of our 2018 product launches: BIC® Soleil® Balance, BIC® Soleil® Bella Click and BIC® Flex 3 Hybrid. At the end of December 2018, the U.S. one-piece segment was down 3.8% in value in a continued disruptive market. BIC's market share declined by 0.5 points, due to increasing competitive pressure on price and promotions. However, we continued to gain market share in the added-value segment reaching 37.8% share for the Men's 5 blade one-piece market segment and gaining 6.5 points value share in the Female's 5 blade one-piece market segment compared to last year.

Developing markets

Developing markets include Latin America (Mexico, Central America, the Caribbean and South America), the Middle-East, Africa, Oceania and Asia. In 2018, Net Sales reached 624.5 million euros, up 1.5% on a comparative basis.

Latin America

Despite a challenging environment in 2018 caused by the transportation strike in May and on-going inventory adjustments from our customers in Brazil, Latin America Net Sales increased mid-single digit on a comparative basis.

- **In Stationery:** Net Sales increased mid-single digit driven by a robust Back-to-School season in Mexico, with strong performance in both Ball Pen and in Coloring segments. This more than offset the challenging year for Brazil as we faced on-going inventory adjustments by customers, negative impacts from the transportation strike as well as strong competitive pressure.
- **In Lighters:** Net Sales rose mid-single digit with continued solid performance in Mexico, fueled by further distribution gains. In Brazil, Net Sales were negatively impacted by inventory adjustments by customers, as well as by the transportation strike in May.
- **In Shavers:** Net Sales increased mid-single digit and grew value share in all major countries propelled by an enlarged distribution network and product mix. In a declining Brazilian one-piece market, BIC gained share driven by positive mix behind higher volumes of triple blades such as the BIC® 3 and BIC® Comfort 3. In Mexico, BIC outperformed a growing one-piece market with continued expansion in convenience stores.

Middle-East and Africa/India

BIC continued to deploy the proximity strategy first rolled out in 2012. During the year, we continued to work closely with distributors and customers to reinforce our presence, leverage the BIC® brand and increase Net Sales by focusing on distribution gains and improved in-store visibility.

- **Stationery:** Net sales were stable. Issues with importation legislation in North Africa were offset by market share gains in South Africa where BIC delivered solid back-to-school sell-in along with increased in-store visibility. In India, Cello Pens' Domestic Net Sales increased low single digit as Cello continued its strategy of Portfolio streamlining and focus on its champion brands such as Butterflow™ and Butter Gel.

- **Lighters:** BIC continued to focus on our strategy, aimed at gaining distribution and improving in-store visibility with a "BIC seen is a BIC sold".
- **Shavers:** BIC net sales declined high-single digit largely cause by unfavorable importation legislation in North Africa.

Asia-Pacific

- **Stationery:** The region suffered from a slow Back to School season.
- **Lighters:** BIC maintained its leadership position in Oceania while taking advantage of increased distribution gains across Asia.
- **Shavers:** BIC delivered solid results in the region notably Oceania driven by new products launches.



5.2. FINANCIAL SITUATION AND CASH

At the end of 2018, **Net Cash from operating activities** was 303.9 million euros, including 394.6 million euros in Operating Cash Flow. The Net Cash Position was also impacted by investments in CAPEX, dividend payments and share buy-backs as

well as the acquisition of Haco Industries, proceeds from the sale of BIC Sport and from the 2017 disposal of BIC Graphic North America and Asian Sourcing.

MAIN BALANCE SHEET ITEMS

<i>(in million euros)</i>	December 31, 2017 (restated for IFRS 15)	December 31, 2018
Shareholders' equity	1,702.2	1,638.1
Current borrowings and bank overdrafts	4.9	22.6
Non-current borrowings	0.2	32.0
Cash and cash equivalents – Assets	188.6	157.5
Other current financial assets and derivative instruments	45.0	18.1
Net cash position ^(a)	204.9	161.5
Goodwill and intangible assets	350.6	286.6
TOTAL BALANCE SHEET	2,353.7	2,367.0

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

(a) See Glossary § 9.9.

CONDENSED CASH FLOW STATEMENT

<i>(in million euros)</i>	2017 (restated for IFRS 15)	2018
Cash flow from operations	409.9	394.6
(Increase)/Decrease in net working capital	(8.1)	(73.0)
Other operating cash flows	(21.2)	(17.7)
Net cash from operating activities from continuing operations	374.5	303.9
Net Cash from operating activities from discontinued operations	6.1	-
Net cash from operating activities ^(a)	380.6	303.9
Net Cash from investing activities from continuing operations	(108.4)	(109.9)
Net Cash from investing activities from discontinued operations	(3.4)	-
Net cash from investing activities	(111.8)	(109.9)
Net Cash from financing activities from continuing operations	(273.1)	(226.5)
Net Cash from financing activities from discontinued operations	(2.3)	-
Net cash from financing activities	(275.4)	(226.5)
Net increase/(decrease) in cash and cash equivalents net of bank overdrafts	(6.6)	(32.5)
Closing cash and cash equivalents	187.0	149.8

(a) See Glossary § 9.9.

5.3. DIVIDENDS

The Board of Directors of SOCIÉTÉ BIC proposes the distribution of dividends primarily as a function of the Company's earnings, its investment policy and balance sheet strength, as well as comparisons with peer companies in the same sector. BIC does not foresee a material change in this dividend distribution policy.

The Board of Directors will propose 3.45 euros as an ordinary dividend per share, at the Annual Shareholders' Meeting on May 22, 2019. The pay-out ratio would be 59% in 2018, compared to 56% in 2017.

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)
2017	3,45	56%
2016	3.45	65%
2015 ^(a)	3.40	49%

(a) In addition to the ordinary dividend, a special dividend of 2.50 euros per share was voted for the full year 2015.

5.4. INVESTMENTS

PRINCIPAL INVESTMENTS OVER RECENT YEARS

Regarding industrial investments, BIC has organized its manufacturing activities in two areas for several years:

- first, in continued quality improvement for each production line, including continuous investments in manufacturing processes and new technologies;
- second, in the specialization of focused production sites by Product category.

In 2006, we opened a distribution subsidiary in Turkey. Moreover, we acquired PIMACO, Brazil's leading manufacturer and distributor of adhesive labels.

In December 2008, the BIC Group announced its intent to acquire Antalis Promotional Products entities (Sequana group). The acquisition was completed on March 11, 2009, after the signing of an agreement on the basis of a total enterprise value of 33.5 million euros. After the purchase of Antalis Promotional Products, in June 2009 the BIC Group announced the acquisition of Norwood Promotional Products. 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, BIC and Cello announced that they had signed a definitive agreement whereby the BIC Group acquired 40% of the Cello Writing Instrument business for 7.9 billion Indian rupees. As part of the agreement, BIC had a call option in 2013 to increase its stake to 55%. This agreement was partially completed on March 5, 2009 for 3.8 billion Indian rupees.

In April 2009, BIC launched a worldwide cost reduction plan to adjust to the slowdown of its markets. This initiative negatively impacted full year 2009 IFO by 34.4 million euros. The impact on profit was partially offset by the negative goodwill related to the Antalis Promotional Products acquisition. The net impact was 24.1 million euros.

On April 27, 2011, BIC acquired Sologear LLC, maker of FlameDisk®, a portable heat source for grilling. On November 30, 2011, the BIC Group acquired the assets of Angstrom Power Incorporated, a company specializing in the development of portable fuel cell technology.

In February 2012, BIC acquired land for the construction of a writing instrument facility in the fast growing African and Middle-East region. Located in Tunisia (region of Bizerte). The

facility has been operational since the end of 2013. The total investment was 12 million euros.

In October 2012, BIC, announced the launch of BIC® Education in France, a next generation educational solution for primary schools.

In September 2013, the BIC Group closed the acquisition of 40% of the last (7th) stationery entity of the Cello group for a total amount of 3.7 billion Indian rupees (43.3 million euros ⁽¹⁾). On September 27, 2013, the BIC Group announced that it had completed the purchase of shares pursuant to the call option, exercised in September 17, to increase its stake in Cello Pens' seven entities from 40% to 55% for 2.9 billion Indian rupees (35.2 million euros ⁽²⁾).

In October 2013, the BIC Group acquired land in Nantong, China (North of Shanghai) for the construction of a Lighter facility in China. The total investment is around 14 million euros.

In July 2014, the BIC Group completed the purchase of shares to increase its stake from 55% to 75% in Cello Pens' seven entities for 4.3 billion Indian rupees (approx. 53 million euros ⁽³⁾) after Cello group exercised its put option in March 2014, allowing it to sell 20% of Cello Pens to the BIC Group.

In October 2015, BIC presented an investment project intended to modernize its industrial facilities in the North of France (Pas-de-Calais). Planned over a five-year period, the project includes an investment of 12 million euros to extend the production facility at Samer.

In December 2015, BIC increased its stake in Cello Pens to 100% for an amount of 5.4 billion Indian rupees (approximately 74 million euros ⁽⁴⁾).

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

On December 31, 2018, BIC announced the transfer of Haco Industries Kenya Ltd manufacturing facilities in Kenya and distribution of Stationery, Lighters, and Shavers in East Africa to BIC. This acquisition is in line with BIC's continued growth strategy in Africa, one of the most promising markets for BIC® products in the world.

On January 16, 2019, BIC's Indian subsidiary BIC Cello, inaugurated the new writing instrument facility in Vapi (Gujarat state).

(1) 84.53 INR = 1 EUR (Sept. 13, 2013, ECB Reference rate).

(2) 83.80 INR = 1 EUR (Sept. 26, 2013, ECB Reference rate).

(3) 81.17 INR = 1 EUR (Jul. 4, 2014, ECB Reference rate).

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

PRINCIPAL INVESTMENTS IN 2018

2018 Capex were 125.4 million euros.

In the **Stationery** category, major investments included:

- finalization of the building extension in Bizerte (Tunisia);
- building of a new factory in India;
- additional production capacity for BIC MATIC Mechanical Pencils in Mexico;
- additional production capacity for Easy Correct (Correction) in Mexico;

- additional production capacity for Cristal in Marne-La-Vallée (France).

In the **Lighter** category, we invested to increase capacities and we bought new machines and molds.

In the **Shaver** category, major investments included:

- increase in production capacities for Shaver production (worldwide);
- investments related to New Products;
- increase worldwide blades' capacity;

PRINCIPAL INVESTMENTS IN PROGRESS: GEOGRAPHIC DISTRIBUTION AND FINANCING METHODS

Not applicable.

PRINCIPAL FUTURE INVESTMENTS

Not applicable.

5.5. PROSPECTS FOR 2019 AND STRATEGY

2019 OPERATIONAL OUTLOOK

We expect 2019 Group Net Sales **to grow slightly on a comparative basis⁽¹⁾** and Normalized Income from Operations margin **to be between 16.5% and 18%**.

- In a continued challenging trading environment, overall sales performance may be subject to macro-economic uncertainties and continued competitive pressure in Shavers in the U.S. Growth drivers include distribution gains and success with added-value products.
- Gross Profit will be impacted by increasing raw material costs, the impact of unfavorable foreign exchange trends and the potential impact of sales volumes on cost of production. Normalized Income from Operations will also be affected by additional Brand Support Investments.

We expect CAPEX to be approximately in the range of 130 million euros to 140 million euros.

OPERATIONAL AND STRATEGIC TARGETS FOR 2022

On February 13th 2019, BIC initiated an organizational review to reimagine the company, drive productivity and improve efficiency to free up resources, and ultimately reinvest in future growth. To support the "BIC 2022- Invent the future" plan, BIC has set initial operational targets:

- Effectiveness: achieve at least 20 million euros original annualized savings reinvested to drive growth.

- Innovation: increase the number of new patent submissions by 20% per year.
- Consumer-centric Brands: engage directly with 20% of our consumers.
- Omnichannel Distribution: reach 10% of Net Sales in ecommerce.

MISSION AND PURPOSE, LONG-TERM AMBITION

Our mission and purpose:

- Provide high quality, inventive and reliable products and solutions that are respectful of our environment, for everyone, everywhere;
- Create longterm value for all stakeholders: consumers, employees, local communities, customers, and shareholders;
- Improve equality in education for all, by enhancing learning conditions for students globally. We are convinced this is a powerful way to build a sustainable future, for each and every one of us.

Our long-term ambition:

- Drive profitable growth;
- Increase productivity while continuously investing in our People, Research and Development, New Products, and Brands;
- Sustain total Shareholder remuneration through strong cash generation.

(1) For 2019 Net Sales, on a comparative basis will exclude Full Year 2018 BIC Sport's Net Sales and 2019 Haco Industries' incremental Net Sales. Since Argentina is now considered as hyperinflationary, BIC will also exclude from its comparative basis the contribution of its Argentinian entity for both 2018 and 2019.

RISKS AND OPPORTUNITIES

In brief, we foresee the major challenges for 2019 to be:

- continued economic uncertainty;
- global geopolitical environment;
- foreign currency volatility;
- expected increase in raw material costs versus prior years.

While many of these issues are outside of our control, we will make every effort to minimize the related risks in all aspects of our operations.

We believe that our greatest opportunity for growth remains the strength of the BIC® brand, combined with the diverse talents of our multinational workforce in more than 160 countries around the world. Our teams are delivering products and programs, including advertising and promotional support, that speak directly to today's consumers in their local marketplaces, meeting their specific needs.

PERFORMANCE GOALS

Sales growth, market share gains, margins, cash flow and a strong balance sheet are the main indicators of the Group performance.

In 2019, our priority is to continue to drive sales growth through selected investments in R&D, Brand Support and CAPEX.

RECENT EVENTS

Not applicable.



5

COMMENTS ON THE YEAR

Prospects for 2019 and strategy



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6.1. CONSOLIDATED FINANCIAL STATEMENTS

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1. CONSOLIDATED INCOME STATEMENT

<i>(in thousand euros)</i>	Notes	December 31, 2017*	December 31, 2018
Net sales	2-2	2,041,408	1,949,764
Cost of goods	4	(971,889)	(935,513)
Gross profit ^(a)		1,069,518	1,014,251
Distribution costs	4	(291,599)	(286,384)
Administrative expenses	4	(211,474)	(210,458)
Other operating expenses	4	(170,612)	(167,592)
Other income	5	9,793	11,674
Other expenses	5	(30,773)	(102,724)
Income from operations		374,854	258,768
Income from cash and cash equivalents	6	9,419	6,186
Net finance income/(Net finance costs)	6	12,418	(3,367)
Income before tax		396,692	261,587
Income tax expense	7	(102,574)	(88,237)
Net income from consolidated entities		294,117	173,350
Net income from continuing operations	8	294,117	173,350
Net income from discontinued operations		(6,776)	-
Consolidated income of which:		287,341	173,350
Non-controlling interests		-	-
Net income Group share	8	287,341	173,350
Earnings per share Group share <i>(in euros)</i>		6.18	3.80
<i>Continuing operations</i>	8	6.33	3.80
<i>Discontinued operations</i>		(0.15)	-
Diluted earnings per share Group share <i>(in euros)</i> ^(b)		6.13	3.78
<i>Continuing operations</i>	8	6.29	3.78
<i>Discontinued operations</i>		(0.16)	-
Average number of shares outstanding net of treasury shares over the period	8	46,475,249	45,598,109

* Restated for IFRS 15 – Revenue from Contracts with Customers.

(a) Gross profit is the margin that the Group realizes after deducting its manufacturing costs.

(b) The dilutive elements taken into account are stock options.



2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousand euros)

	Notes	December 31, 2017*	December 31, 2018
GROUP NET INCOME*	A	287,341	173,350
OTHER COMPREHENSIVE INCOME			
Actuarial differences on post-employment benefits not recyclable to the income statement ^(a)		14,389	5,823
Deferred tax on actuarial differences on post-employment benefits	7-2	(30,691)	(1,384)
Total actuarial differences not recyclable to the income statement – Net of tax	B	(16,302)	4,439
Gain/(Loss) on cash flow hedge		33,252	(23,344)
Exchange differences arising on translation of overseas operations* ^(b)		(147,879)	(33,244)
Equity instruments at fair value		5	(3)
Deferred tax and current tax recognized on other comprehensive income	7-2	(120)	9,575
Other comprehensive income recyclable to the income statement – Net of tax	C	(114,742)	(47,017)
TOTAL COMPREHENSIVE INCOME	D=A+B+C	156,298	130,772
Attributable to:			
• BIC Group		156,298	130,772
• Non-controlling interests		-	-
TOTAL		156,298	130,772

* Restated for IFRS 15 – Revenue from Contracts with Customers.

(a) The impact of actuarial differences is mainly due to U.S. plans.

(b) The main items impacting the translation reserve variance for the period, by currency, are as follows: Brazilian real -22.7 million euros, U.S. dollar +16.9 million euros, Indian rupee -8.8 million euros, Argentinian peso -6.6 million euros and Mexican peso +5.4 million euros.

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

<i>(in thousand euros)</i>	Notes	December 31, 2017*	January 1, 2018**	December 31, 2018
Goodwill	10	276,851	278,961	210,158
Property, plant and equipment	9	631,083	684,589	699,755
Intangible assets	11	73,780	73,947	76,413
Investment properties		1,788	1,788	1,742
Other non-current assets	12	44,840	44,840	27,921
Deferred tax assets	13	140,637	140,152	141,968
Derivative instruments	23-4, 23-5	38	38	44
Non-current assets		1,169,017	1,224,315	1,158,001
Inventories	14	428,977	430,395	449,152
Income tax advance payments		32,254	32,254	34,755
Trade and other receivables	14, 21-5	477,080	473,499	534,683
Other current assets		12,763	12,763	14,703
Derivative instruments	23-4, 23-5	23,620	23,620	5,289
Other current financial assets	21-6, CF (h)	21,395	21,395	12,855
Cash and cash equivalents	21-4, CF	188,626	188,626	157,533
Current assets		1,184,715	1,182,552	1,208,970
TOTAL ASSETS		2,353,732	2,406,867	2,366,971

* Restated for IFRS 15 – Revenue from contracts with customers.

** Opening balance sheet – First application IFRS 9 – Financial assets depreciation, IFRS 16 – Leases and application of IAS29 "Financial Reporting in Hyperinflationary Economies" for Argentina.

The Group does not present an opening balance sheet as of January 1, 2017 as the IFRS 15 impact on the balance sheet is not significant (see Note 1).

CF: see consolidated cash flow statement.

Equity and liabilities

<i>(in thousand euros)</i>	Notes	December 31, 2017*	January 1, 2018**	December 31, 2018
Share capital	15-1	175,141	175,141	173,269
Accumulated profits		1,527,029	1,526,685	1,464,857
Shareholders' equity Group share		1,702,170	1,701,826	1,638,126
Non-controlling interests		-	-	-
Shareholders' equity	SHEQ	1,702,170	1,701,826	1,638,126
Non-current borrowings	16, 21-6	215	52,164	32,031
Other non-current liabilities		1,112	1,112	994
Employee benefits obligation	18	174,139	174,139	163,823
Provisions	17	42,171	42,171	43,507
Deferred tax liabilities	13	48,176	48,176	41,735
Derivative instruments	23-4, 23-5	104	104	37
Non-current liabilities		265,917	317,866	282,127
Trade and other payables	14	125,539	125,539	137,729
Current borrowings	16	4,866	6,396	22,580
Current tax due		10,774	10,774	15,869
Other current liabilities	19	242,245	242,245	259,107
Derivative instruments	23-4, 23-5	2,220	2,220	11,433
Current liabilities		385,645	387,175	446,718
TOTAL EQUITY AND LIABILITIES		2,353,732	2,406,867	2,366,971

* Restated for IFRS 15 – Revenue from contracts with customers.

** Opening balance sheet – First application IFRS 9 "Financial assets depreciation", IFRS 16 – Leases and application of IAS29 "Financial Reporting in Hyperinflationary Economies" for Argentina.

SHEQ: See consolidated statement of changes in equity.

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in thousand euros)</i>	Notes	Share capital	Accumulated profits	Addi- on- nal paid in capital	Actuarial differences recognized in equity	Trans- lation reserve	Cash flow hedge derivatives	Share- holders' equity Group share	Non- control- ling interests	Share- holders' equity
At January 1, 2017 published		178,333	1,644,117	-	(83,085)	62,182	(8,933)	1,792,615	-	1,792,615
IFRS 15 adjustment		-	(934)	-	-	-	-	-	-	(934)
At January 1, 2017 restated		178,333	1,643,182	-	(83,085)	62,182	(8,933)	1,791,681	-	1,791,681
Dividends paid	CF, 20	-	(161,045)	-	-	-	-	(161,045)	-	(161,045)
Decrease in share capital		(3,804)	(93,334)	-	-	-	-	(97,138)	-	(97,138)
Increase in share capital		281	3,634	-	-	-	-	3,915	-	3,915
Treasury shares		331	391	-	-	-	-	722	-	722
Recognition of share-based payments	CF, 22	-	-	7,851	-	-	-	7,851	-	7,851
Other movements		-	(111)	-	-	-	-	(111)	-	(111)
Total transactions with shareholders		(3,193)	(242,615)	-	-	-	-	(245,807)	-	(245,807)
Net income for the period*		-	287,341	-	-	-	-	287,341	-	287,341
Other comprehensive income		-	11,245	-	(16,302)	(147,879)	21,892	(131,044)	-	(131,044)
IFRS 9 – Hedge accounting restatement**		-	2,136	-	-	-	(2,136)	-	-	-
Total comprehensive income		-	300,722	-	(16,302)	(147,879)	19,756	156,297	-	156,297
December 31, 2017		175,141	1,693,439	7,851	(99,387)	(85,697)	10,823	1,702,170	-	1,702,170
IFRS 9 adjustment – Financial assets depreciation		-	(3,583)	-	-	-	-	(3,583)	-	(3,583)
Hyperinflation impact in Argentina on the opening***		-	3,239	-	-	-	-	3,239	-	3,239
At January 1, 2018 restated		175,141	1,693,095	7,851	(99,387)	(85,697)	10,823	1,701,826	-	1,701,826
Dividends paid	CF, 20	-	(157,762)	-	-	-	-	(157,762)	-	(157,762)
Decrease in share capital ^(a)		(2,626)	(51,399)	-	-	-	-	(54,025)	-	(54,025)
Increase in share capital ^(b)		261	4,096	-	-	-	-	4,357	-	4,357
Treasury shares		493	(930)	-	-	-	-	(437)	-	(437)
Recognition of share-based payments	CF, 22	-	-	8,404	-	-	-	8,404	-	8,404
Hyperinflation impact in Argentina***		-	4,999	-	-	-	-	4,999	-	4,999
Other		-	(2)	-	-	(2)	(4)	(8)	-	(8)
Total transactions with Shareholders		(1,871)	(200,998)	8,404	-	(2)	(4)	(194,472)	-	(194,472)
Net income for the period		-	173,350	-	-	-	-	173,350	-	173,350
Other comprehensive income		-	1,394	-	4,439	(33,244)	(15,166)	(42,578)	-	(42,578)
Total comprehensive income		-	174,744	-	4,439	(33,244)	(15,166)	130,772	-	130,772
December 31, 2018		173,269	1,666,841	16,255	(94,948)	(118,943)	(4,347)	1,638,126	-	1,638,126

(a) 687,396 shares were cancelled during 2018.

(b) Following the exercise of stock options, the share capital was increased by 68,396 shares.

CF: see consolidated cash flow statement.

* Restated for IFRS 15 – Revenue from contracts with customers.

** Restated for IFRS 9 for the time value of option (73 thousand euros) and forward contracts (-3,416 thousand euros).

*** Impact of the application of IAS 29 (See Note 1).



5. CONSOLIDATED CASH FLOW STATEMENT

<i>(in thousand euros)</i>	Notes	December 31, 2017*	December 31, 2018
Operating activities			
Net income Group share*	IS	287,341	173,350
• Net income from discontinued operations		(6,776)	-
• Net income from continuing operations*		294,117	173,350
<i>Income and expense without cash impact:</i>			
Argentina hyperinflationary accounting	1	-	5,360
Depreciation and amortization of intangible and tangible assets and investment properties	2, 9-2, 11	93,203	108,958
Impairment loss	9-2, 11	837	1,659
Goodwill impairment	10, (a)	-	74,176
Provision for employee benefits	18	19,693	17,744
Other provisions (excluding provisions on current assets)	17	6,590	1,603
Unrealized foreign currency gain/loss	(b)	(16,117)	(6,669)
Hedging and derivative instruments		(6,449)	4,332
Option premium expense		778	746
Recognition of share-based payments	22, SHEQ	8,824	8,404
Deferred tax variation*	13	6,153	604
(Gain)/Loss from disposal of fixed assets	5, (c)	9,043	4,291
Cash flow from operations		409,895	394,557
(Increase)/Decrease in net working capital*	14, (d)	(8,116)	(72,975)
Payments related to employee benefits	18-2 (e)	(16,397)	(19,423)
Financial expense/(income)	6	(6,277)	(1,954)
Interest (paid)/received		6,080	2,067
Income tax expense	7-1	92,700	83,989
Income tax paid	(f)	(97,328)	(82,356)
• Net cash from operating activities from continuing operations		374,476	303,905
• Net cash from operating activities from discontinued operations		6,081	-
NET CASH FROM OPERATING ACTIVITIES		380,557	303,905
Investing activities			
Disposal of fixed assets	(c)	2,576	1,415
Purchases of property, plant and equipment	9-1, (g)	(166,031)	(119,506)
Purchases of intangible assets	11, (g)	(8,780)	(5,857)
(Increase)/Decrease in other investments		(528)	296
Purchase of other current financial assets	(h)	(22,870)	-
Sale of other current financial assets	(h)	30,012	8,235
Divestiture of BIC Graphic North America and Asian Sourcing	(i)	55,749	9,162
Cash out on business and asset divestitures	(i)	(1,889)	-
BIC Sport divestiture	(i)	-	2,656
Purchase of Haco Industries Kenya	(i)	-	(6,327)
• Net cash from investing activities from continuing operations		(108,401)	(109,926)
• Net cash from investing activities from discontinued operations		(3,360)	-
NET CASH FROM INVESTING ACTIVITIES		(111,761)	(109,926)
Financing activities			
Dividends paid	SHEQ, 20, (j)	(161,045)	(157,762)
Borrowings/(Repayments)	16, (k)	(18,490)	(1,115)
Payments of obligations under finance leases		(1,168)	(16,757)
Purchase of financial instruments	23	(500)	(973)
Increase in treasury shares	(l)	(97,989)	(54,179)
Exercise of stock options	(l)	3,834	4,269
• Net cash from financing activities from continuing operations		(273,056)	(226,517)
• Net cash from financing activities from discontinued operations		(2,302)	-
NET CASH FROM FINANCING ACTIVITIES		(275,358)	(226,517)
Net cash variation		(6,562)	(32,538)
Opening cash and cash equivalents net of bank overdrafts	BS, 16, 21	217,430	186,969
Exchange difference		(23,899)	(4,636)
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	BS, 16, 21	186,969	149,795

* Restated for IFRS 15 – Revenue from Contracts with Customers.

IS: See consolidated income statement.

SHEQ: See consolidated statement of changes in equity.

BS: See consolidated balance sheet.

As of December 31, 2018 cash and cash equivalents amounted to 157.5 million euros and bank overdrafts to 7.7 million euros.

Net cash from operating activities

2018 net cash from operating activities amounted to 303.9 million euros and included 5.9 million euros in payments related to restructuring (16.4 million euros during 2017).

In 2018, a partial Cello goodwill impairment amounting to 68.7 million euros and the full Pimaco goodwill impairment for 5.5 million euros have been booked (see note 10) ^(a) and constitute non-cash events.

The Group recorded foreign exchange (gains)/ losses with no cash impact in financial income and restated these in the consolidated cash flow statement ^(b).

In 2017, this amount included a favorable foreign exchange impact (+18.2 million euros) due to reimbursement of an inter-company loan of 125 million U.S. dollars used to purchase BIC Graphic North America (see Note 6) ^(b).

End of 2018, Bic Sport was sold to Tahe Outdoors, generating a net loss of 4.4 million euros ^(c).

During 2017, the loss on disposal before tax corresponded to BIC Graphic North America and Asian Sourcing operations and amounted to 10.0 million euros ^(c).

There was no disposal of individually significant fixed assets during 2017 and 2018 ^(c).

The working capital (see note 14 for the definition) increase amounted to 73.0 million euros compared to an increase in 2017 of 8.1 million euros. The 2018 variance is mainly explained by a increase in trade receivables ^(d).

The payments related to employee benefits were mainly driven by the U.S. ^(e).

The decrease of the income tax paid during 2017 was explained by the invalidation of the French 3% additional Corporate Income Tax on dividends amounting to 24.5 million euros, which 20.0 million euros had already been received at the end of 2017 (see Note 7.1) ^(f).

Net cash from investing activities

Net cash from investing activities amounted to -109.9 million euros in 2018 compared to -111.8 million euros in 2017.

During 2018 and 2017, there was no disposal of individually significant fixed assets ^(c).

During 2018, the BIC Group purchased 125.4 million euros of property, plant and equipment and intangible assets (including 1.6 million euros related to assets payables variance) ^(g).

Purchases of property, plant and equipment do not include finance leases booked as a counterpart to a financial debt, as these transactions do not have any impact on cash ^(h).

The amount of financial assets classified under "Other current financial assets" refers to investments not eligible for classification as cash & cash equivalents under IAS 7. As of December 31, 2018, these investments consisted of units of UCITS and negotiable debt securities, all of which are liquid within 5 days ^(h).

At the end of 2018, the transfer of Haco Industries Kenya Ltd stationery manufacturing and distribution to BIC was completed ⁽ⁱ⁾ and 6.3 million euros were paid. 9.9 million expected to be paid during the coming 3 years.

End of 2018, Bic Sport was sold to Tahe Outdoors ⁽ⁱ⁾. Net proceeds on disposal of 2.7 million euros represent the proceeds net of cash and cash equivalent of the entities divested and also net of related costs.

Remaining cash in related to Bic Graphic divestiture in 2017 was cashed in 2018 for 9.2 million euros.

During 2017, the BIC Group had disposed of BIC Graphic North America and Asian Sourcing operations. The net disposal price amounted to 55.7 million euros (63.6 million U.S. dollars) ⁽ⁱ⁾.

The expenses related to the sale of BIC Graphic North America and Asian Sourcing amounted to 1.9 million euros ⁽ⁱ⁾.

Net cash from financing activities

Net cash from financing activities amounted to -226.5 million euros in 2018 compared to -275.4 million euros in 2017.

The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see Note 20) ^(j).

As of December 31, 2018, new borrowings amounted to 1.1 million compared to 1.5 million euros (mainly in Turkey). In 2017, a very short-term financing of 20 million euros was repaid in France.

During 2018, 687,396 shares were repurchased by SOCIÉTÉ BIC for 54.0 million euros and 1,706 shares were repurchased by BIC Corporation for an amount of 0.2 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 583,915 shares for 48.2 million euros and sold 580,470 shares for 48.5 million euros. In addition, 68,396 options were exercised in the period for 4.4 million euros. Moreover, in early 2018, SOCIÉTÉ BIC received 0.7 million euros related to stock options exercised at the end of 2017 and 0.5 million euros related to 2018 stock options exercised that have not yet been received at end of December 2018 ^(k).

During 2017, 995,854 shares were repurchased by SOCIÉTÉ BIC for 97.1 million euros. Under the liquidity agreement, SOCIÉTÉ BIC had bought 491,298 shares for 52.3 million euros and sold 484,558 shares for 51.6 million euros. In addition, 73,559 options were exercised in the period for 3.9 million euros, including 0.7 million euros which had not yet been received at end of December 2017. Moreover, in early 2017, SOCIÉTÉ BIC had received 0.6 million euros related to stock options exercised at the end of 2016 ^(k).



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NOTE 1 MAIN RULES AND ACCOUNTING POLICIES

Approval of the financial statements

The BIC Group's consolidated financial statements for FY 2018 were approved by the Board of Directors' Meeting of February 13, 2019 and are submitted for approval to the Annual Shareholders' Meeting to be held on May 22, 2019.

1-1 Accounting policies

1-1-1 General policies

Pursuant to European regulation (EC) no.1606/2002 of July 19, 2002 on international accounting standards, the consolidated financial statements of the BIC Group have been prepared in accordance with accounting principles as defined by the International Accounting Standards Board (IASB) as adopted by the European Union as of December 31, 2018.

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

At the end of the year, there were no differences between the reference standards used and the standards adopted by the IASB, whose application is mandatory for the period presented.

The financial statements have been prepared on a historical cost basis, except for the valuation of certain financial instruments measured at the fair value. The main accounting policies remain unchanged compared to the prior year, except for the following policies, effective since January 1, 2018.

1-1-2 Adoption of new and revised IFRS, interpretations and amendments

Standards, interpretations and amendments effective for periods starting January 1, 2018

The following standards and amendments are effective since January 1, 2018 and have been applied to the consolidated financial statements for the period ended December 31, 2018:

- IFRS 9 – Financial Instruments.

The implementation of this standard has the following main impacts on the financial statements:

- Impairment of financial assets (particularly trade receivables) is based on expected credit losses (instead of observed), starting as from initial recognition.

To determine the expected credit losses for the portfolio, the Group uses a provision matrix based on its historical observed default rates over the expected remaining life of the trade receivables, which is adjusted for forward-looking estimates.

The additional amount of provision to be recorded is booked through Shareholders' equity at the transition date. It amounts to 3.6 million euros;

- BIC applies IFRS 9 for hedge accounting. Therefore, for option and forward contracts documented in hedge accounting, the fair value change in:

- the time value component of options, and
- the forward points is recorded through OCI. These amounts will be recycled in financial income when the hedged item is recorded.

The impact of the restatement as of January 1, 2018 amounts to 73 thousand euros for the time value of the options and 3.4 million euros for forward exchange contracts (2.1 million euros after tax);

- IFRS 15 – Revenue from Contracts with Customers and Amendments to IFRS 15 – Clarification.

In May 2014, the IASB released IFRS 15 with the FASB (Financial Accounting Standards Board). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes the following revenue Standards and Interpretations as of January 1, 2018: IAS 18 – Revenue; IAS 11 – Construction Contracts; IFRIC 13– Customer Loyalty Programmes; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers; and SIC 31 – Revenue – Barter Transactions Involving Advertising Services.

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is presented in a five-step model framework:

- identify the contract(s) with a customer,
- identify the performance obligations in the contract,
- determine the transaction price,
- allocate the transaction price to the performance obligations in the contract,
- recognize revenue when (or as) the entity satisfies a performance obligation.

The effects on the consolidated financial statements are limited and concern certain contractual clauses in the sales agreements. The main impact is related to business development funds that consist of general brand promotions or advertising services (that the Group could have also acquired from a third-party advertising supplier) and is accounted for as an operating expense instead of net sales amounting 23.3 million euros as of December 31, 2017.

The Income from operations is not affected significantly, but this new accounting treatment mainly results in a reclassification between net sales and expenses. The Group has decided to apply the standard retrospectively to the prior reporting period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.



The Group has not presented an opening balance sheet as of January 1, 2017 as the impact is not significant on the balance sheet (see consolidated statement of changes in equity);

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration.

Standards, interpretations and amendments with mandatory application after 2018 and adopted by the European Union

- In 2018, the Group did not elect to early apply any standard, interpretation or amendment approved by the European Union, with the exception of IFRS 16 - Leases.

Upon its initial implementation, IFRS 16 affects the accounting of leases by lessees:

- as of January 1, 2018, the lessees, which apply IFRS 16 early, have to recognize in the assets of the balance sheet in the form of a right of use (see Note 9) with a counterpart of a rent liability (see Note 16), all leases of whatever nature, either operating leases or finance leases;
- in addition to the effect on the statement of financial position, the income statement is also affected: instead of the current operating expense, lessees recognize a depreciation charge on the right of use (see Note 4) and an interest expense (see Note 6);
- regarding the statement of cash flows, only the interest expenses continue to affect the operating cash flows, while the financing cash flows are impacted by the repayment of the debt.

Financial reporting is subject to a significant amount of judgement when applying the new accounting standard, notably:

- the estimation of the remaining duration of each lease;
- and the determination of the discount rate.

The Group has chosen the modified retrospective transition method.

- Amendments to IFRS 2 – Classification and measurement of share-based payment transactions.

Standards, interpretations and amendments issued with mandatory application after 2018 but not yet adopted by the European Union that may have an impact on the Group's financial statements

- IFRIC 23 – Uncertainty over Income Tax Treatments;
- Amendments to IAS 19 – Plan Amendments, Curtailments and Settlements.

Analysis of the practical consequences of these new standards is in progress.

1-1-3 Consolidation of subsidiaries

The consolidated financial statements include the financial statements of the parent company, SOCIÉTÉ BIC, and of the entities controlled by SOCIÉTÉ BIC ("its subsidiaries"). An investor controls an investee if it has the exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by other entities of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

1-1-4 Estimates and judgments

In preparing the consolidated financial statements, the BIC Group has to make estimates and assumptions that impact the consolidated financial statements and information reported in certain notes to the financial statements. The BIC Group regularly reviews these estimates and assumptions in order to take into account past experience as well as changes in the economic environment, especially in some key countries of the Group. The results of these reviews could lead to the amounts published in future consolidated financial statements differing from those previously disclosed.

The assumptions on which the main estimates are based and the assessment made are explained in the following notes:

- Note 1-2: Change in Group structure;
- Note 10: Goodwill;
- Note 17: Provisions;
- Note 18: Pensions and other employee benefits;
- Note 21-6: Fair value of financial assets and liabilities;
- Note 23: Derivative financial instruments and hedge accounting.

1-1-5 Hyperinflation accounting in Argentina

Argentina is now considered as "hyperinflationary" as defined by IFRS rules. Consequently, BIC applied IAS 29 related to Financial Reporting in Hyperinflationary Economies become applicable in Argentina from July 1st, 2018 with effect from January 1st, 2018. Adoption of IAS 29 in this hyperinflationary country requires its non-monetary assets and liabilities and its income statement to be restated to reflect the changes in the general pricing power of its functional currency. Moreover, its financial statements are converted into euro using the closing exchange rate of the relevant period.

The opening impact of IAS 29 is reflected in the balance sheet in opening equity at 1st January 2018 and financial statements incorporate IAS29 with effect from January 1st, 2018.

The main effects on the Group financial statements as of 31 December 2018 are:

- Net Sales increased by 3.8 million euros and income from operation by 0.9 million euros as the inflation is greater than the exchange rate impact (end of month rate vs. average month rate);
- A monetary loss of 5.4 million euros has been recorded in the net income;
- The non-monetary items balance sheet restatement prior to 2018 with an increase of 3.2 million euros opening equity as of January 1st 2018;

See below the detail of the non-monetary balance sheet items:

<i>(In thousand euros)</i>	December 31, 2017	Impact of Argentina Hyperinflation	January 1, 2018 restated
Goodwill	276,851	2,110	278,961
Property, plant and equipment	631,083	29	631,113
Intangible assets	73,780	166	73,947
Deferred tax assets	140,637	(484)	140,152
Inventories	428,977	1,148	430,395
Shareholders' equity Group share	1,702,170	3,239	1,705,409

1-2 Change in Group structure

Accounting policies

- In accordance with Revised IFRS 3 – Business Combinations, business combinations completed after January 1, 2010 are accounted by using the purchase method. Identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date and, when appropriate, non-controlling interests in the acquiree are measured at either fair value or at the proportionate part in the fair value of the assets and liabilities of the acquired entity. This option is available on an individual basis for each business combination transaction.
- Any share previously held in the acquiree before the takeover, should be reassessed at fair value and the corresponding profit or the loss recorded in the income statement.
- Badwill is recorded immediately in the income statement.
- When incurred, acquisition costs are recognized immediately as expenses, except those relating to equity instruments (which reduce the Shareholders' equity amount).
- Any potential price adjustment is estimated at fair value as of the acquisition date and this initial assessment can only later be adjusted against goodwill in the case of new information related to facts and circumstances existing at the date of acquisition and to the extent that the assessment was still described as provisional (assessment period limited to 12 months); any subsequent adjustments that do not meet these criteria are recorded as a liability or receivable through the Group income statement.
- Put options granted to non-controlling interests of fully consolidated subsidiaries are considered as financial debt. The value of the debt is estimated using the contract formulas or prices. When utilizing formulas based upon multiples of earnings minus debt, the Group uses the actual profit/loss of the entity in the period and its debt at the closing date of the fiscal year.
- The Group recorded these put options as a financial debt at the present value of the put exercise price with Group Shareholders' equity as a counterpart; subsequent changes in debt are treated similarly.

Change in the consolidation scope

On January 2nd, 2019, BIC Group announced that it had signed an Asset and Share Purchase Agreement to sell its water sports subsidiary, BIC Sport to Take Outdoors for a total Enterprise. The closing was effective as of December 31, 2018. The disposal price amounted 4.4 million euros subject to potential price adjustments.

The related net loss amounts to 4.4 million euros.

Consequently, the subsidiaries BIC Sport France, BIC Sport North America Inc. and BIC Sport Australia Pty. Ltd. were excluded from the Group consolidation scope as of December 31, 2018.

BIC announced on January 2nd, 2019 that it had completed the transfer of Haco Industries Kenya Ltd manufacturing facilities in Kenya and distribution of Stationery, Lighters, and Shavers in East Africa to BIC.

This business was fully consolidated into the financial statements as of December 31, 2018. This acquisition has been treated as a business combination.

A preliminary goodwill recognized for 611 million Shilling Kenyan (5.5 million euros at the date of the transaction) was determined based the fair value of net assets of Haco at the acquisition date. This amount is provisional as of December 31, 2018.



NOTE 2 OPERATING SEGMENTS

Accounting policies

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is presented in a five-step model framework:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contract,
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The effects on the consolidated financial statements are limited and concern certain contractual clauses in the sales agreements. The main impact is related to business development funds that consist of general brand promotions or advertising services (that the Group could have also acquired from a third-party advertising supplier) and is accounted for as an operating expense instead of net sales.

2-1 General information

BIC Group operating segments have been determined based on the reports regularly provided to the management and used to make strategic decisions.

The management, composed of operational representatives responsible for the continents, representatives of the categories and cross-functional functions, considers the business from a product category perspective, knowing that each category can be reviewed for a specific geographic area if necessary.

On February 7, 2017, the BIC Group confirmed the strategic alternatives review for BIC Graphic North America and the Asia sourcing operations. Consequently, since the first half 2017, BIC Graphic is no longer considered as a separate category or reporting segment. The activities of BIC Graphic Europe and Developing Markets are now accounted and presented in the Stationery and Other Products categories.

The categories are as follows: Stationery, Lighters, Shavers, Other Products.

These operating segments receive their revenues from the production and distribution of each product category.

2-2 Information on the income statement and assets by activity

All indicators are determined according to IFRS, except for:

- normalized income from operations, which is the income from operations restated for non-recurring items (in particular real

estate gains, the gain or loss on the sale of businesses, goodwill depreciation and restructuring costs). It constitutes the key financial metrics used within the Group;

- capital additions, which are the purchases and internal generation of property, plant and equipment and intangible fixed assets for the period.

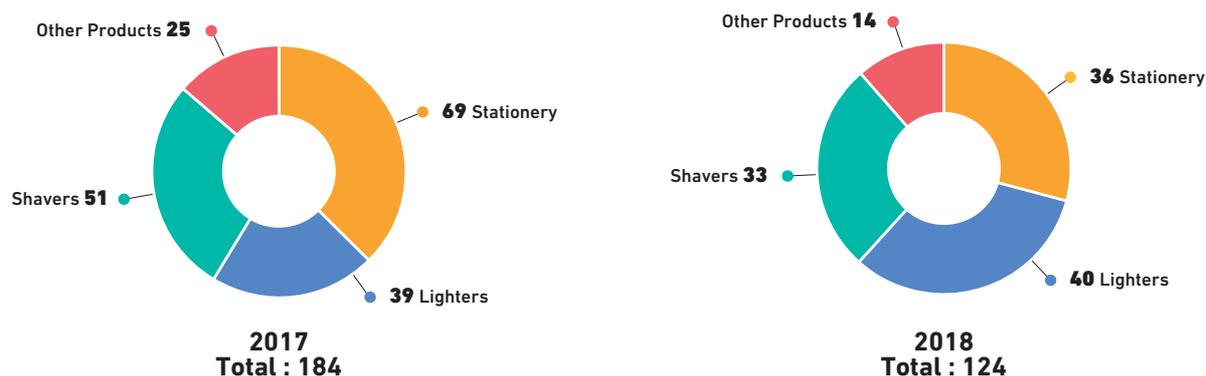
(in million euros)	At December 31, 2017*					December 31, 2018				
	Stationery	Lighters	Shavers	Other Products	Total	Stationery	Lighters	Shavers	Other Products	Total
Income Statement										
• Net sales	804	708	459	70	2,041	772	686	438	54	1,950
• Depreciation and amortization	(24)	(21)	(29)	(19)	(93)	(30)	(22)	(32)	(23)	(109)
• Impairment loss	-	-	(1)	-	(1)	(69)	-	-	(5)	(74)
• Income from operations	55	277	60	(17)	375	(14)	242	44	(13)	259
Restatements made to obtain the normalized income from operations										
• Cello goodwill impairment	-	-	-	-	-	69	-	-	-	69
• Pimaco goodwill impairment	-	-	-	-	-	-	-	-	5	5
• Restructuring costs	-	-	-	-	-	9	4	2	-	15
• Bic Sport divestiture	-	-	-	-	-	-	-	-	5	5
• IAS 29 impact Argentina	-	-	-	-	-	(1)	-	-	-	(1)
• Restructuring costs related to continuing BIC Graphic operations	-	-	-	-	24	-	-	-	-	-
Normalized income from operations	66	278	60	(4)	400	63	246	46	(3)	352

* Restated for IFRS 15 – Revenue from Contract with Customers.

As of December 31, 2018, the BIC Group had not identified any major customer with which it realized more than 10% of its net sales over the period.

CAPITAL ADDITIONS ⁽¹⁾

(in million euros)

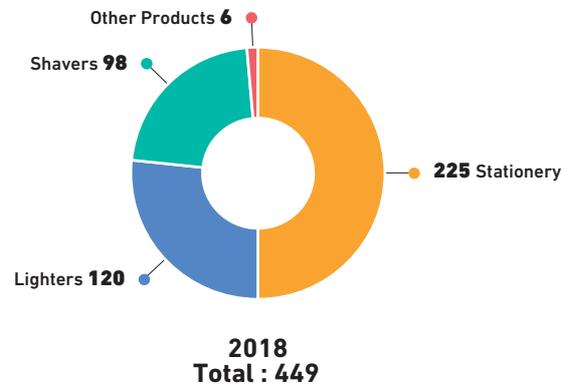
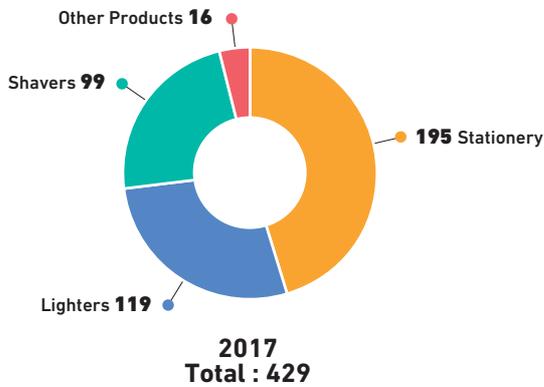


(1) Excluding capital additions of discontinued operations (2 million euros in 2017) and excluding capital additions non cashed out (1 million euros for 2018).



NET INVENTORIES

(in million euros)

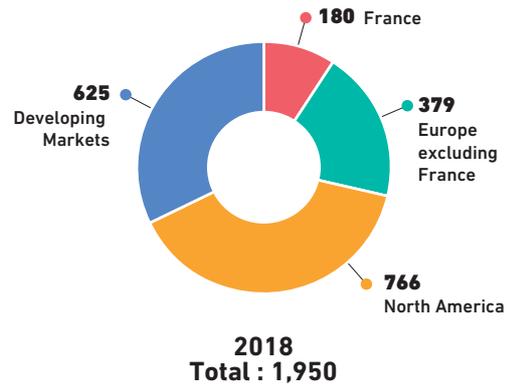
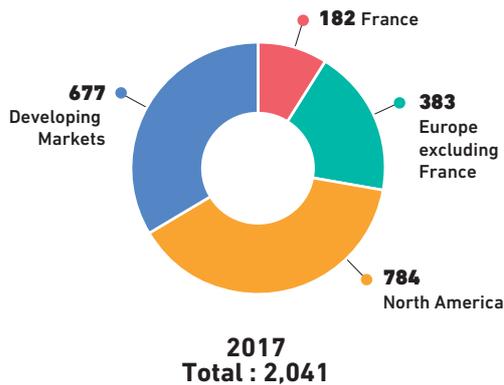


2-3 Information by geography

Since 2010, the geographies identified by the management are: France, Europe (excluding France), North America and Developing Markets.

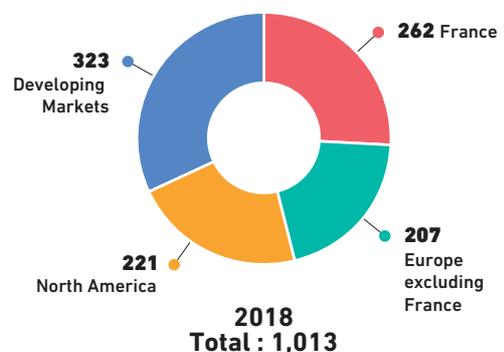
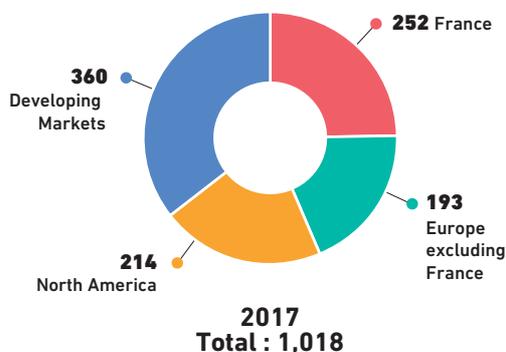
NET SALES ⁽¹⁾

(in million euros)



NON-CURRENT ASSETS ⁽²⁾

(in million euros)



(1) Restated for IFRS 15 – Revenue from Contract with Customers.

(2) Other than financial instruments (0.04 million euros in 2018 and in 2017), deferred tax assets (142 million euros in 2018 and 140.6 million euros in 2017).

NOTE 3 EXCHANGE RATES OF FOREIGN CURRENCIES

Accounting policies

- The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the result and financial position of each entity are expressed in a common currency, the Euro, which is the functional currency of SOCIÉTÉ BIC as well as the presentation currency for the consolidated financial statements.
- In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each closing date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the transaction date. Non-monetary items that are measured at fair value are translated using the exchange rates prevailing at the date of the measurement.
- Exchange differences arising from the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss for the period.
- In order to hedge its exposure to certain foreign exchange risk, the Group enters into forward contracts and options (see Note 23 for details of the Group's accounting policies regarding derivative financial instruments).
- For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in euros using the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

The following table shows foreign currency equivalents of one euro (for instance: average 2018 is 1 euro = 1.18 U.S. dollars).

Foreign currencies	Average 2017	Average 2018	December 31, 2017	December 31, 2018
	Euro	Euro	Euro	Euro
U.S. dollar - USD	1.13	1.18	1.20	1.15
Australian dollar - AUD	1.47	1.58	1.53	1.62
Canadian dollar - CAD	1.47	1.53	1.50	1.56
Swiss franc - CHF	1.11	1.15	1.17	1.13
Chinese renminbi - CNY	7.63	7.80	7.80	7.88
British pound - GBP	0.88	0.88	0.89	0.89
Hong Kong dollar - HKD	8.81	9.26	9.37	8.97
Indian rupee - INR	73.51	80.71	76.61	79.73
Japanese yen - JPY	126.74	130.34	135.01	125.85
Korean won - KRW	1,275.42	1,298.82	1,279.00	1,278.00
Malaysian ringgit - MYR	4.85	4.76	4.85	4.73
New Zealand dollar - NZD	1.59	1.71	1.69	1.71
Philippine peso - PHP	54.47	62.22	59.80	60.11
Polish zloty - PLN	4.26	4.26	4.18	4.30
Swedish krona - SEK	9.64	10.26	9.84	10.25
South African rand - ZAR	15.04	15.60	14.81	16.46
Argentinian peso - ARS ^(a)	18.77	43.13	22.65	43.13
Brazilian real - BRL	3.61	4.31	3.97	4.44
Mexican peso - MXN	21.31	22.73	23.66	22.49
Ukrainian hryvnia - UAH	30.07	32.09	33.78	31.74
Russian ruble - RUB	65.93	74.02	69.39	79.72

(a) see note 1-1-5

To date we do not see any significant impact attributable to Brexit. The British subsidiary of the BIC Group, BIC UK, has been importing most of its products from BIC factories located in the Euro zone for years and is invoiced in euros by these entities.

The fluctuation of the exchange rate of the British Pound against the Euro is fully integrated into our foreign exchange risk management processes. The exposure of our British perimeter amounts 14.2 million euros as of December 31, 2018.



NOTE 4 OPERATING EXPENSES

Accounting policies

- Government grants are recognized systematically in profit or loss over the periods necessary to match them with the associated costs and presented as a reduction to the related expenses.
- The research and development tax credit is deducted from operating expenses and the French tax credit for Competitiveness and Employment is deducted from labor costs.
- Research expenses are recognized as expenses in the period in which they were incurred.

<i>(in thousand euros)</i>	At December 31, 2017*	December 31, 2018
Raw materials, consumables used and change in inventory	525,962	509,277
Staff costs	524,648	505,683
Depreciation and amortization expenses	88,095	108,958
Other operating expenses*	506,959	489,451
Impairment loss on manufacturing equipment	-	1,501
Gain on operational foreign currency translation	(90)	(14,923)
TOTAL	1,645,574	1,599,947

* Restated for IFRS 15 – Revenue from Contract with Customers.

Other income and expenses are not included in the total amount and are disclosed in Note 5.

Other operating expenses mainly include outside services.

Research and development costs recognized under operating expenses for 2018 amounted to 35.3 million euros, versus 36.4 million euros for 2017.

They include the French research tax credit for 1.4 million euros, versus 1.3 million euros for 2017.

The tax credit for competitiveness and employment (CICE) amounted to 2.1 million euros in 2018, versus 2.6 million euros in 2017.

The rental expense related to lease contracts falling under IFRS 16 but benefiting from the exemption (duration under 12 months or asset value less than 5,000 dollars) is not included in the valuation of the financial debt and amounts 78 thousand euros in 2018.

NOTE 5 OTHER INCOME AND EXPENSES

<i>(in thousand euros)</i>	December 31, 2017	December 31, 2018
Royalties income	8	19
Gain on disposal of fixed assets	940	598
Other	8,845	11,057
Other income	9,793	11,674
Impairment loss	(837)	(74,334)
Restructuring costs related to retained BIC Graphic operations	(23,742)	-
Cost reduction plans – other	(967)	(15,396)
BIC Sport divestiture loss	-	(4,889)
Other	(5,227)	(8,104)
Other expenses	(30,773)	(102,724)
TOTAL	(20,980)	(91,050)

In 2018, other income and expenses mainly include the partial Cello goodwill impairment charge amounting to 68.7 million euros and the full Pimaco goodwill impairment charge for 5.5 million euros (see note 10). They also relate to BIC Sport loss on disposal

as of December 31, 2018 for 4.9 million euros and restructuring costs amounting 15.4 million euros, mainly due to Stationery and Lighters manufacturing reorganization, Organizational review and Haco Industries restructuring costs.

Other income and expenses incurred in 2017 mainly included restructuring costs for -24.7 million euros related essentially to

Graphic Europe reorganization costs (Redundancy costs and inventory write down).

NOTE 6 FINANCIAL INCOME

Accounting policies

- Interest income is accrued on a time basis, by reference to the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to the asset's initial value.
- Dividend income from investments is recognized when the Shareholder's right to receive payment has been established.
- Considering the nature of the BIC Group's activities, interest and dividends received are disclosed as financial income in the income statement.
- All borrowing costs are recognized as expenses in the period in which they are incurred.
- For lease contracts falling within the scope of IFRS 16, the rental expense is replaced by a depreciation charge of the right of use booked in operating expenses (cf. note 4) and a financial expense recorded in financial expense.

(in thousand euros)

	December 31, 2017	December 31, 2018
Interest income from cash and cash equivalents	2,708	3,269
Interest on bank deposits	4,193	2,917
Interests related to the 3% CIT reimbursement	2,518	-
Income from cash and cash equivalents	9,419	6,186
Interest expense	(3,152)	(2,751)
Cost of financial debt – IFRS 16	-	(1,481)
Hedging instruments revaluation	674	-
Argentina hyperinflation accounting - IAS 29		(5,880)
Net financial foreign exchange difference	14,897	6,745
Net finance income/(Net finance costs)	12,418	(3,367)
FINANCE (COSTS)/REVENUE	21,837	2,819

The decrease in financial income during 2018 compared to 2017 comes from several factors:

- Income from cash and cash equivalents decreased compared to the previous period due to the moratorium interests related to the 3% CIT reimbursement;
- 2018 was negatively impacted by Argentina hyperinflation accounting for 5.9 million euros (see Note 1);
- An inter-company loan of 125 million U.S. dollars used to purchase BIC Graphic North America and previously

considered as a net investment in a foreign operation had been repaid during the year 2017. Following the sale of BIC Graphic, the exchange differences recorded in equity in the translation reserve had been recycled in the income statement for an amount of 18.2 million euros;

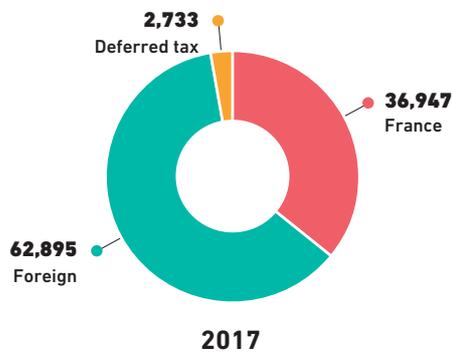
- During the year 2018, the appreciation of the U.S. dollar against the euro generated a favorable impact, yet less favorable compared to 2017, on the valuation of financial assets denominated in U.S. dollars.



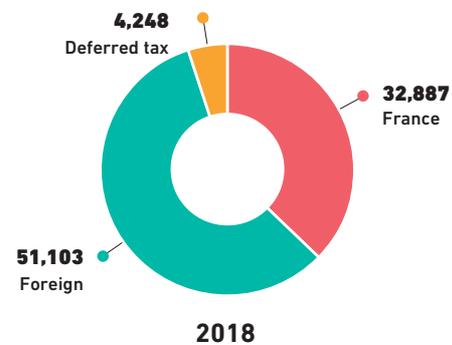
NOTE 7 INCOME TAX

Accounting policies

- Income tax expense represents the sum of the tax currently payable and deferred tax.
- The tax currently payable is based on taxable profit for the year. Taxable income differs from income as published in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Liability for current tax is calculated using tax rates that have been enacted as of the balance sheet date.
- BIMA 83, BIC Écriture 2000, BIC Services, BIC 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 and BIC Éducation are part of the SOCIÉTÉ BIC tax group.

7-1 Income tax expense⁽¹⁾

Income tax expense
Total : 102,574



Income tax expense
Total : 88,237

The normal income tax rate in France is 34.43% (including social contributions) for the fiscal year ended 2018 (unchanged from 2017).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective countries.

The Group uses the French tax rate as the theoretical base for the reconciliation between the theoretical tax expense and the effective income tax expense. Thus one of the main elements of reconciliation is the effect of differences in tax rates.

As of December 31, 2018, the main contributors were the U.S., United Kingdom, Spain and Mexico. (As of December 31, 2017, the main contributors were the U.S., Greece, Spain and Mexico).

As of December 31, 2018, Cello and Pimaco have been impaired respectively for an amount of 68.7 million euros and 5.5 million euros (see notes 5 et 10) and generated an increase in the Group effective tax rate (see initial recognition exemptions).

As of December 31, 2017, the invalidation of the 3% additional French Corporate Income Tax on dividends amounted 24.5 million euros was included in the income tax. The related income interests amounting to 2.5 million euros were recorded in financial income (see note 6).

The French exceptional contribution of 15% amounting to 6.6 million euros was also included in the income tax as of December 31, 2017.

(1) Restated for IFRS 15 – Revenue from Contract with Customers.

Reconciliation between theoretical tax expense and effective income tax expense:

<i>(in thousand euros)</i>	At December 31, 2017*	December 31, 2018
Income before tax	396,691	261,587
Tax rate	34.43%	34.43%
Theoretical tax expense	136,581	90,064
Effects of:		
• differences in tax rates	(10,901)	(22,199)
• income taxed at reduced rate	(4,753)	(4,765)
• initial recognition exemptions	(15,811)	35,743
• intra-Group accruals eliminations	7,733	(1,058)
• tax assets not recognised on tax losses	91	1,456
• tax assets/liabilities not recognised on prior years	4,620	537
• tax assets recognised on prior year tax losses	(5,505)	448
• tax credits	(11,119)	(13,294)
• foreign exchange differences	1,638	1,305
INCOME TAX EXPENSE	102,574	88,237
EFFECTIVE TAX RATE	25.86%	33.73%

* Restated for IFRS 15 – Revenue from Contract with Customers.

In addition, as of December 31, 2018, the BIC Group has 27.3 million euros of unrecognized deferred tax assets relating to unused tax losses, versus 23.6 million euros in 2017.

7-2 Deferred and current tax recognized in other comprehensive income

Deferred and current taxes recognized in other comprehensive income result from the following items:

At December 31, 2018

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	5,823	(1,384)
Cash flow hedge	(23,344)	8,177
Foreign exchange impact	(33,244)	1,638
Other	(3)	(245)
Total other comprehensive income (2)	(56,592)	9,575
TOTAL (1) + (2)	(50,769)	8,191

At December 31, 2017*

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	14,389	(30,691)
Cash flow hedge	33,252	(11,360)
Foreign exchange impact	(147,879)	11,241
Other	5	-
Total other comprehensive income (2)	(114,622)	(120)
TOTAL (1) + (2)	(100,233)	(30,811)

* Restated for IFRS 15 – Revenue from Contract with Customers.



NOTE 8 EARNINGS PER SHARE GROUP SHARE

Earnings per share (Group share) and diluted earnings per share (Group share) correspond to the Group net income divided by the relevant number of shares.

The number of shares used to calculate the earnings per share (Group share) is the weighted average number of ordinary shares outstanding during the period less the weighted average number of shares held in treasury stock by SOCIÉTÉ BIC during the period and presented as a reduction to equity.

The number of shares used to calculate the diluted earnings per share (Group share) is the weighted average number of shares in circulation during the period, which corresponds to the number of shares used for basic earnings per share Group share, adjusted for the dilutive effect of stock options.

As of December 31, 2018, there are no shares with relative impact.

	December 31, 2017*	December 31, 2018
Numerator (in thousand euros)		
Net income Group share from continuing operations	294,117	173,350
Denominator (in number of shares)		
Weighted average number of ordinary shares in circulation	46,475,249	45,598,109
Dilutive effect of stock options and free shares	264,436	208,798
Weighted average number of ordinary shares in circulation after dilutive effect	46,739,685	45,806,907
Earnings per share Group share from continuing operations (in euros)		
Earnings per share Group share from continuing operations	6.33	3.80
Diluted earnings per share Group share from continuing operations	6.29	3.78

* Restated for IFRS 15 – Revenue from contracts with customers.

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

Accounting policies

Land and buildings held by the Group for use in the production or supply of goods or services, or for administrative purposes, are recognized in the balance sheet at their initial acquisition cost, less any accumulated depreciation and impairment losses.

Depreciation is booked to profit or loss. Property, plant and equipment in the course of construction for production, rental or administrative purposes, are carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property, plant and equipment assets, starts when the assets are ready for their intended use.

Fixtures and equipment are stated at initial acquisition cost less accumulated depreciation and impairment losses.

Depreciation is booked to profit or loss so as to reduce the carrying amount of assets, other than land and properties under construction, over their estimated useful life, using the straight-line method.

Lease contracts that convey to the customer ('lessee') the right to control the use of an identified asset for a period of time in exchange for consideration. The lessee entities of the Group book, in assets as a right of use with a financial debt as a counterpart, all the lease contracts whatever the nature, operating lease or financial lease.

The term used corresponds to the non-cancellable period, the periods covered by the extension option, the exercise of which is reasonably certain, and the periods covered by the termination option, the non-exercise of which is reasonably certain.

For 3,6,9 leases in France, the contract is generally enforceable for 9 years.

The Group applies the exemptions permitted by IFRS 16 for contracts with a duration of less than 12 months or where the underlying asset is of low value (less than 5,000 U.S. dollars).

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The depreciation method is the straight-line method, on the following basis:

- Buildings 25 years
- Fixtures, machinery and equipment 5 to 8 years
- Vehicles 3 to 5 years

9-1 Property, plant and equipment – Gross value

<i>(in thousand euros)</i>	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Land & buildings – Right of use	Machinery & equipment – Right of use	Vehicle leases	Other fixed assets – Right of use	Total
At January 1, 2017	394,326	1,140,472	138,365	26,453	1,907	301	824	(1)	1,702,647
Additions	5,663	35,821	132,558	973	-	108	212	-	175,335
Disposals/Write-offs	(1,194)	(26,151)	(2,585)	(1,934)	-	(21)	(316)	-	(32,201)
Other transfers	31,288	58,820	(90,608)	499	-	-	-	-	-
Exchange differences	(17,892)	(40,320)	(6,648)	(558)	(114)	(322)	(53)	(5)	(65,912)
Reintegration of non-current assets held for sale at December 31, 2016 not sold in 2017	5,716	16,810	99	822	-	-	-	85	23,533
At December 31, 2017	417,908	1,185,453	171,181	26,254	1,793	65	667	79	1,803,402
IFRS 16 – First-time application	-	-	-	-	39,061	4,691	8,809	917	53,478
Argentina hyperinflation	106	95	-	232	-	-	2	-	435
Acquisitions	5,660	33,720	78,323	218	2,887	171	5,377	120	126,476
Acquisition - Kenya	-	-	3,877	-	-	-	-	-	3,877
BIC Sport disposal	(6,189)	(13,005)	(192)	(790)	(354)	(121)	(66)	(48)	(20,765)
Disposals/Write-offs	(550)	(24,008)	70	(3,793)	(1,486)	(11)	(395)	1	(30,174)
Other transfers	32,861	60,990	(96,388)	1,631	(125)	-	-	-	(1,031)
Exchange differences	(1,698)	(982)	(1,059)	(810)	1,147	23	(751)	(435)	(4,565)
At December 31, 2018	448,098	1,242,263	155,812	22,942	42,923	4,818	13,643	634	1,931,133

9-2 Property, plant and equipment - Depreciation and impairment loss

Accounting policies

- At each balance sheet date, the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine, if applicable, the amount of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
- The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.
- If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.
- Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. However, the increased carrying amount should not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years.
- A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.



<i>(in thousand euros)</i>	Land & buildings	Machinery & equipment	Construction in progress	Other	Land & building – Right of use	Machinery & equipment – Right of use	Vehicle leases	Other leases	Total
At January 1, 2017	225,184	893,698	906	18,052	35		349	3	1,138,226
Amortization for the period	14,535	65,713	-	2,203	7	2	135	5	82,600
Impairment loss	39	801	(3)	-	-	-	-	-	837
Disposals/Write-offs	(1,220)	(26,028)	(286)	(1,840)	-	-	(229)	-	(29,604)
Exchange differences	(7,366)	(31,274)	(1)	(306)	(5)	-	(26)	(4)	(38,982)
Reintegration of non-current assets held for sale at December 31, 2016 not sold in 2017	4,149	14,516	-	512	-	-	-	66	19,242
At December 31, 2017	235,319	917,425	616	18,622	38	2	229	66	1,172,319
Argentina hyperinflation	96	89	-	220	-	-	-	-	405
Depreciation for the period	15,281	70,045	-	1,802	10,887	1,344	3,812	338	103,509
Impairment loss	-	1,634	-	-	-	-	-	-	1,634
Disposals/Write-offs	(375)	(24,094)	(113)	(3,453)	(192)	-	(117)	(31)	(28,375)
BIC Sport disposal	(4,478)	(11,778)	-	(598)	(193)	(31)	(28)	(38)	(17,144)
Other transfers	39	-	-	(14)	(36)	-	-	-	(11)
Exchange differences	(151)	(14)	1	(557)	(244)	13	(5)	-	(959)
At December 31, 2018	245,731	953,307	504	16,022	10,260	1,328	3,891	335	1,231,378
NET VALUE									
At December 31, 2018	202,367	288,956	155,308	6,920	32,663	3,490	9,752	298	699,755
At December 31, 2017	182,589	268,028	170,565	7,632	1,755	63	438	13	631,083

As of December 31, 2018, the gross value of fully depreciated but still used property, plant and equipment was 614.4 million euros.

NOTE 10 GOODWILL

Accounting policies

- Goodwill arising from the acquisition of a subsidiary represents the excess of the acquisition price over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Goodwill is calculated in the currency of the acquired company. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.
- Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.
- For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGU") representing the smallest level at which the goodwill is monitored at Group level. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to the reduction in the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit prorated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.
- On disposal of an activity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

<i>(in thousand euros)</i>	Notes	Gross value	Impairment loss	Net value
At January 1, 2017		314,345	(17,041)	297,304
Liquidation of Hungarian subsidiary		(3,057)	3,057	-
Exchange differences		(20,897)	444	(20,453)
At December 31, 2017		290,391	(13,540)	276,851
Argentina Hyperinflation	1	2,110	-	2,110
Kenya acquisition	1	5,556	-	5,556
Impairment loss - Cello		-	(68,709)	(68,709)
Impairment loss - Pimaco		-	(5,466)	(5,466)
Exchange differences		(598)	414	(184)
At December 31, 2018		297,459	(87,301)	210,158

The balance, as of December 31, 2018, includes the following principal net goodwill:

<i>(in thousand euros)</i>	At December 31, 2017	December 31, 2018
BIC CORPORATION ^(a)	110,166	114,459
Cello Pens	95,908	23,919
BIC Viorex	49,174	49,174
Kenya	-	5,550
PIMACO ^(a)	6,084	-
Others ^(a)	15,519	17,057
TOTAL	276,851	210,158

(a) These goodwill amounts are linked to cash-generating units represented by distribution subsidiaries.

To perform the impairment tests, the Group used the following discount and perpetual growth rates:

	Weighted average cost of capital (WACC) before tax		Perpetual growth rate	
	2017	2018	2017	2018
BIC CORPORATION	10.6%	9.6%	1.5%	1.5%
Cello Pens	14.1%	14.9%	8.6%	4.8%
BIC Viorex	14.1%	14.3%	2.9%	1.9%
PIMACO	20.3%	23.9%	-	-15%

Each goodwill item has been allocated to a cash-generating unit ("CGU") representing the lowest level at which goodwill is monitored by the Group.

The goodwill on BIC CORPORATION is thus mainly allocated to cash-generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The goodwill on Cello Pens is allocated to the cash-generating units linked to the production and distribution of stationery products by Cello.

The remaining goodwill on BIC Viorex is allocated to the cash-generating unit linked to shavers developed and/or produced by BIC Viorex and sold all over the world. This cash-generating unit also includes the portion of BIC CORPORATION goodwill allocated to shavers.

The goodwill on Kenya is allocated to the cash-generating units linked to the production and distribution of stationery products by BIC East Africa.

As every year, as of June 30, 2018, the Group performed annual impairment tests on these goodwill amounts.

The goodwill impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash-generating units and the corresponding assets' net book value (including goodwill).

Such recoverable amounts correspond to the value in use and are determined using discounted future cash flow projections over a maximum of five years and a terminal value using the perpetual annuity method, including notably the following:

- the discount rate before taxes used is the weighted average cost of capital. Particular attention has been paid to the analysis of the main market items used for the calculation of the discount rate;
- the perpetual growth rates were determined based on external (inflation rate) and internal (business growth) sources. Perpetual growth rates above 2% take into account market specifics.

Regarding Cello impairment test performed as of June 30th 2018, the recoverable amount of the cash-generating unit calculated on the value in use is below the net book value. Cello goodwill has been, thus, partially impaired as of June 30, 2018 for an amount of 68.7 million euros.



This impairment is explained by less favorable conditions than initially anticipated on the Stationery products development in India and export markets.

At December 31, the Group assesses whether there is an indicator that the various cash generating-units tested annually at June 30 may be impaired.

When assessing the financial performance of Pimaco at that date compared to what was expected, the Group concluded that an indicator existed that the cash-generating unit may be impaired.

As a consequence, an additional impairment test was performed using the latest long-term strategic plan available,

a 23.9 % weighted average cost of capital (WACC) before tax and an -15% perpetual growth rate.

The recoverable amount of the cash-generating unit calculated on the value in use is below the net book value. Pimaco goodwill has accordingly been fully impaired as of December 31, 2018 for an amount of 5.5 million euros.

The sensitivity of the other impairment tests to changes in the key assumptions indicates that no reasonably likely change would lead to impairment, taking into account the observed headroom on tests conducted.

NOTE 11 INTANGIBLE ASSETS

Accounting policies

Internally-generated intangible assets – research and development expenditure

An internally-generated intangible asset arising from the development or a development phase of an internal project is only recognized on the balance sheet if all of the following conditions are met:

- the asset created is identifiable;
- it is probable that the asset created will generate future economic benefits for the Group;
- the development cost attributable to the asset can be measured reliably.

Internally-generated intangible assets are amortized on a straight-line basis over their estimated useful life.

When no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Patents, trademarks, licenses and software

Patents, trademarks, licenses and softwares are measured initially at purchase cost less accumulated amortization and impairment loss. Amortization is booked to profit or loss so as to reduce the carrying amount of assets over their estimated useful life, using the straight-line method.

Intangible assets (excluding goodwill)

See Note 9-2.

<i>(in thousand euros)</i>	Software	Trademarks & patents	Research & development	Intangible assets in progress	Other	Total
GROSS VALUE						
At January 1, 2017	73,876	101,480	6,529	4,207	6,912	193,003
Acquisitions	1,268	914	-	3,253	-	5,435
Internally-generated	-	-	-	3,258	-	3,258
Disposals/Write-offs	(2,501)	(50)	(2,078)	(185)	-	(4,814)
Other transfers	3,914	-	-	(3,914)	-	-
Exchange differences	(3,516)	(9,417)	(321)	(6)	(9)	(13,270)
Reintegration of non-current assets held for sale at December 31, 2016 not sold in 2017	476	412	-	-	168	1,056
At December 31, 2017	73,516	93,338	4,129	6,615	7,071	184,669
Argentina hyperinflation	39	-	-	351	-	390
Acquisitions	2,728	311	-	2,797	21	5,857
Kenya - Acquisition of subsidiaries	-	-	-	-	3,938	3,938
Disposals/Write-offs	(11,283)	(1)	-	(186)	(94)	(11,564)
Business disposal	(545)	(411)	-	-	(170)	(1,125)
Other transfers	4,486	1,675	-	(4,444)	488	2,205
Exchange differences	(120)	(405)	111	(106)	(9)	(529)
At December 31, 2018	68,822	94,507	4,240	5,027	11,245	183,841

<i>(in thousand euros)</i>	Software	Trademarks & patents	Research & development	Intangible assets in progress	Other	Total
AMORTIZATION AND IMPAIRMENT LOSS						
At January 1, 2017	63,337	47,137	6,529	125	428	117,556
Amortization for the period	4,770	697	-	34	93	5,593
Disposals/Write-offs	(2,405)	(28)	(2,078)	-	-	(4,511)
Exchange differences	(2,929)	(5,338)	(321)	(38)	(7)	(8,633)
Reintegration of non-current assets held for sale at December 31, 2016 not sold in 2017	497	294	-	-	91	882
At December 31, 2017	63,271	42,762	4,130	120	606	110,888
Argentina hyperinflation	37	-	-	186	-	223
Amortization for the period	4,642	680	-	20	105	5,447
Impairment loss	-	-	-	-	25	25
Disposals/Write-offs	(11,210)	2	-	-	(94)	(11,302)
Business disposal	(590)	(294)	-	-	(91)	(975)
Other transfers	14	1,175	-	-	-	1,189
Exchange differences	34	1,818	110	(25)	(5)	1,932
At December 31, 2018	56,198	46,143	4,240	301	546	107,428
NET VALUE						
At December 31, 2018	12,624	48,364	-	4,726	10,698	76,413
At December 31, 2017	10,245	50,576	-	6,494	6,465	73,780

Software

Internally-generated software is principally related to investments linked to the upgrade of information technology systems.

Trademarks and patents

The main trademarks booked in the balance sheet as of December 31, 2018 are the Pimaco® trademark for 3.9 million euros and the Cello Pens trademark for an amount of 3.6 billion Indian rupees (44.7 million euros at December 31, 2018).



These trademarks have an infinite lifetime. For impairment test purposes, they are linked to the PIMACO and Cello Pens subsidiaries' cash-generating units. Given the indefinite nature of the life of the trademark, no impact was recognized in the income statement.

Other

As of December 31, 2018, one marketing related intangible asset was preliminary identified for an amount of 467.8 million Kenyan Shilling (4.0 million euros at December 31, 2018). This intangible is amortized over a three year-period. This asset is allocated to the Kenyan subsidiary cash-generating units (BIC East Africa).

NOTE 12 OTHER NON-CURRENT ASSETS

<i>(in thousand euros)</i>	Notes	December 31, 2017	December 31, 2018
Other investments		30	28
Guarantee deposits		4,932	4,431
Deferred pensions		9,813	2,935
Subordinated loan	21	8,338	-
Other non-current assets		21,727	20,527
TOTAL		44,840	27,921

NOTE 13 DEFERRED TAX

Accounting policies

- Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases, for using the balance sheet liability method and tax rates enacted or nearly enacted at the balance sheet date.
- Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the profits will be available against which deductible temporary differences can be utilized.
- Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
- Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures and branches, except when the Group is able to control the reversals of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax is calculated at the tax rates that are expected to apply in the periods when the liability is settled or the asset realized.
- Deferred tax is charged or credited to profit or loss in the period, except when it relates to a transaction or an event directly credited or charged to equity, in which case the deferred tax is also recognized in equity.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

<i>(in thousand euros)</i>	December 31, 2017*	December 31, 2018
Deferred tax assets	140,637	141,968
Deferred tax liabilities	(48,176)	(41,735)
NET POSITION	92,461	100,233

* Restated for IFRS 15 – Revenue from Contract with Customers.

The movement for the year in the Group's deferred tax position was as follows:

<i>(in thousand euros)</i>	Notes	December 31, 2018
At December 31, 2017		92,461
Argentina Hyperinflation		(484)
Deferred tax income/(expense) for the period ^(a)	CF	(604)
BIC Sport disposal		(223)
Booked in Shareholders' equity		8,186
Exchange differences		897
At December 31, 2018		100,233

(a) Excluding amounts booked to provision for risks and charges.

<i>(in thousand euros)</i>	Notes	December 31, 2017*
At January 1, 2017		123,311
Deferred tax income/(expense) for the period ^(a)		12,171
Booked in Shareholders' equity		(29,389)
Exchange differences		(14,014)
Reintegration of assets held for sale at December 31, 2016 not sold in 2017		382
At December 31, 2017		92,461

* Restated for IFRS 15 – Revenue from Contract with Customers.

(a) Excluding amounts booked to provision for risks and charges.

Origin of deferred tax

<i>(in thousand euros)</i>	December 31, 2017*	December 31, 2018
Pension and other employee benefits	45,300	36,544
Intra-Group profit elimination	35,676	32,266
Tax losses carried forward	5,505	5,687
Cello trademark	(15,830)	(15,210)
Other temporary differences	21,810	40,946
NET DEFERRED TAX	92,461	100,233

* Restated for IFRS 15 – Revenue from Contract with Customers.

NOTE 14 CHANGE IN NET WORKING CAPITAL

Accounting policies

- Inventories are stated at the lower of cost and net realizable value. Cost comprises direct raw material costs and, where applicable, direct labor costs, as well as those overheads that have been directly incurred in bringing the inventories to their present location and condition. Cost is generally calculated using the weighted average cost method. Net realizable value represents the estimated selling price in the normal course of business less all estimated costs of completion and costs to be incurred in the sale (marketing, selling and distribution).
- Impairment of financial assets (particularly trade receivables) is based on expected credit losses (instead of observed), starting as from initial recognition.
- To determine the expected credit losses for the portfolio, the Group has chosen the simplified method and uses a provision matrix based on its historical observed default rates over the expected remaining life of the trade receivables, which is adjusted for forward-looking estimates.
- Trade payables are initially measured at fair value.



(in thousand euros)	December 31, 2017*	Cash flows impact	Opening impact of Argentina hyperinflation	Bic Sport divestiture	Haco industries acquisition	Foreign exchange and others**	December 31, 2018
Net inventory	428,977	26,699	1,418	(8,143)	2,888	(2,687)	449,152
• Inventory – Gross value	444,694	25,299	1,418	(8,381)	2,888	(2,668)	463,250
• Inventory – Impairment	(15,717)	1,400	-	238	-	(19)	(14,098)
Trade and other receivables**,**	477,080	71,075	-	(2,624)	-	(10,848)	534,683
Trade and other payables	(125,539)	(2,239)	-	453	(9,932)	(472)	(137,729)
Other assets and liabilities*	(200,552)	(22,559)	-	1,558	-	(3,332)	(224,886)
NET WORKING CAPITAL	579,965	72,976	1,418	(8,756)	(7,044)	(17,345)	621,220

* Restated for IFRS 15 – Revenue from contracts with customers.

** Restated for IFRS 9 adjustment – Financial assets depreciation.

The working capital is used to finance the Group's operating cycle. Details of the elements used in the calculation are presented above.

NOTE 15 SHARE CAPITAL

15-1 Share capital

(in thousand euros)	December 31, 2017	December 31, 2018
Authorized, issued and fully paid-up share capital	178,126	175,762
Repurchase of shares of the Company	(2,985)	(2,492)
SHARE CAPITAL	175,141	173,269

As of December 31, 2018, the registered share capital of SOCIÉTÉ BIC was 175,761,664.74 euros divided into 46,010,907 shares of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC holds 652,413 treasury shares, acquired at an average price of 89.04 euros in accordance with Article L. 225-209 of the French Commercial Code, which represent 1.42% of the share capital.

15-2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of December 31, 2018

Purpose of the repurchase	Number of shares	Average acquisition price (in euros)	% of the share capital
Liquidity agreement ^(a)	14,733	88.88	0.03%
Free share grants ^(a)	637,680	89.04	1.39%
TOTAL	652,413	89.04	1.42%

(a) Article L. 225-209 of the French Commercial Code..

In accordance with the liquidity agreement, transferred by Natixis to ODDO on June 27, 2018 in respect of SOCIÉTÉ BIC shares, as of December 31, 2018, the liquidity account contained the following:

- 14,733 BIC shares;
- 2,226,208.00 euros.

At initial set-up, the liquidity account contained the following:

- 2,312 BIC shares;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization from the Annual Shareholders' Meeting on May 16, 2018, to renew its share repurchase program (see 2017 Reference Document, p 269).

Number of shares purchased in 2018*

• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 10, 2017	265,009
• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 16, 2018	422,387
Average share repurchase price for the purchases during the first half of 2018 (in euros)	78.59

* Excluding shares repurchased under the liquidity contract.

During the 2018 fiscal year, SOCIÉTÉ BIC cancelled 687,396 shares.

To the best of the Company's knowledge, as of December 31, 2018, Shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	At December 31, 2018	
	% of shares (approx.)	% of voting rights (approx.)
SOCIÉTÉ M.B.D.	27.68%	37.75%
Bich family	17.09%	23.18%

NOTE 16 BORROWINGS AND FINANCIAL LIABILITIES

(in thousand euros)	Bank overdrafts	Current borrowings and financial liabilities	Non-current borrowings and financial liabilities	Current lease liability	Non-current lease liability	Total
At January 1, 2017	26,332	21,832	6	1,414	1,446	51,030
Cash Flows	(24,674)	(18,487)	(3)	(390)	(778)	(44,332)
"Non cash" variations	(1)	(302)	-	(84)	(76)	(462)
• Exchange difference	(1)	(302)	-	(84)	(76)	(462)
Subsidiary divestiture	-	-	-	(598)	(558)	(1,156)
At December 31, 2017	1,657	3,044	3	165	212	5,080
Cash Flows	6,302	(1,115)	-	(16,756)	-	(11,569)
"Non-cash" variations	1	(691)	-	30,479	31,896	61,685
• Variations in obligations under leases – IFRS 16 First application	-	-	-	1,530	51,949	53,480
• Variations in obligations under leases	-	-	-	29,048	(20,436)	8 611
• BIC Sport divestiture	(222)	(64)	-	(220)	(79)	(585)
• Exchange difference	1	(691)	-	(99)	383	(407)
At December 31, 2018	7,738	1,174	3	13,668	32,028	54,610

Bank overdrafts are due within one year.

Bank loans and financial liabilities have the following maturities:

(in thousand euros)	December 31, 2017	December 31, 2018
On demand or within one year	3,044	1,174
In the 2 nd year	3	3
TOTAL	3,047	1,177



Main bank loans/credit lines and financial liabilities are as follows:

Borrowing country <i>(in thousand euros)</i>	Currency	Euro equivalents	
		December 31, 2017	December 31, 2018
• Turkey	TRY	1,799	887
• South Korea	KRW	1,173	1,174
• Other	Misc.	75	-
Sub-total		3,047	2,061
TOTAL		3,047	2,061

Information on interest rates

As of December 31, 2018, outstanding loans and credit lines were contracted with floating rates ranging between 4.07% and 30%.

Relative exposure, deemed not significant, has not been hedged.

Information on covenants

None of the loans contain any covenants that could trigger early repayment of the debt.

Engagement reconciliation related to lease arrangements as of January 1, 2018

	TOTAL
Engagement amount as of December 31, 2017	33,122
Off balance sheet items non previously identified	24,071
Contracts that are out of IFRS 16 scope or benefiting from the exemption	(58)
Difference resulting from flows not included in the off balance sheet commitments:	155
<i>o/w differences resulting from duration</i>	449
<i>o/w difference between minimum lease payments under IFRS 16 and off balance sheet commitments</i>	(389)
<i>Other differences</i>	96
Discounting effect	(3,499)
Exchange difference	(312)
Financial liability as of January 1, 2018	53,480

The weighted average marginal borrowing rate at January 1, 2018 was 3.002%, identical for the valuation of the right of use and the obligation.

The BIC Group has opted for a marginal debt ratio for discounting the debt. The rate used for each lessee is the rate he would have to pay to borrow, over a similar period and with similar security, the funds necessary to obtain an asset of similar value to the leased asset in a similar economic environment.

The term used at the transition date is the residual term of the contracts.

Lease payment under IFRS 16 in 2018

The rents paid in 2018 in respect of contracts falling within the scope of IFRS 16 for an amount of 16.6 million euros break down as follows:

Depreciation: 16.9 million euros

Interests: 1.5 million euros

Cash Flows for future years

The expected total rents, in million euros, is:

2019	15.9
2020	13.0
2021	8.9
2022	5.8
2023	3.2
Beyond 2023	5.4

NOTE 17 PROVISIONS

Accounting policies

- Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow will be required to settle said obligation and such outflow can be reliably measured. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.
- In accordance with IAS 12, tax provisions relate to uncertain situations assuming a detection risk of 100% and retaining the most likely amount.

<i>(in thousand euros)</i>	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
At January 1, 2017	25,560	5,477	1,075	3,447	35,560
Additional provisions	12,839	7,802	138	2,222	23,001
Reversals of provisions utilized	(1,422)	(1,074)	(134)	(1,741)	(4,371)
Reversals of provisions not utilized	(10,427)	(1,602)	(8)	(4)	(12,040)
Exchange differences	(734)	(624)	(144)	(261)	(1,763)
Non-current liabilities held for sale at December 31, 2016 not sold in 2017 and reclassified	1,236	150	223	174	1,783
At January 1, 2018	27,052	10,129	1,151	3,837	42,170
Additional provisions	7,055	8,301	1,014	1,021	17,390
Reversals of provisions utilized	(3,573)	(2,508)	(985)	(1,225)	(8,291)
Reversals of provisions not utilized	(4,610)	(2,410)	-	(476)	(7,496)
Exchange differences	(79)	(177)	25	(570)	(801)
Bic Sport divestiture	-	(180)	-	(35)	(215)
Reclassification	(8)	(19)	-	777	750
At December 31, 2018	25,837	13,136	1,205	3,329	43,507

As of December 31, 2018, it was not deemed necessary to book provisions for the risks described in the Part 1 "Group Presentation" that could affect:

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

Tax and social risks and litigation

Provisions for tax and social risks and litigation relate mainly to:

- tax risks;
- U.S. workers' compensation.

Tax audits are carried out regularly by local tax authorities which may dispute positions taken by Group subsidiaries. In accordance with the Group's accounting policies, it may be decided to record

provisions when tax-related risks are considered likely to generate a payment to local tax authorities.

The Group reviews the evaluation of all its tax positions on a regular basis, using external counsels and considers that its tax positions are adequately provided for. However, the Group cannot predict the ultimate outcome of future audits.

Litigation.

As of December 31, 2018, the litigation provision mainly represents distributor and commercial agent risks for 2.2 million euros (1.9 million euros at December 31, 2017).

Product liability

Product liability mainly relates to U.S. cases.



NOTE 18 PENSION AND OTHER EMPLOYEE BENEFITS

Accounting policies

- Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit plans are dealt with as payments to defined contribution plans where the Group's obligation under these plans are equivalent to those arising in defined contribution retirement benefit plans.
- For defined benefit retirement plans, the amount of provision is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. All actuarial differences are recognized in other comprehensive income in the period in which they occur. Past service costs are recognized for their full amount as a component of cost of services (in the income statement), whether benefits are vested definitively to their beneficiaries or are being acquired.
- The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation reduced by the fair value of plan assets. Any net asset resulting from this calculation is limited to the present value of available refunds and reduction in future contributions to the plan.
- Turnover rate is calculated by taking the number of terminations (including contractual breaches and dismissals) during the year divided by the headcount number as of January 1.

18-1 Plan characteristics

Types of post-employment benefits and other long-term benefits

Pursuant to the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits, in particular post-employment benefits:

• In the U.S.

Two pension plans ("Salaried Pension Plan" and "Local 134L Pension Plan") are effective (depending on the site) and are funded by their respective pension funds. In addition to these plans, medical and life insurance plans exist ("Salaried Retiree Medical and Life Insurance Plan" and "Local 134L Retiree Medical and Life Insurance Plan" depending on the site):

a) Salaried Pension Plan

Beneficiaries hired prior to 2007 accrue retirement benefits under a final average pay formula that reflects years of service, average pay, and is integrated with Social Security retirement benefits. The formula provides for a life annuity, payable at normal retirement age (65), equal to 1.1% of average pay up to the average Social Security wage base multiplied by the number of years of service, which may not exceed 35 years plus 1.5% of average pay in excess of the average Social Security wage base, multiplied by the number of years of service, which may not exceed 35 years, plus 1.4% of average pay per year of service in excess of 35 years. (Average pay is based on the highest three consecutive years within the last 10 years). In addition, the Plan provides reduced early retirement benefits for beneficiaries prior to age 65 (or age 62 if they retire at or after age 55 with 10 or more years of service). Eligible beneficiaries who terminate employment after January 1, 2015 are eligible for a lump sum payment from the plan.

Employees hired after 2006 accrue benefits under a Cash Balance Arrangement. These participants receive annual credits of 5% of their year's pay for plan years before January 1, 2013, and for plan years after December 31, 2012, eligible beneficiaries receive annual credits of 5% for less than five years of service, 6% for at least five but less than 10 years of service, 7% for at least 10 but less than 15 years of service, 7.5% for at least 15 but less than 20 years of service and 8% for 20 or more years of service, which are accumulated with guaranteed interest equal to 30-year Treasury rates, to retirement. Participation in this plan is closed for BIC Graphic employees hired after January 1, 2011. The Plan is subject to minimum funding requirements under U.S. law.

The long-term objective of the Plan's investment policy is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk relative to the Plan's liability. The Plan's assets are invested in the BIC Corporation Master Trust – with a target asset allocation of 22.5% U.S. equity, 5% global low volatility equity, 22.5% non-U.S. equity, and 50% fixed income.

b) Local 134L Pension Plan

For beneficiaries hired before December 4, 2007, benefits under the Plan are based on a participant's years of service multiplied by a fixed set amount (45.50 U.S. dollars per month for 2018, 46.25 U.S. dollars per month for 2019 and 47.00 U.S. dollars per month on or after December 31, 2019).

Employees hired after December 4, 2007 accrue benefits under a Cash Balance Arrangement. These participants receive annual credits equal to 3.00% of pay through November 30, 2012, 3.75% of pay from December 1, 2012 through November 30, 2017 and 4.75% of pay beginning on December 1, 2017, which are accumulated with interest, equal to 30-year Treasury rates, to retirement.

In 2018, a Voluntary Retirement Package (VRP) was offered to twenty-seven eligible employees who were age 63 or older adding an enhancement of an additional two years to age and two years to service. Eighteen employees accepted the voluntary package and retired on September 1, 2018.

These two schemes are subject to minimum funding requirements under U.S. law.

The long-term objective of the Plan's investment policy is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk relative to the liability. The Plan's assets are invested in the BIC Corporation Master Trust – with a target asset allocation of 9% U.S. equity, 2% global low volatility equity, 9% non-U.S. equity, and 80% fixed income.

c) Salaried Retiree Medical and Life Insurance Plan

Employees hired prior to 2007 are eligible to receive medical coverage if they are at least age 55 and have 20 or more years of service at retirement. The Plan is closed to new employees. Effective October 1, 2013, as part of an exchange, certain covered retirees and future retirees, age 65 and over, will receive a fixed payment of 3,500 U.S. dollars annually to purchase retiree medical coverage. This amount was increased to 4,020 on January 1, 2019. This benefit will be reviewed in the future to reflect the upward trends in healthcare costs.

Retiree life insurance is available to employees who retire at or after age 55 with 10 or more years of service. Employees hired on or after January 1, 2018 are no longer eligible for this benefit. The benefit is equal to 100% of final salary with a cap ranging from 10,000 U.S. dollars for non-managerial employees to 100,000 U.S. dollars for BIC Level 4s and above.

The Plan does not have any assets.

d) Local 134L Retiree Medical and Life Insurance Plan

Employees who retire at or after age 60 with 10 or more years of service are eligible to receive medical and life insurance coverage.

Retirees prior to December 1, 2002 receive fixed annual payments ranging from 2,600 U.S. dollars to 3,500 U.S. dollars to purchase retiree medical coverage. Post-age 65 retirees who retire on or after December 1, 2002, receive a fixed annual payment of 900 U.S. dollars to purchase prescription drugs. The amounts will be reviewed in the future to reflect the upward trends in healthcare costs. The Plan is closed to new employees hired after November 30, 2012.

Pre- age 65 eligible retirees and spouses, BIC pays 50% and the retiree pays 50% of the premium for the coverage in effect at the time of retirement.

In 2018, employees hired before November 30, 2012 and under the age of 65 who accepted the Voluntary Retirement Package (VRP) received an enhanced retiree health benefit providing the retiree and spouse (if applicable) medical, prescription and dental benefits payable at the active employee contribution rates until age 65.

Retiree life insurance benefits are 12,000 U.S. dollars for employees who retire on or after December 1, 2017 and will increase by 500 U.S. dollars on December 1, 2019.

The Plan does not have any assets.

• In the United Kingdom

There is a closed defined-benefit plan for a specified list of beneficiaries (plan closed to new entrants) and closed to the acquisition of further rights. An independent professional Trustee, an employer-representative Trustee and an employee-representative Trustee oversee the governance of the scheme. Plan assets are currently invested in a portfolio of stocks, bonds and real estate. Asset allocation is reviewed regularly to ensure that the assets held are still appropriate and sufficient to cover future pension obligations.

Both schemes are subject to the same risks as the majority of final salary occupational pension schemes, *i.e.* inflation risks, investment risks, life expectancy risks, etc. The strategic asset allocation must comply with the investment guidelines laid out in the "Statement of Investment Principles" set up by the Trustee to limit the risks.

• In France

Retirement indemnities are mandatory in France. The rights granted (expressed in months of salary) are determined by the national collective agreement for companies and on the employee's seniority at retirement date. The benefit payment is subject to the employee working for the Company when he/she retires.

The defined-benefit supplementary pension plan provides a percentage of the final salary for each year of service to senior managers working for BIC's French companies. There is a ceiling applied to the pension benefits. The benefits are vested only if the beneficiary is working for the Company when he/she retires.

• In Canada

The Plan is funded chiefly through employer contributions and investment earnings on Plan assets. Prior to 1992, beneficiaries were required to contribute to the Plan, however since January 1, 1992; they are no longer required or permitted to make contributions to the Plan. BIC Inc. contributions to the Plan comply with the minimum funding requirements of the "Pensions Benefits Act of Ontario".

The Pension fund set up to finance the retirement scheme for employees of BIC Inc. is held by an Independent Trust in the interests of beneficiaries. This fund is not part of the income or assets of BIC Inc.

This Plan is closed to new employees hired after November 14, 2011.

For hourly paid employees, the retirement benefit is defined as a fixed amount per year of service, whose value varies according to the date on which the beneficiary retires (400 CAD per year for retirement after January 1, 2010). For employees receiving a regular salary, the formula for calculating the retirement benefit is 1.5% of final average salary per year of service (the calculation of the final average salary is based on the highest three consecutive years out of the last 10 years preceding retirement). The total benefit under the Plan is capped by the limits imposed by the Income Tax Act in Canada. The normal retirement age is 65, however beneficiaries can retire from age 55, with a reduced benefit for early retirement. The benefit is unreduced at age 63 for members who commence their pension immediately following termination of employment.



To monitor and control the performance of the Fund, BIC Inc. and the Investment Manager must comply with the objectives set out in the "Statement of Investment Policy and Objectives". The basic goal underlying the establishment of these guidelines is to ensure that the Fund assets, together with the expected contributions and investment returns are invested in a prudent manner so that the Fund will be sufficient to meet

the obligations of the Plan as they come due. The long-term investment strategy is to invest approximately 36% in bonds, 35% in Canadian equities, 27% in foreign equities and 2% in cash and cash equivalents.

- **For other countries**, the plans depend on local legislation, the activity and other historical practices of the subsidiary.

18-2 Change in the net obligation of defined-benefit plans

<i>(in thousand euros)</i>	Pension	Including U.S. Pension	Other employee benefits	Including U.S. other employee benefits	Total employee benefits	Including total U.S. employee benefits
PRESENT VALUE OF OBLIGATION						
At January 1, 2018	504,026	376,038	94,805	93,713	598,830	469,750
Period costs:	26,603	20,765	5,601	5,314	32,203	26,078
• Current service costs	10,472	6,862	2,120	1,839	12,591	8,701
• Past service costs (including curtailment)	90	292	118	118	208	410
• Settlement	(455)	-	-	-	(455)	-
• Interest costs	16,496	13,611	3,363	3,356	19,859	16,968
Benefits paid	(41,113)	(32,122)	(3,679)	(3,221)	(44,792)	(35,343)
Actuarial difference on obligation	(36,060)	(30,162)	(12,381)	(12,382)	(48,442)	(42,543)
• Financial assumptions	(33,338)	(33,429)	(8,029)	(8,029)	(41,367)	(41,459)
• Demographic assumptions	(2,866)	(1,692)	(4,352)	(4,352)	(7,218)	(6,044)
Taxes paid included in DBO	(303)	-	-	-	(303)	-
Contributions paid	7	-	-	-	7	-
Administrative expenses	(3)	-	-	-	(3)	-
Exchange differences	16,309	17,487	4,317	4,327	20,626	21,813
At December 31, 2018	A 469,464	352,005	88,663	87,750	558,127	439,756
FAIR VALUE OF PLAN ASSETS						
At January 1, 2018	434,506	363,361	-	-	434,506	363,361
Total period income:	15,196	13,268	-	-	15,196	13,268
• Interest income	15,196	13,268	-	-	15,196	13,268
• Curtailment and settlement	-	-	-	-	-	-
Benefits paid	(38,547)	(32,122)	(3,221)	(3,221)	(41,768)	(35,343)
Contributions paid by participants	7	-	-	-	7	-
Contributions paid by employer	14,290	8,960	3,221	3,221	17,511	12,181
Taxes paid from plan assets	(303)	-	-	-	(303)	-
Administrative expense	(1,115)	(997)	-	-	(1,115)	(997)
Return on assets (excluding interest income)	(42,619)	(40,353)	-	-	(42,619)	(40,353)
Exchange differences	15,825	16,966	-	-	15,825	16,966
At December 31, 2018	B 397,240	329,084	-	-	397,240	329,084
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2018	C = A-B 72,224	22,922	88,663	87,750	160,887	110,672
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2017	69,520	12,676	94,805	93,713	164,325	106,389

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18-3 Funded/unfunded obligations

<i>(in thousand euros)</i>	Notes	Pension	Other employee benefits	Total
At December 31, 2018				
Amount of funded obligations		418,929	42	418,971
Fair value of plan assets		(397,240)	-	(397,240)
Surplus of obligation over assets		21,689	42	21,731
Fair value of unfunded obligations		50,535	88,621	139,156
Net value in the balance sheet		72,224	88,663	160,887
• Asset	12,18-7	-	-	2,936
• Liability		-	-	163,823

<i>(in thousand euros)</i>	Pension	Other employee benefits	Total
At December 31, 2017			
Amount of funded obligations	476,769	-	476,769
Fair value of plan assets	(434,506)	-	(434,506)
Surplus of obligation over assets	42,263	-	42,263
Fair value of unfunded obligations	27,257	94,804	122,061
Net value in the balance sheet	69,520	94,804	164,325
• Asset			9,813
• Liability			174,139

18-4 Period costs

<i>(in thousand euros)</i>	December 31, 2017	December 31, 2018
Current service costs	13,172	12,591
Past service costs (including plan curtailment)	(10,888)	208
Settlement	279	(455)
Net interest costs	5,847	4,662
Administrative expenses and taxes	1,176	1,112
TOTAL PERIOD COSTS	9,586	18,119

18-5 Additional information

Nature of plan assets

At December 31, 2018	Including Fair value of plan assets with a quoted price on an active market			
<i>(in thousand euros)</i>	Fair value of plan assets			
Equity	148,604	37.4%	148,604	37.4%
Bond and other fixed income	220,069	55.4%	220,069	55.4%
Cash and cash equivalents	3,792	1.0%	3,792	1.0%
Real Estate	22,610	5.7%	22,610	5.7%
Assets held by insurance companies	1,683	0.4%	1,683	0.4%
Other	482	0.1%	482	0.1%
TOTAL	397,240	100.0%	397,240	100.0%

At December 31, 2018 <i>(in thousand euros)</i>	U.S. Fair value of plan assets		Including fair value of plan assets with a quoted price on an active U.S. market	
Equity	137,241	41.7%	137,241	41.7%
Bond and other fixed income	188,649	57.3%	188,649	57.3%
Cash and cash equivalents	3,194	1.0%	3,194	1.0%
TOTAL	329,084	100.0%	329,084	100.0%

At December 31, 2017 <i>(in thousand euros)</i>	Fair value of plan assets		Including Fair value of plan assets with a quoted price on an active market	
Equity	172,264	39.6%	172,264	39.6%
Bond and other fixed income	234,084	53.9%	234,084	53.9%
Cash and cash equivalents	3,087	0.7%	3,087	0.7%
Real Estate	23,198	5.3%	23,198	5.3%
Assets held by insurance companies	1,677	0.4%	1,677	0.4%
Other	196	-	196	-
TOTAL	434,506	100.0%	434,506	100.0%

At December 31, 2017 <i>(in thousand euros)</i>	U.S. Fair value of plan assets		Including fair value of plan assets with a quoted price on an active U.S. market	
Equity	159,456	43.9%	159,456	43.9%
Bond and other fixed income	201,082	55.3%	201,082	55.3%
Cash and cash equivalents	2,824	0.8%	2,824	0.8%
TOTAL	363,362	100.0%	363,362	100.0%

18-6 Actuarial assumptions for main countries

Actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located. They have been adjusted according to the actual interest rate and the mortality table. Assumptions for plans representing the main obligations are set out below:

At December 31, 2018	United States	United Kingdom	France
Discount rate	4.22%	2.85%	1.50%
Inflation rate	2.50%	3.55%	1.50%
Expected rate of salary increases	3.60%	N/A	1.75%
Average plan duration (years)	13.2	17.0	11.6

At December 31, 2017	United States	United Kingdom	France
Discount rate	3.62%	2.60%	1.32%
Inflation rate	2.50%	3.50%	1.50%
Expected rate of salary increases	3.60%	N/A	1.75%
Average plan duration (years)	14.7	17.6	11.9

The discount rates for our U.S. and UK retirement plans were developed using the Mercer Pension Discount Yield Curve, which is built from the yields of high quality (AA) corporate bonds. For our other international plans, the discount rates were set by benchmarking against corporate bonds rated AA or better on the various markets.

The discount rate for the French obligation is based on the IBOXX AA 10+ index. The rate shown for France is that of the main plan (retirement indemnities).

The rate shown for the U.S. is for the main plan, each U.S. plan being valued with a specific discount rate (from 3.84% to 4.25%).



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, -12.52% and +14.73% in the obligations. This change would not, however, fully impact the Group net liability on employee benefits, as a change in plan assets may partly offset the impact.

Sensitivity of the obligation to a change in inflation rate

According to the Group's estimates, a +/-0.5% change in the inflation rate would result in a change in the obligations for the following countries of respectively:

- +0.21% and -0.23% for the U.S.;
- +6.59% and -5.84% for the U.K.

This change would not, however, fully impact the Group net liability on employee benefits, as a change in plan assets fair value may partly offset the impact.

Cash Flows for future years

The Group is expected to pay 13.5 million euros in employer contributions for 2019.

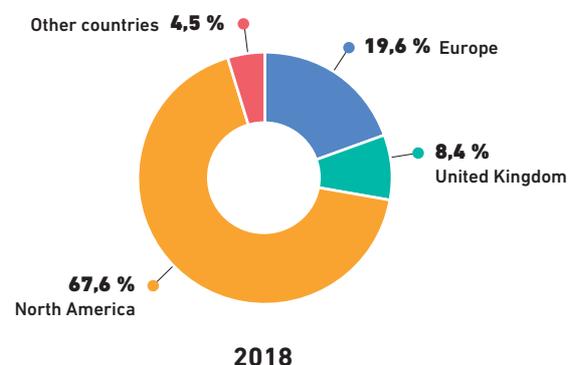
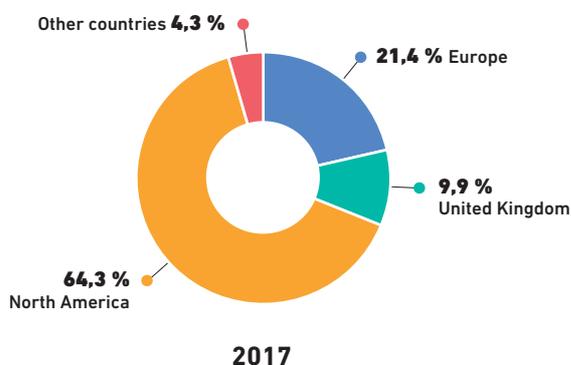
The expected future benefit payments, in million euros, are:

2019	32
2020	36
2021	32
2022	32
2023	35
Beyond 2023	183

18-7 Information by geography

At December 31, 2018 (in thousand euros)	Obligation		Plan assets		Net liability	
Europe	40,553	7.3%	9,092	2.3%	31,461	19.6%
United Kingdom	50,739	9.1%	37,273	9.4%	13,466	8.4%
North America	459,388	82.3%	350,612	88.3%	108,786	67.6%
Other countries	7,436	1.3%	264	0.1%	7,174	4.5%
TOTAL	558,127	100%	397,240	100%	160,887	100%

At December 31, 2017 (in thousand euros)	Obligation		Plan assets		Net liability	
Europe	43,836	7.3%	8,621	2.0%	35,216	21.4%
United Kingdom	55,213	9.2%	38,918	9.0%	16,295	9.9%
North America	492,662	82.3%	386,964	89.1%	105,696	64.3%
Other countries	7,118	1.7%	-	-	7,118	4.3%
TOTAL	598,830	100%	434,505	100%	164,325	100%



For plans located in North America and Europe (mainly the United Kingdom), plan assets levels as of December 31, 2018 comply with minimum funding obligations, as legally or contractually defined.

NOTE 19 OTHER CURRENT LIABILITIES

(in thousand euros)

	December 31, 2017*	December 31, 2018
Social liabilities	96,470	90,557
Other tax liabilities	10,893	10,741
Other current liabilities*	134,883	157,809
OTHER CURRENT LIABILITIES	242,245	259,107

* Restated for IFRS 15 – Revenue from Contract with Customers.

NOTE 20 DIVIDENDS

For the 2017 fiscal year, an ordinary dividend of 3.45 euros per share was distributed to Shareholders on May 30, 2018.

For the 2016 fiscal year, an ordinary dividend of 3.45 euros per share was distributed to Shareholders on May 24, 2017.

NOTE 21 EXPOSURE TO MARKET RISKS

21-1 Counterparty risk

All financial instruments are set up with banking institutions awarded top ratings by international rating agencies, making counterparty risk very low. The minimum Standard & Poor's long-term rating of the main banking counterparties is A-, the rating range being from A+ to A-.

Cash investment decisions are subject to strict counterparty risk assessment (both depositories and custodians). The main part of the portfolio as of December 31, 2018 is on investment grade-rated supports. Counterparty risk is estimated not significant as of December 31, 2018.

21-2 Foreign exchange risk

See Note 23-2.

21-3 Interest rate risk

See Note 23-3.

21-4 Liquidity risk

The BIC Group manages its equity in order to keep a positive and liquid cash position, so as to be able to achieve its development and/or external growth strategy..

The excess cash and the funding needs of the Group are directly managed by the Treasury Department, following prudent policy guidelines, that aim for capital security and to maintain a satisfactory liquidity position.

Excess cash is mainly invested in money market UCITS, negotiable debt securities and cash equivalents whose volatility is below 0.5, with a recommended holding period of less than three months.

The more structural portion of the cash can be invested in money market funds qualified as "dynamics", with a holding period that can be in excess of six months.

All the investments are valued mark-to-market twice a month by the Group Treasury Department and the target is to reach an average annual performance that outperforms the capitalized Eonia rate.

As of December 31, 2018, the total invested by Group Treasury amounted to 4.4 million euros divided into three individual positions. They consist in mutual UCITS not benefiting from the "Cash and Cash Equivalent" qualification. It should be noted that, given the negative rates currently applying on short-term investments in euros, it seems pertinent to simply place available cash in a bank account.

(in thousand euros)

	December 31, 2017	December 31, 2018
Cash equivalents: marketable securities	51,919	39,704
Cash	136,707	117,829
CASH AND CASH EQUIVALENTS, EXCLUDING BANK OVERDRAFTS	188,626	157,533



21-5 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's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Trade and other receivables comprise:

- gross amounts receivable for the sale of goods as well as other receivables, mainly related to VAT credits. These trade

and other receivables are short-term assets, with maturity dates within 12 months;

- an allowance for estimated unrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default experience and based on the current economic environment. It is booked in a separate account.

The BIC Group considers that the carrying amount of trade and other receivables is close to their fair value. Receivables past due but not impaired are not significant at Group level as of December 31, 2018.

Maximum exposure to credit risk corresponds to the net booked value of financial assets in the balance sheet, including derivatives with positive market values (see table below):

<i>(in thousand euros)</i>	Note	December 31, 2017 ^(a)	December 31, 2018 ^(b)
Gross trade receivables			
Allowance on trade receivables not yet due or for less than 60 days past due		425,796	451,856
Allowance on trade receivables for 60 to 90 days past due		5,609	11,309
Allowance on trade receivables for 90 to 120 days past due		6,086	7,740
Allowance on trade receivables for more than 120 days past due		8,162	23,602
Total gross trade receivables		445,654	494,507
Doubtful receivables		12,447	11,987
TOTAL BEFORE ALLOWANCE (A)		458,100	506,494
Not yet due or past due for less than 60 days		-	(4,644)
Past due for 60 to 90 days		-	(284)
Past due for 90 to 120 days		-	(396)
Past due for more than 120 days		-	(20,679)
Total allowance (B)		(19,035)	(26,003)
<i>Allowance on specific trade receivables</i>		<i>(15,809)</i>	<i>(21,387)</i>
<i>Allowance on statistically calculated trade receivables</i>		<i>(3,226)</i>	<i>(4,616)</i>
Other receivables (C)		38,015	54,192
TRADE AND OTHER RECEIVABLES – NET (A)+(B)+(C)	14	477,080	534,683

(a) Restated for IFRS 15 – Revenue from Contract with Customers.

(b) See Note 1 IFRS 9 Application – impairment of financial assets.

21-6 Fair value of financial assets and liabilities

Accounting categories and fair value of financial instruments

December 31, 2018			Breakdown by category of instruments					
Balance sheet items <i>(in thousand euros)</i>	Note	Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Receivables at amortized cost	Debts at amortized cost	At fair value through equity
Financial assets		710,432	710,432	65,338	5,333	639,761	-	-
Non-current								
• Derivatives financial instruments	23	44	44	-	44	-	-	-
• Other investments		28	28	28	-	-	-	-
Current								
• Trade and other receivables	14	534,683	534,683	12,751	-	521,932	-	-
• Derivative financial instruments	23	5,289	5,289	-	5,289	-	-	-
• Other current financial assets		12,855	12,855	12,855	-	-	-	-
• Cash and cash equivalents	21-4	157,533	157,533	39,704	-	117,829	-	-
Financial liabilities		203,811	203,811	-	11,470	-	192,341	-
Non-current								
• Borrowings	16	32,032	32,032	-	-	-	32,032	-
• Derivative instruments	23	37	37	-	37	-	-	-
Current								
• Borrowings	16	22,580	22,580	-	-	-	22,580	-
• Derivative instruments	23	11,433	11,433	-	11,433	-	-	-
• Trade and other payables	14	137,729	137,729	-	-	-	137,729	-

December 31, 2017*

Breakdown by category of instruments

Balance sheet items (in thousand euros)	Note	Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Held-to- maturity invest- ments	Loans and receivables (including cash)	Available -for-sale assets	Debts at amortized cost	At fair value through equity
Financial assets		719,127	719,127	73,314	23,658	-	622,125	30	-	-
Non-current										
• Derivatives financial instruments	23	38	38	-	38	-	-	-	-	-
• Subordinated loan Scribe	12	8,338	8,338	-	-	-	8,338	-	-	-
• Other investments		30	30	-	-	-	-	30	-	-
Current										
• Trade and other receivables*	14	477,080	477,080	-	-	-	477,080	-	-	-
• Derivative financial instruments	23	23,620	23,620	-	23,620	-	-	-	-	-
• Other current financial assets		21,395	21,395	21,395	-	-	-	-	-	-
• Cash and cash equivalents	21-4	188,626	188,626	51,919	-	-	136,707	-	-	-
Financial liabilities		132,944	132,944	-	2,324	-	-	-	130,620	-
Non-current										
• Borrowings	16	215	215	-	-	-	-	-	215	-
• Derivative instruments	23	104	104	-	104	-	-	-	-	-
Current										
• Borrowings	16	4,866	4,866	-	-	-	-	-	4,866	-
• Derivative instruments	23	2,220	2,220	-	2,220	-	-	-	-	-
• Trade and other payables	14	125,539	125,539	-	-	-	-	-	125,539	-

* Restated for IFRS 15 – Revenue from Contract with Customers.

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 market value except for marketable securities whose carrying values used are determined based on the last known net asset values as of December 31, 2018.

- Derivative financial instruments:

Market values were calculated internally on the basis of last-known closing prices as of December 31, 2018. They are consistent with valuation reports provided by financial institutions.

Fair value valuation method

The tables below set out the fair value method for valuing financial instruments, using the following three levels:

- level 1 (quoted prices in active markets): money market UCITS and other current financial assets;
- level 2 (observable inputs): derivatives – hedge accounting;
- level 3 (non-observable inputs): no such instruments are held as of December 31, 2018.



Category of instruments <i>(in thousand euros)</i>	December 31, 2018			
	Total	Level 1	Level 2	Level 3
At fair value through the income statement – Assets	65,338	65,338	-	-
Derivative hedges – Assets	5,333	-	5,333	-
Derivative hedges – Liabilities	11,470	-	11,470	-

21-7 Net income impact by category of instruments

Net income related to the different categories of financial assets and liabilities are as follows:

Nature of impact <i>(in thousand euros)</i>	Breakdown by category of instruments					
	Total	At fair value through the income statement	Derivative hedging instruments	Receivables at amortized cost	Debts at amortized cost	At fair value through equity
Interests income/(expense)	1,954	1,811	-	4,375	(4,232)	-
Revaluation at fair value	-	-	-	-	-	-
Translation	16,640	-	-	-	16,640	-
Net depreciation	(6,969)	-	-	-	(6,969)	-
TOTAL	11,625	1,811	-	4,375	5,439	-

Type of impact <i>(in thousand euros)</i>	Breakdown by category of instruments						
	Total	At fair value through the income statement	Derivative hedging instruments	Held-to-maturity investments	Loans and receivables (including cash)	Available-for-sale assets	Debt at amortized cost
Interests income/(expense)	6,279	3,536	-	-	5,975	-	(3,232)
Revaluation at fair value	675	-	675	-	-	-	-
Translation	(169)	-	-	-	(4,674)	-	4,504
Net depreciation	5,243	-	-	-	5,243	-	-
TOTAL	12,027	3,536	675	-	6,544	-	1,272

NOTE 22 SHARE BASED PAYMENTS

The Group issues shares and stock options to certain employees as compensation for services provided. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. This fair value on the vesting date is expensed over the vesting period, based on the Group's estimate of the shares that will eventually be vested and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the method given below. The expected life used in the model has been adjusted, based on management's best estimates, for the effect of non-transferability, exercise restrictions and behavioral considerations.

Share-based payments are booked in staff costs (see Note 4 – *Operating expenses*, line "staff costs" and in the lines of the income statement presented by functions).

22-1 Grant of stock option plans

All granted plans are equity-settled plans.

Group stock option plans

As part of a policy recommended by the Compensation and Nomination Committee, the Board of Directors decided not to

award stock options with effect from 2011 and to set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company (eligible managers) received share grants subject to three-year performance conditions. To replace the stock option programs rewarding staff selected by Management, share grants without performance conditions were introduced.

Breakdown by plan	Plan no. 13
Annual Shareholders' Meeting date	May 12, 2010
Board of Directors' Meeting date	Dec. 16, 2010
Number of beneficiaries	643
Number of subscription options	382,950
Date from which options may be exercised	Dec. 17, 2013
Option expiry date	Dec. 15, 2018
Exercise price (in euros)*	63.71
Number of options exercised as of December 31, 2018	329,746
Number of void options as of December 31, 2018	53,204
Number of remaining options as of December 31, 2018	-

* No discount on the exercise price.

Plan no. 13 expired on December 15, 2018.

Assumptions for fair value calculation of stock options plans according to binomial model

	Plan no. 13
Expected volatility	26.00%
Risk-free rate	3.31%
Expected dividend yield	2.9%
Expected life in years*	6.32 & 5.87

* The first figure applies to French tax residents, the second figure to foreign tax residents.

22-2 Free share allocations with performance conditions

From 2005, exercising the power placed at its disposal by successive Annual Shareholders' Meetings, the Board of Directors resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of free share awards subject to three-year performance conditions.

The shares delivered by the current plans are existing shares.

For plans nos. 1 to 5, shares are granted either by SOCIÉTÉ BIC or BIC CORPORATION. Shares granted by SOCIÉTÉ BIC are delivered to the beneficiaries at the definitive grant date. Beneficiaries must hold the shares during an additional period of three years.

For U.S. tax reasons, the shares granted by BIC CORPORATION will only be delivered at the conclusion of a three-year period following the definitive grant date. As a compensation for dividends not received between the conclusion of the vesting period and the

actual date of delivery, additional shares will be delivered at that time.

For plans nos. 6 to 12, shares are only granted by SOCIÉTÉ BIC. For French tax resident beneficiaries, shares are delivered at the definitive grant date.

For foreign tax resident beneficiaries, shares are delivered at the conclusion of a three-year period following the definitive grant date. For plans nos. 6 and 7, as compensation for dividends not received between the conclusion of the vesting period and the actual date of delivery, additional shares will be delivered at that time. From Plan no. 8, this compensation system by delivery of shares has been terminated and is replaced by a cash compensation system.

From Plan no. 13, shares still granted by SOCIÉTÉ BIC are delivered to the beneficiaries at the definitive grant date. The cash compensation system has been terminated.



	Plan no. 1		Plan no. 2		Plan no. 3		Plan no. 4		Plan no. 5		Plan no. 6
Annual Shareholders' Meeting date	May 19, 2005		May 19, 2005		May 19, 2005		May 23, 2007		May 23, 2007		May 23, 2007
Board of Directors' Meeting date	May 19, 2005		Dec. 14, 2005		Dec. 13, 2006		Dec. 11, 2007		Feb. 10, 2009		Feb. 16, 2010
Grant	M	S	M	S	M	S	M	S	M	S	M
Number of beneficiaries	12	11	12	11	9	8	11	10	17	16	27
Number of free shares granted	31,800	2,618	31,800	2,618	33,450	2,352	37,550	2,644	57,500	2,643	83,475
Definitive grant date	May 19, 2008	May 19, 2012	Mar 14, 2009	Mar 14, 2013	Mar. 13, 2010	Mar. 13, 2014	Mar. 11, 2011	Mar. 11, 2015	Mar. 10, 2012	Mar. 10, 2016	Mar. 16, 2013
Number of free share grants definitively acquired at December 31, 2018	20,405	1,162	15,741	512	32,547	-	37,550	1,436	57,500	2,156	76,797
Of which number of shares transferred or to be transferred to beneficiaries by:											
• SOCIÉTÉ BIC	7,420	498	5,724	-	7,473	-	9,950	-	25,250	577	76,797
• BIC CORPORATION	12,985	664	10,017	512	25,074	-	27,600	-	32,250	1,579	N/A
Delivery date of the shares by:											
• SOCIÉTÉ BIC	May 19, 2008	May 19, 2012	Mar 14, 2009	Mar 14, 2013	Mar. 13, 2010	Mar. 13, 2014	Mar. 11, 2011	Mar. 11, 2015	Mar. 10, 2012	Mar. 10, 2016	
• French beneficiaries											Mar. 16, 2013
• Foreign beneficiaries											Mar. 16, 2016
• BIC CORPORATION	May 19, 2011	May 19, 2014	Mar 14, 2012	Mar 14, 2015	Mar. 13, 2013	Mar. 13, 2016	Mar. 11, 2014	Mar. 11, 2017	Mar. 10, 2015	Mar. 10, 2018	N/A
Shares delivered by BIC CORPORATION as a compensation for dividends not received	1,645	20	1,127	24	3,148	48	3,231	80	3,689	-	3,323
Shares to be delivered by BIC CORPORATION as a compensation for dividends not received	-	-	-	-	-	-	-	-	-	77	-
Total number of void free share grants as of December 31, 2018 ^(a)	11,395	1,456	16,059	2,106	903	2,352	-	1,208	-	487	6,678
Total number of free share grants vesting period as of December 31, 2018	-	-	-	-	-	-	-	-	-	-	-

(a) These free share grants are void due to beneficiaries leaving the Company or to a part of the performance conditions not being achieved.

M = Main.

S = Secondary.

Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14
May 12, 2010	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013	May 18, 2016	May 18, 2016	May 16, 2018
Feb. 15, 2011	Feb. 14, 2012	Feb. 12, 2013	Feb. 11, 2014	Feb. 10, 2015	May 18, 2016	Feb. 10, 2017	May 16, 2018
M	M	M	M	M	M	M	M
28	536	525	536	539	546	519	499
87,650	159,940	161,010	159,660	176,740	159,680	155,790	170,720
Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016	Mar. 11, 2017	Mar. 10, 2018	Mar. 31, 2019/ May 18, 2019	Mar. 31, 2020	May 16, 2021
57,551	135,452	148,050	139,040	106,809	-	-	-
55,551	135,452	148,050	139,040	106,809	-	-	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016	Mar. 11, 2017	Mar. 10, 2018	Mar. 31, 2019/ May 18, 2019	Mar. 31, 2020	May 16, 2021
Mar. 15, 2017	Mar. 14, 2018	Mar. 12, 2019	Mar. 11, 2020	Mar. 10, 2021	Mar. 31, 2022	Mar. 31, 2020	May 16, 2021
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3,486	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
30,099	24,488	12,960	20,620	69,931	85,154	66,326	24,083
-	-	-	-	-	74,526	89,464	146,637



Estimated fair value of shares granted and impact on the income statement

Grant date	Plans' unit fair value (in euros)		Expense/(income) booked in income statement (in thousand euros)	
	Main grant	Secondary grant	December 31, 2017	December 31, 2018
May 19, 2005	40.51	38.00	-	-
Dec. 14, 2005	48.09	45.10	-	-
Dec. 13, 2006	50.67	46.77	-	-
Dec. 11, 2007	44.99	40.71	-	-
Feb. 10, 2009	36.10	32.34	-	-
Feb. 16, 2010	47.17	N/A	-	-
Feb. 15, 2011	58.83	N/A	-	-
Feb. 14, 2012	64.81	N/A	-	-
Feb. 12, 2013	87.99	N/A	-	-
Feb. 11, 2014	77.82	N/A	236	-
Feb. 10, 2015	114.61	N/A	735	323
May 18, 2016	113.52	N/A	2,215	1,902
Feb. 10, 2017	109.05	N/A	3,069	2,427
May 16, 2018	76.78	N/A	-	2,067
TOTAL			6,255	6,718

The fair value of the free shares is the share price at the grant date discounted by the present value of potential future dividends.

22-3 Free share allocations without performance conditions

From 2012, as recommended by the Compensation and Nomination Committee, the Board of Directors decided to set up a policy of free share grants without performance conditions, to

replace the stock option programs rewarding staff selected by Management and key contributors during the year.

For plans nos. F1, F2, F3, F4, F5, F6 and F7, the shares are delivered by SOCIÉTÉ BIC at the definitive grant date, whether the beneficiaries are French or foreign country tax residents. French tax residents must hold the shares for an additional period of two years for Plans F1 to F4. From Plan F5, this holding period has been eliminated.

These plans provide for the allocation of existing shares.

	Plan no. F1	Plan no. F2	Plan no. F3	Plan no. F4	Plan no. F5	Plan no. F6	Plan no. F7
Annual Shareholders' Meeting date	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013	May 18, 2016	May 18, 2016	May 16, 2018
Board of Directors' Meeting date	Feb. 14, 2012	Feb. 12, 2013	Feb. 11, 2014	Feb. 10, 2015	May 18, 2016	Feb. 10, 2017	May 16, 2018
Number of beneficiaries	223	233	243	258	258	271	244
Number of free shares granted	20,050	19,950	19,700	21,700	20,750	17,100	30,500
Definitive grant date	Feb. 14, 2016	Feb. 12, 2017	Feb. 11, 2018	Feb. 10, 2019	May 18, 2020	March 31, 2020	May 16, 2021
Number of free share grants definitively acquired at December 31, 2018	16,600	16,250	-	-	-	-	-
Total number of void free share grants at December 31, 2018*	3,450	3,700	3,150	2,700	1,750	50	150
Total number of free share grants still vesting at December 31, 2018	-	-	16,550	19,000	19,000	17,050	30,350

* These 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)	
		December 31, 2017	December 31, 2018
Feb. 14, 2012	62.90	-	-
Feb. 12, 2013	85.39	(63)	-
Feb. 11, 2014	75.70	301	(136)
Feb. 10, 2015	111.49	438	337
May 18, 2016	109.85	453	485
Feb. 10, 2017	109.05	467	572
May 16, 2018	76.78	-	428
TOTAL		1,596	1,686

As of December 31, 2018, the total fair value of options and shares granted amounts to 8,404 thousand euros.

NOTE 23 FINANCIAL INSTRUMENTS

Accounting policies

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a) Trade receivables

See Note 14.

b) Investments

In accordance with IFRS 9, investment are classified into one of the following three categories:

- financial assets at fair value through profit or loss;
- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income.

The classification determines the accounting treatment of these instruments. It is determined by the Group on the initial recognition date, based on the characteristics of the instrument and the management objective for which these assets were acquired. Purchases and sales of financial assets are recognised on the trade date, the date on which the Group is committed to buying or selling the asset. A financial asset is derecognized if the contractual rights to the cash flows associated with the financial asset expire or if the asset has been transferred.

1. Financial assets at fair value through profit or loss

Financial assets recognized at fair value through profit or loss are mainly financial assets for which the contractual cash flows do not only correspond to principal repayments and interest payments on the outstanding principal.

This category mainly includes UCITS and cash investments whose management and performance are based on fair value.

Changes in the value of these assets are recorded in the consolidated income statement. The net gains and losses of assets measured at fair value through profit or loss correspond to interest income, dividends and changes in fair value.

2. Financial assets measured at amortized cost

Financial assets are measured at amortized cost if their ownership is part of a business model aimed at receiving contractual cash flows corresponding solely to principal repayments and interest payments on the outstanding principal.

These instruments are initially recognized at fair value then at amortized cost calculated using the TIE method. Provisions are recorded in the consolidated income statement.

Net gains and losses on loans and receivables correspond to interest income and provisions.



3. Financial assets measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if their holding is part of an economic model that aims both to collect contractual cash flows, corresponding only to repayments of principal and interest payments on outstanding principal, and to sell financial assets.

This category includes debt securities that meet the contractual flow characteristics and management model set out above, as well as shares at fair value through equity on option.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term (less than 3-months) highly liquid money market investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The implementation of IAS 7 has resulted in money market UCITS with a historical volatility over the last 12 months of above 0.50% being considered non-eligible as "cash equivalents." These items are now classified as "Other current financial assets."

d) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deduction of all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

e) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement of redemption or borrowing is recognized in profit or loss over the term of the borrowing in accordance with this method..

f) Trade payables

See Note 14.

g) Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs.

h) Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risk of changes in foreign exchange and interest rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts and currency options) to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Group designates these as cash flow hedges.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written guidelines on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Measurement and presentation

Derivatives are initially recognized at fair value of received counterpart on the contract date and are remeasured to fair value at subsequent reporting dates. They are disclosed in the balance sheet in current assets and/or liabilities for the part within one year and in non-current assets and/or liabilities 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 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.

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. The counterpart of this adjustment is recorded, net of taxes, in equity. The cumulative amount included in equity is transferred to the income statement when the hedged item has an impact on net income.

If the cash flow hedge of a commitment or forecasted transaction results in the recognition of a non financial asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial carrying amount of the non financial asset or liability.

For foreign exchange derivatives, changes in the time value of options and changes in premiums/deferrals are also recorded in other comprehensive income.

For hedges that do not result in the recognition of an asset or a liability, amounts transferred to equity are recognized in the income statement in the same period in which the hedged item affects net income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument initially recognized directly in equity while the hedge was effective, is retained in equity until the forecast transaction occurs.

The Group stops hedge accounting if the commitment or forecast transaction is no longer expected to occur, and the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period;

- **hedge of net investment in a foreign operation:** the hedging instrument is adjusted to fair value. Following this adjustment, the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in equity. The cumulative amount included in equity is transferred to the income statement at the date of liquidation or sale of the net investment.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and financial characteristics are not closely related to those of the host contract and the hybrid instrument is not carried at fair value with gains or losses reported in profit or loss. The BIC Group did not carry out any such transactions over the past three years.

i) Fair value hierarchy

Financial instruments measured at fair value are classified within three fair value levels (IFRS 13):

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: observable inputs other than quoted prices included within level 1;
- level 3: non-observable inputs.

23-1 Derivatives and hedge accounting

The financial risk management is mainly concentrated at the SOCIÉTÉ BIC level and managed and/or coordinated by the Group Treasury.

This department is not a profit center.

Group Treasury has ongoing contact with subsidiaries and collects information throughout the year to identify, follow and lead risk management.

Regarding foreign exchange risk, the Group policy is to hedge the net position currency by currency on a yearly basis. Buyer and seller positions are aggregated, and the determined net nominal is hedged on the market.

Depending on the fluctuation of the foreign exchange market, Group Treasury can speed up the hedging pace in order to benefit from favorable trends or slow it down so as not to fix too early a rate and remain flexible. All the positions are constantly monitored

in real-time by the Group Treasury, which has the necessary information and analytical tools. An update of all the positions is transmitted to management each month and detailed by currency, product (forward, option, etc.), and purpose (commercial flows or net investments).

In case of local constraints that would not permit the centralization at optimum conditions, the hedges are performed locally under the strict control of Group Treasury.

23-2 Foreign exchange risk

To manage its exchange rate exposure, the Group uses forward foreign currency contracts, currency swaps and currency options. Forward foreign currency contracts are recognized as hedges insofar as they are designated as such. These hedges may cover the net investment of the Group in certain foreign entities, foreign currency receivables or debts, or budgets in foreign currency.



As Group Treasury is centralized, SOCIÉTÉ BIC has current accounts with its main subsidiaries. Credit balances in foreign currencies are swapped against the euro for a very short term and the euro is invested in money market UCITS and other short-term investments.

Every day, Group Treasury adjusts the liquidity situation of the current accounts as a result of currency swaps realized on the market. This strategy, even though it uses exchange instruments, cannot be considered as a full foreign exchange risk management hedging program, as there is no definitive translation of bank accounts. It only relates to optimization of funding by SOCIÉTÉ BIC through foreign liquidity management.

23-3 Interest rate risk

As of December 31, 2018 BIC Group has no significant debt or related hedging instruments.

The exposure to interest rate fluctuations on borrowings is very limited. All local funding needs are directly indexed on a variable rate. Borrowers' positions are insignificant and are of too limited a time scale to require any relevant hedging.

23-4 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2018

The following amounts have been booked as the fair value of derivatives as of December 31, 2018 (in thousand euros):

Derivative instruments and revaluation	Hedge qualification/hedged risk	Net financial income/(expense) before tax ^(a) - Note 6	Income from operations - Note 4	Other comprehensive income before tax ^(a)	Current assets ^(b)	Non Current assets	Current Liabilities	Non-current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/Foreign exchange risk	-	(4,608)	(19,411)	5,058	44	(7,346)	(37)
Dividends	Net investment/Foreign exchange risk	-	-	(3,932)	-	-	(3,930)	-
Subtotal (1)		-	(4,608)	(23,344)	5,058	44	(11,276)	(37)
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk							
Subtotal (2)		249	-	-	231	-	(157)	-
TOTAL (1) + (2)		249	(4,608)	(23,344)	5,289	44	(11,433)	(37)

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2018, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2017.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 928 thousand euros.

23-5 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2017

The following amounts have been booked as the fair value of derivatives as of December 2017 (in thousand euros):

Derivative instruments and revaluation	Hedge income qualification/hedged risk	Net financial Income/(expense) before tax ^(a) - Note 6	Income from operations - Note 4	Other comprehensive income before tax ^(a)	Current assets ^(b)	Non-current assets	Current Liabilities	Non-current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/Foreign exchange risk	396	5,584	30,361	23,488	38	(1,915)	(104)
Dividends	Net investment/Foreign exchange risk	-	-	2,892	2	-	-	-
Subtotal (1)		396	5,584	33,253	23,490	38	(1,915)	(104)
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk							
Subtotal (2)		192	-	-	131	-	(305)	-
TOTAL (1) + (2)		588	5,584	33,253	23,621	38	(2,220)	(104)

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2017, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2016.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 701 thousand euros.

23-6 Portfolio of foreign exchange risk hedges as of December 31, 2018

To cover its future cash flows, the BIC Group had the following hedges as of December 31, 2018.

Maturity	Hedge	Forward	Currency	Purchase of options	Sale of options	Currency
2019	USD/EUR	285,000,000	USD	35,000,000	67,500,000	USD
	USD/CAD	20,000,000	USD	13,000,000	15,500,000	USD
	USD/AUD	7,000,000	USD	-	-	-
	USD/JPY	8,500,000	USD	-	-	-
	GBP/EUR	14,100,000	GBP	14,000,000	24,000,000	GBP
	AUD/EUR	8,000,000	AUD	13,000,000	17,500,000	AUD
	CHF/EUR	2,000,000	CHF	3,000,000	4,500,000	CHF
	EUR/MXN	5,500,000	EUR	-	-	-
	JPY/EUR	1,200,000,000	JPY	300,000,000	400,000,000	JPY
	CAD/EUR	8,000,000	CAD	12,000,000	19,500,000	CAD
	NZD/EUR	-	NZD	7,000,000	11,000,000	NZD
	PLN/EUR	10,000,000	PLN	35,000,000	47,000,000	PLN
	RON/EUR	21,800,000	RON	-	-	-
	SEK/EUR	25,000,000	SEK	-	-	-
USD/NZD	1,600,000	USD	-	-	-	
2020	SEK/EUR	8,500,000	USD	-	-	-
	CHF/EUR	-	CHF	1,000,000	1,500,000	CHF
	USD/EUR	5,000,000	USD	-	-	-



As of December 31, 2018, regarding the 2019 exposure, the main significant exchange exposure relates to EUR/USD for 330 million U.S. dollars. This exposure is more than 100% hedged as of December 31, 2018 and related cash flows will occur in 2019.

Net income and equity sensitivity to a variance of +/-1% EUR/USD on balance sheet items as of December 31, 2018, as defined in IFRS 7, is not considered to be significant for the Group.

As of December 31, 2017, regarding the 2018 exposure, the main significant exchange exposure related to EUR/USD for 336 million

U.S. dollars. This exposure was 100% hedged as of December 31, 2017 and related cash flows took place in 2018.

23-7 Main balance sheet items declared in foreign currencies

Regarding the balance sheet items, the weight of the different currencies is as follows as of December 31, 2018 for the main non-current items:

<i>(in thousand euros)</i>	Total	EUR	Translated from USD	Translated from BRL	Translated from MXN	Translated from INR	Other
Net property, plant and equipment	699,755	384,031	86,508	69,686	53,572	48,271	57,687
Net goodwill	210,158	78,149	94,806	1,050	-	23,310	12,843
Cash and cash equivalents (excluding bank overdrafts)	157,533	20,774	52,499	24,217	8,743	10,209	41,091
Employee benefit obligations	(163,823)	(28,821)	(112,176)	-	(3,178)	(2,165)	(17,482)

NOTE 24 RELATED PARTIES

Pursuant to IAS 24, BIC Group considers the following to be related parties:

- all consolidated subsidiaries (see Note 27);
- all members of the Board of Directors (see Corporate Governance – section 4.1.1.4. Mandates and duties of the Corporate Officers and Directors as of December 31, 2018) 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.

24-1 Consolidated subsidiaries

Transactions between the parent company and its subsidiaries as well as transactions between subsidiaries are eliminated through the consolidation process.

24-2 Members of the Board of Directors and of the Leadership Team

Transactions concluded in 2018 with members of the Board of Directors and of the Leadership Team are as follows:

<i>(in thousand euros)</i>	Expenses	Net amount in balance sheet
Short-term employee benefits	8,965	2,640
Post-employment benefits	1,309	18,404
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
TOTAL OF TRANSACTIONS	10,274	21,044

Directors' fees are not included in the above table and are disclosed under Corporate Governance – section 4.2.2.5. Directors' fees.

24-3 Companies in which a member of the Board of Directors or of the Leadership Team has a significant voting right

As of December 31, 2018, no such related parties were identified.

NOTE 25 OFF-BALANCE SHEET ITEMS

The following schedule summarizes the off-balance sheet sureties, deposits and guarantees for the Group. All significant items are disclosed in this table.

No other pledge of assets or registered shares is to be reported.

25-1 Sureties, deposits and guarantees issued

None.

25-2 Sureties, deposits and guarantees received

<i>(in thousand euros)</i>	Due			December 31, 2018	December 31, 2017
	< 1 year	1 to 5 years	> 5 years		
Guarantees for credit lines	3,200	2,190	-	5,390	4,265
Trade guarantees	102	-	-	102	95
Operating lease guarantees	492	-	320	812	1,067
Sureties and deposits	111	285	173	569	686
Other guarantees and commitments	-	2,000	35	2,035	1,536
TOTAL	3,905	4,475	528	8,908	7,648

As of December 31, 2018, the guarantees for credit lines mainly related to the Group's subsidiaries in Turkey, South Korea and Singapore for 5.1 million euros.

As of December 31, 2017, the guarantees for credit lines mainly related to the Group's subsidiaries in Turkey, South Korea and Singapore for 4.3 million euros.

25-3 Lease arrangements

<i>(in thousand euros)</i>	December 31, 2017	December 31, 2018
Rentals under operating leases recognized as an expense in the year 2017 and rentals which did not fall within the scope of IFRS 16 in the year 2018	9,234	351

At the balance sheet date, the BIC Group has outstanding commitments under leases which are out of scope of IFRS 16, which fall due as follows:

<i>(in thousand euros)</i>	December 31, 2017	December 31, 2018
Within one year	9,147	583
In the second to fifth years inclusive	19,356	94
Beyond five years	4,619	-
TOTAL	33,122	677

NOTE 26 CONTINGENT LIABILITIES

As of December 31, 2018, neither SOCIÉTÉ BIC nor its subsidiaries had any pending litigation, claims or disputes which, in the opinion of management, after consultation with their advisors, would have a material adverse impact on the consolidated financial statements.



NOTE 27 CONSOLIDATED SUBSIDIARIES

All entities that are more than 50% owned are consolidated.

The main operating companies at December 31, 2018, are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Main shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
Fully consolidated subsidiaries				
FRANCE				
BIC Assemblage SARL	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
BIC Services SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
BIMA 83 SASU	Clichy/Cernay	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
Société du Briquet Jetable 75 SASU	Clichy/Redon	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
DAPE 74 Distribution SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Électro-Centre SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Technologies SA	Clichy	SOCIÉTÉ BIC SA	99.9%	Industrial equipments production
BIC Rasoirs SASU	Verberie	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Sport SASU (sold on December 31, 2018)	Vannes	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Conté SASU	Samer	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Graphic France SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Écriture 2000 SASU	Clichy/Montévrain	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Éducation SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of IT solutions
Société Immobilière Valiton Gesnouin SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Real estate
Société Immobilière BIC Clichy SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Real estate
Stypen SASU (merged into SOCIÉTÉ BIC on May 14, 2018 – retroactive tax effect as of January 1, 2018)	Clichy/Montévrain	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC International Development SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
EUROPE				
BIC Deutschland GmbH & Co. OHG	Germany	BIC Erzeugnisse GmbH BIC Verwaltungs GmbH	100.0%	Distribution of consumer products
BIC Erzeugnisse GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC Verwaltungs GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
Mondialoffice Verwaltungs-und Vertriebsgesellschaft mit beschränkter Haftung	Germany	BIC Deutschland GmbH & Co.	100.0%	Holding company
BIC (Austria) Vertriebsgesellschaft mbH	Austria	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Belgium SPRL	Belgium	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Iberia SAU	Spain	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Graphic Europe SA	Spain	BIC Iberia SA SOCIÉTÉ BIC 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	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
		Furtuna holding Co. Ltd BIC CORPORATION		

Name of subsidiary	Place of incorporation (or registration) and operation	Main shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
BIC Hungaria k.f.t. (liquidation in 2017)	Hungary	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Ireland) Private Company Limited By Shares	Ireland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Italia Spa	Italy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Norwood Promotional Products Italia SPA (liquidation in progress)	Italy	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Netherlands B. V	Netherlands	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Polska SP ZOO	Poland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Portugal SA	Portugal	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Romania) Marketing & Distribution SRL	Romania	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC UK Ltd.	United Kingdom	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Slovakia s.r.o	Slovakia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC CIS ZAO	Russia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Nordic AB	Sweden	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
SOCIÉTÉ BIC (Suisse) SA	Switzerland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Pazarlama Ltd. Sti.	Turkey	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Ukraine CA	Ukraine	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
NORTH AMERICA				
BIC Inc.	Canada	BIC CORPORATION	100.0%	Distribution of consumer products
BIC CORPORATION	United States	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC USA Inc.	United States	BIC CORPORATION	100.0%	Distribution of consumer products
BIC Consumer Products Manufacturing Co. Inc.	United States	BIC USA Inc.	100.0%	Manufacturing of consumer products
BIC Graphic USA Manufacturing Co. Inc. (sold on 30 June 2017)	United States	BIC USA Inc.	100.0%	Manufacturing of consumer products
BIC Sport North America Inc. (sold on 31 December 2018)	United States	BIC Sport SASU	100.0%	Manufacturing and distribution of consumer products
Wite-out Products Inc.	United States – Delaware	BIC CORPORATION	100.0%	Holding company
Furtuna Holding Co. Ltd.	British Virgin Islands	BIC CORPORATION	100.0%	Holding company
SLS Insurance Company	United States	BIC CORPORATION	100.0%	Insurance coverage company
BIC International Co.	United States	SOCIÉTÉ BIC SA	100.0%	Delivery of services
Wite-out Products Inc.	United States – Marinland	Wite-Out Products Inc. – Delaware	100.0%	Distribution of consumer products
OCEANIA				
BIC Australia Pty. Ltd.	Australia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Sport Australia Pty. Ltd. (sold on December 2018)	Australia	BIC Sport SASU	100.0%	Distribution of consumer products
BIC (NZ) Ltd.	New Zealand	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
LATIN AMERICA				
BIC Argentina SA	Argentina	SOCIÉTÉ BIC SA BIC Assemblage	100.0%	Distribution of consumer products
BIC Graphic Brasil Ltda. (liquidation in progress)	Brazil	BIC Amazonia SA	100.0%	Distribution of consumer products
BIC Amazonia SA	Brazil	SOCIÉTÉ BIC SA BIC Rasoirs SASU	100.0%	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
PIMACO Autoadesivos Ltda.	Brazil	BIC Amazonia SA	100.0%	Manufacturing and distribution of consumer products
BIC Chile SA	Chile	BIC Amazonia SA SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Colombia SAS	Colombia	Nelgor SA BIC Amazonia SA SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC de Costa Rica SA	Costa Rica	BIC de Guatemala SA	100.0%	Distribution of consumer products
BIC Ecuador SA	Ecuador	BIC Amazonia SA SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC de Guatemala SA	Guatemala	BIC CORPORATION SOCIÉTÉ BIC SA	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 Cuautitlán, SA de CV	Mexico	Industrial de Cuautitlan SA de CV No Sabe Fallar SA de CV	100.0%	Delivery of services
BIC Andina Peru SA (liquidation in March 2018)	Peru	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Uruguay SA	Uruguay	BIC Amazonia SA	100.0%	Distribution of consumer products
Nelgor SA	Uruguay	BIC Amazonia SA	100.0%	Holding company
Nelgor Trading CA (liquidation in 2017)	Venezuela	Nelgor SA	100.0%	Distribution of consumer products
BIC de Venezuela CA (liquidation in progress)	Venezuela	BIC Amazonia SA	100.0%	Distribution of consumer products
ASIA				
BIC Stationery (Shanghai) Co. Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Shanghai) Stationery Manufacturing Co. Ltd. (liquidation in 2017)	China	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC (Nantong) Plastic Products Co., Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Product (Korea) Ltd.	South Korea	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Advertising and Promotional Products Asia Ltd. (sold in 2017)	Hong-Kong	BIC Graphic France SASU	100.0%	Distribution of consumer products
BIC Cello (India) Pvt. Ltd. (ex-Cello Plastic Products private Ltd.) since September 2017	India	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Cello Exports Private Ltd. (merged into BIC Cello (India) Pvt. Ltd. with retrospective effect to 1 April 2017)	India	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Japan Co. Ltd.	Japan	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Malaysia) Sdn. Bhd.	Malaysia	SOCIÉTÉ BIC SA	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

Name of subsidiary	Place of incorporation (or registration) and operation	Main shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
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.	100.0%	Holding company
BIC Middle East FZ-LLC	Dubai	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Middle East Trading FZE (incorporated on 30 January 2018)	Dubai	SOCIÉTÉ BIC SA	100,0 %	Distribution of consumer products
BIC Malawi Pty. Ltd.	Malawi	BIC Holdings Southern Africa Pty. Ltd.	100.0%	Distribution of consumer products
BIC Mozambique Ltd.	Mozambique	BIC Holdings Southern Africa Pty. Ltd. BIC (South Africa) Pty. Ltd.	100.0%	Distribution of consumer products
BIC Bizerte	Tunisia	SOCIÉTÉ BIC SA BIC Assemblage	100.0%	Manufacturing of consumer products
BIC Zambia Ltd.	Zambia	BIC Holdings Southern Africa Pty. Ltd.	100.0%	Distribution of consumer products
BIC Maroc SARL	Morocco	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC East Africa Limited (incorporated on 31 July 2018)	Kenya	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products

NOTE 28 AUDITORS' FEES

Annual fees paid by the Group to the Statutory Auditors' and members of their networks are as follows:

<i>(in thousand euros)</i>	Deloitte & Associés				Grant Thornton			
	Amount (excluding VAT)		%		Amount (excluding VAT)		%	
	2017	2018	2017	2018	2017	2018	2017	2018
Audit								
Statutory audit, certification, review of statutory and consolidated financial statements								
• Issuer	522	327	27%	17%	129	134	19%	20%
• Fully consolidated subsidiaries	1,207	1,180	62%	61%	542	545	81%	80%
Services other than certification of financial statements provided by auditors								
• Issuer	8	223	-	12%	-	-	-	-
• Fully consolidated subsidiaries	107	22	6%	1%	-	-	-	-
Subtotal	1,844	1,752	95%	91%	671	679	100%	100%
Services other than certification of financial statements provided by auditor's networks to BIC subsidiaries								
• Legal, tax, labor-related	90	181	5%	9%	-	-	-	-
Subtotal	90	181	5%	9%	-	-	-	-
TOTAL	1,934	1,933	100%	100%	671	679	100%	100%

6.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual shareholders meeting,

I. OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of SOCIETE BIC for the year ended December 31, 2018.

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, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018, to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are for Deloitte & Associés, the report on the consolidated extra-financial performance declaration, as independent third party, and attestations on information derived from accounting and financial information, that were issued upon request of the concerned companies.

Emphasis of matter

We draw your attention to Note 1-1-2 to the consolidated financial statements, "Adoption of newly published and revised IFRS, interpretations and amendments", setting out the impacts of the application as of January 1, 2018 of IFRS 9, Financial Instruments, IFRS 15, Revenue from Contracts with Customers, and IFRS 16, Leases. Our opinion is not modified in respect of this matter.

III. JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.



Impairment test of the Cello Pens goodwill (Note 10 to the consolidated financial statements)

Risk identified	Our answer
<p>Goodwill represents an important part of the total assets of the Bic Group (€ 277 million out of € 2 352 million at December 31, 2018). The assessment of the recoverability of those goodwill, especially the one related to the most recent acquisition (Cello in India – € 96 million), is a matter of attention for management as the underlying business plan is ambitious reflecting existing opportunities in the country. In the course of the year 2018, the company decided to impair this goodwill for an amount of € 69 million.</p> <p>A high degree of judgement is exercised by management around the assumptions used to determine the value in use of the cash generating unit ("CGU") to which the Cello Pens goodwill has been allocated and which was determined using discounted cash flows of the Cello Pens CGU.</p> <p>We have therefore considered the Cello goodwill valuation as a key audit matter.</p> <p>The main assumptions used to determine the value in use as well as the sensitivity analysis for the main parameters (discounted cash flows, discount rate and perpetual growth rate) are presented in Note 10 to the consolidated financial statements.</p>	<p>We have examined how the CGUs' value in use were determined with a specific focus on the Cello Pens' value in use. Besides the assessment of management's competency and objectivity, we have performed certain specific audit procedures:</p> <p>Testing of internal control related to the preparation of the future cash flows forecast.</p> <p>Verifying consistency of the main data used in the future cash flows determination comparing them with the historical performance and the CGU strategical plan validate by the appropriate level of governance.</p> <p>Corroborating the perpetual growth rate and discount rate used in the impairment test with the expertise of our valuation specialists.</p>

IV. SPECIFIC VERIFICATIONS

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the board of directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code is included in Group management report, being specified that, in accordance with the provisions of Article L.823-10 of the code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information contained therein and should be reported on by an independent insurance services provider.

V. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Appointment of the Statutory Auditors**

We were appointed as statutory auditors of company Bic during the annual general meeting held on May 4, 1999 for Deloitte & Associés and May 23, 2007 for Grant Thornton.

As at December 31, 2018, Deloitte & Associés and Grant Thornton were in the 20th year and 12th year of total uninterrupted engagement respectively.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved for issuance by the Board of Directors.

VII. STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 15, 2019

The Statutory Auditors

French original signed by

*Grant Thornton
Vianney Martin*

*Deloitte & Associés
François Buzy*



6.3. PARENT COMPANY FINANCIAL STATEMENTS OF SOCIÉTÉ BIC (FRENCH GAAP)

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1. INCOME STATEMENT

<i>(In thousand euros)</i>	Notes	Dec. 31, 2017	Dec. 31, 2018
Net sales	11	715,515	691,135
Reversal of depreciation, amortization and provisions, transfer of charges		7,313	(3,147)
Other income	12	100,511	105,206
Total operating income		823,339	793,194
Purchases of goods and changes in inventories		(426,835)	(438,231)
Purchases of raw materials, other supplies and changes in inventories		(25,680)	(29,481)
Other external purchases and charges		(187,752)	(198,111)
Taxes, levies and similar payments		(4,738)	(3,188)
Payroll costs	13	(2,866)	(2,054)
Depreciation, amortization and provisions		(9,979)	(16,673)
Other expenses		(5,530)	(4,505)
Total operating expenses		(663,380)	(692,243)
NET OPERATING INCOME		159,959	100,951
NET FINANCIAL INCOME	14	628,887	82,853
NON-RECURRING INCOME AND EXPENSES	15	14,330	(3,617)
Income tax expense	16 to 18	(55,051)	(30,347)
NET INCOME		748,125	149,840

2. BALANCE SHEET

Assets

(in thousand euros)	Notes	Dec. 31, 2017	Dec. 31, 2018		
			Net	Gross	Deprec., amort. and provisions
Research and development expenses		-	1,745	(1,745)	-
Patents and similar rights		22,790	50,391	(29,253)	21,138
Intangible assets	3, 4	22,790	52,136	(30,998)	21,138
Land		1,345	1,345	-	1,345
Buildings		2,105	16,356	(14,593)	1,763
Industrial fixtures and equipment		1,766	13,656	(11,897)	1,759
Other property, plant and equipment		3,482	6,519	(3,025)	3,494
Fixed assets under construction		533	700	(51)	649
Property, plant and equipment	3, 4	9,231	38,576	(29,566)	9,010
Equity Investments	23	1,236,512	1,300,218	(125,779)	1,174,439
Other long-term investments	3	66,852	58,444	-	58,444
Long-term investments		1,303,364	1,358,662	(125,779)	1,232,883
Non-current assets		1,335,385	1,449,374	(186,343)	1,263,031
Raw materials and supplies		1,424	1,359	-	1,359
Work-in-process goods		-	273	(273)	-
Goods		36,485	43,544	(1,629)	41,915
Inventories		37,909	45,176	(1,902)	43,274
Advances and prepayments		2,503	4,019	-	4,019
Trade receivables and related accounts	5, 6	128,841	162,385	(15,615)	146,770
Other receivables	5, 6	216,149	264,342	(10,027)	254,315
Short-term financial investments	7	4,409	4,409	-	4,409
Cash and cash equivalents		38,847	8,104	-	8,104
Prepaid expenses	5	576	1,184	-	1,184
Unrealized losses from foreign exchange	8	530	1,253	-	1,253
Current assets		429,764	490,872	(27,544)	463,328
TOTAL ASSETS		1,765,149	1,940,246	(213,887)	1,726,359

Liabilities & Shareholders' equity

<i>(in thousand euros)</i>	Notes	Dec.31, 2017	Dec.31, 2018
Share capital		178,126	175,761
Share issue premiums, merger contributions		140,069	144,165
Legal reserve		22,410	22,410
General reserve		180,447	180,500
Retained earnings		114,781	653,692
Net income for the year		748,125	149,840
Shareholders' equity	9	1,383,958	1,326,368
Provisions for contingencies and losses	10	33,273	39,464
Provisions for contingencies and losses		33,273	39,464
Bank borrowings (Bank overdraft)	5	774	7,255
Other borrowings	5	233,213	229,113
Financial liabilities		233,987	236,368
Trade payables and related accounts	5, 6	100,330	108,472
Tax and employee-related liabilities	5	8,111	7,451
Other liabilities	5	4,415	7,729
Deferred income	5	1	-
Operating liabilities		112,857	123,652
Unrealized gains from foreign exchange		1,074	507
Liabilities		347,918	360,527
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		1,765,149	1,726,359

3. CASH FLOW STATEMENT

<i>(in thousand euros)</i>	Notes	Dec. 31, 2017	Dec. 31, 2018
Operating activities			
Net income		748,125	149,840
Merger gain		(492,377)	(2,185)
Dividends received	14	(115,712)	(159,800)
Depreciation, amortization and provisions on non-current assets		11,055	90,312
(Gain)/Loss on the disposal of fixed assets		(36)	-
Gross cash flow from operating activities		151,055	78,167
(Increase)/Decrease in net current working capital		12,296	(12,241)
NET CASH FLOW FROM OPERATING ACTIVITIES		163,351	65,926
Investing activities			
Dividends received from subsidiaries	14	115,712	159,800
Proceeds from disposals of property, plant and equipment and intangible assets		36	-
Purchases of property, plant and equipment	3	(813)	(1,470)
Acquisition of intangible assets	3	(4,437)	(1,599)
(Increase)/Decrease in treasury shares		(93,679)	(50,705)
(Increase)/Decrease in other investing expenses	3	190	(138)
Acquisitions of subsidiaries	23.2	74,813	(12,640)
NET CASH FLOW FROM INVESTING ACTIVITIES		91,822	93,248
Financing activities			
Dividends paid	9.2	(161,045)	(157,762)
Loans/(Repayments)		(3)	(3)
Movement in current accounts		(56,008)	(38,632)
NET CASH FLOW FROM FINANCING ACTIVITIES		(217,056)	(196,397)
Net increase/(decrease) in cash and cash equivalents		38,117	(37,223)
Opening cash and cash equivalents		4,365	42,482
CLOSING CASH AND CASH EQUIVALENTS		42,482	5,259

4. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

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NOTE 1 MAIN EVENTS

The Stypen subsidiary merged within SOCIÉTÉ BIC as of May 13, 2018.

As a consequence, a merger gain was recognized in the 2018 income statement.

NOTE 2 ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared in accordance with the accounting policies and methods defined by the French *Plan Comptable Général*, as presented by Regulation no. 2014-03 of the French Accounting Standards Authority of June 5, 2014 and its subsequent changes on the *Plan Comptable Général* repealing Regulation no. 99-03 of the French Accounting Regulatory Commission of April 29, 1999 on annual financial statements.

They have been drawn up according to the basic accounting principles of:

- going concern;
- consistency;
- independence of financial years. The items presented in the financial statements are valued on a historical cost basis.

The main accounting rules and methods adopted are the following:

a) Intangible assets

Research and development expenditures are capitalized when major applied research and development projects in progress (above 500 thousand euros) can be clearly defined, costs separately identified and reliably measured, and the project has a significant chance of commercial profitability. Capitalized research and development expenditures are amortized on a straight-line basis over a period of three to five years from the commencement of production.

Research and development expenditures that do not meet these criteria are expensed in the fiscal year.

Patents and technical processes are amortized over their period of protection or use.

Software is depreciated on a straight-line basis over a period of three to five years.

b) Property, plant and equipment

Property, plant and equipment are valued at their purchase price or production cost. Depreciation is calculated on a straight-line basis over periods depending on the asset type:

Buildings	25 years
Fixtures and fittings	8 to 10 years
Vehicles	3 to 4 years
Industrial plant, machinery and fittings	2 to 8 years
Office and IT equipment, furniture	3 to 8 years

c) Fixed assets valuation

At year end, SOCIÉTÉ BIC checks the existence of internal or external indicators that could lead to a change in the net realizable value of its assets.

When the net booked value of fixed assets exceeds the market value or the asset in use, an impairment charge is recorded.

d) Long-term investments

Long-term investments are recorded at the value they were brought into assets. An impairment is booked when the value in use of an investment is less than its purchase cost. The value is determined in reference to Shareholders' equity or to cash flow projections of the relevant investment, adjusted to take into consideration the importance of the Company to the Group and its development and profit perspectives. In addition, BIC shares purchased pursuant to Article L. 225-209 of the French Commercial Code (*Code de commerce*), not intended exclusively for stock option plans, are recorded within long-term investments. Treasury shares are valued at purchase cost and provision for impairment is booked at year-end when the probable trading value (based on the average share market price during the last month of the fiscal year) is less than purchase cost. Loans in foreign currency are translated at the closing exchange rate.

e) Inventory and work-in-process

Goods are valued at purchase cost, including incidental expenses, in accordance with the weighted average cost method. Inventory provisions are booked, when necessary, to reduce inventory value to the market value.

f) Receivables and payables

Receivables and payables are recorded at nominal value. Receivables are written down by way of provision, when appropriate, to take into consideration recovery risks. Foreign currency denominated receivables and payables are translated at the official closing exchange rate.

Unrealized gains on foreign exchange are booked as unrealized gains, while unrealized losses on foreign exchange are booked as unrealized foreign exchange losses with a provision for contingencies and losses.

Profit and loss on foreign exchange for current accounts are directly recognized in the profit and loss account and are not the subject of a translation difference.

According to the new ANC n°2015-05 related to the accounting of derivative instruments, applicable as of January 1, 2017, the method of accounting for derivative instruments varies according to whether the derivative qualifies for hedge accounting or not.

For non-hedged transactions, the global foreign exchange position is only to calculate the provision for foreign exchange losses.

It is calculated currency-by-currency and hedging instruments and hedged items (for the hedged portion) are excluded from this global foreign exchange position.

The maturity dates of items included in the position should be in the same fiscal year and only realizable items should be included (receivables, payables, derivative instruments, etc.). Cash and cash equivalents are excluded.

For hedged transactions, the currency hedging impact is only recognized in the income statement when receivables (or payables) are settled.

g) Financial investments

Financial investments comprise investments in marketable securities, and SOCIÉTÉ BIC shares bought pursuant to Article L.225-209 of the French Commercial Code (*Code de commerce*). Treasury shares are valued at purchase cost. An impairment provision is booked when the probable trading value (based on the average stock market price during the last month of the fiscal year or the exercise price of the options for which they were purchased) at year-end is less than the purchase cost.

h) Provisions for contingencies and charges

Provisions for contingencies and charges are liabilities for which maturity or amounts cannot be precisely measured. They are calculated using the best estimate of funds required to settle the liability.

i) Borrowings

Borrowings in foreign currency are translated at the closing exchange rate.

NOTES TO THE BALANCE SHEET

NOTE 3 NON-CURRENT ASSETS

<i>(in thousand euros)</i>	Gross value as of Dec. 31, 2017	Acquisitions	Disposals	Gross value as of Dec. 31, 2018
Research and development expenses	1,745	-	-	1,745
Other intangible assets	63,524	6,384	(19,517)	50,391
TOTAL INTANGIBLE ASSETS	65,269	6,384	(19,517)	52,136
Land	1,345	-	-	1,345
Buildings	16,407	59	(110)	16,356
Industrial fixtures and equipment	12,724	993	(61)	13,656
Other property, plant and equipment	6,400	303	(184)	6,519
Property, plant and equipment under construction	584	1,597	(1,481)	700
TOTAL PROPERTY, PLANT AND EQUIPMENT	37,460	2,952	(1,836)	38,576
Equity Investments ^(a)	1,286,072	23,027	(8,881)	1,300,218
Treasury Shares ^(b)	66,628	107,199	(115,745)	58,082
Loans and other long-term investments	224	138	-	362
TOTAL LONG-TERM INVESTMENTS	1,352,924	130,364	(124,626)	1,358,662

(a) Equity Investments are detailed in Note 23.

(b) These refer to 637,680 shares for the free share plans and 14,733 shares related to the liquidity contract.



NOTE 4 DEPRECIATION AND AMORTIZATION

<i>(in thousand euros)</i>	Deprec. and amort. as of Dec. 31, 2017	Increase in the period	Reduction in the period	Deprec. and amort. as of Dec. 31, 2018
Research and development expenses	1,745	-	-	1,745
Other intangible assets	38,188	2,075	(14,731)	25,532
TOTAL INTANGIBLE ASSETS	39,933	2,075	(14,731)	27,277
Buildings	14,302	394	(104)	14,592
Industrial fixtures and equipment	10,957	1,000	(60)	11,897
Other property, plant and equipment	2,919	290	(184)	3,025
TOTAL PROPERTY, PLANT AND EQUIPMENT	28,178	1,684	(348)	29,514

NOTE 5 MATURITY OF RECEIVABLES AND PAYABLES

<i>(in thousand euros)</i>	Gross	Within one year	More than one year	o/w notes receivables	o/w related parties
Other long-term investments	58,444	58,444	-	-	-
Trade receivables and related accounts	162,384	162,384	-	913	113,654
Other receivables	264,342	264,342	-	-	208,611
Prepayments	1,184	1,184	-	-	-
TOTAL	486,354	486,354	-	913	322,265

<i>(in thousand euros)</i>	Gross	Within one year	More than one year	o/w notes payables	o/w related parties
Bank borrowings	7,255	7,255	-	-	-
Other borrowings	229,113	227,052	2,061	-	229,109
Trade payables and related accounts	108,471	108,471	-	-	54,503
Tax and employee-related liabilities	7,451	7,451	-	-	-
Other liabilities	7,729	7,729	-	-	1,466
TOTAL	360,019	357,958	2,061	-	285,078

NOTE 6 INFORMATION ON RELATED PARTIES

Gross value <i>(in thousand euros)</i>	Dec.31, 2018
Assets	
Equity investments	1,300,218
Trade receivables and related accounts	113,654
Other receivables	208,611
Liabilities	
Other long-term loans and investments	229,109
Trade payables and related accounts	54,503
Other debts	1,466

NOTE 7 SHORT-TERM FINANCIAL INVESTMENTS

Gross value <i>(in thousand euros)</i>	Dec.31, 2018
Marketable securities*	4,409
TOTAL	4,409

* These are money market UCITS or short-term deposit certificates.

NOTE 8 TRANSLATION ADJUSTMENTS

Unrealized losses related to receivables and payables were recorded in unrealized exchange foreign losses in the amount of 1,253 thousand euros.

NOTE 9 SHAREHOLDERS' EQUITY**9.1 Share capital**

As of December 31, 2018, the share capital of SOCIÉTÉ BIC amounted to 175,761,664.74 euros divided into 46,010,907 shares with a par value of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

To the best of the Company's knowledge, as of December 31, 2018, Shareholders known to hold more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	% of shares (approx.)	% of voting rights (approx.)
SOCIÉTÉ M.B.D.	27.68%	37.75%
Bich family	17.09%	23.18%

As of December 31, 2018, SOCIÉTÉ BIC held 652,413 BIC shares classified as long-term investments (637,680 shares for the free share plans and 14,733 shares in relation to the liquidity contract).



9.2 Changes in Shareholders' equity

(in thousand euros)

Shareholders' equity as of December 31, 2017 (before distribution)	1,383,958
Dividend distribution with respect to fiscal year 2017	157,762
Shareholders' equity as of December 31, 2017 (after distribution)	1,226,196
Increase in share capital ^(a)	261
Decrease in share capital ^(b)	(2,626)
Share issue premium ^(a)	4,096
Retained earnings ^(b)	(51,399)
Net income for the year	149,839
Shareholders' equity as of December 31, 2018 (before distribution)	1,326,367

(a) The increase in share capital relates to 68,396 subscription options exercised during 2018.

(b) During the year 2018, SOCIÉTÉ BIC cancelled 687,396 shares.

NOTE 10 PROVISIONS

(in thousand euros)	Dec. 31, 2017	Allocations during the year	Reversals during the year (used)	Reversals during the year (unused)	Dec. 31, 2018
Risk – Subsidiaries	1,240	-	-	(270)	970
Risk – Tax audit	4,105	488	(262)	(3,843)	488
Foreign exchange losses	174	156	(174)	-	156
Share grant plan	26,638	18,544	(8,817)	-	36,365
Other provisions for contingencies	1,116	835	-	(467)	1,484
PROVISIONS FOR CONTINGENCIES AND LOSSES	33,273	20,023	(9,253)	(4,580)	39,463

(in thousand euros)	Dec. 31, 2017	Allocations during the year	Reversals during the year	Dec. 31, 2018
Property, plant and equipment	2,597	1,175	-	3,772
Investments	49,559	77,858	(1,639)	125,778
Work-in-process goods	387	-	(113)	274
Goods	1,629	1,436	(1,436)	1,629
Trade receivables	9,170	11,408	(4,963)	15,615
Provisions for other receivables	7,079	3,027	(79)	10,027
PROVISIONS FOR DEPRECIATION AND AMORTIZATION	70,421	94,904	(8,230)	157,095

NOTES TO THE INCOME STATEMENT

NOTE 11 NET SALES BREAKDOWN

The net sales of SOCIÉTÉ BIC break down as follows:

<i>(in thousand euros)</i>	Dec. 31, 2017			Dec. 31, 2018		
	France	Export	Total	France	Export	Total
Stationery	129,268	233,615	362,883	121,935	234,670	356,605
Lighters	17,733	228,945	246,678	22,452	212,637	235,089
Shavers	17,891	67,336	85,227	20,094	57,165	77,259
Other	4,965	15,762	20,727	4,094	18,088	22,182
TOTAL	169,857	545,658	715,515	168,575	522,560	691,135

NOTE 12 OTHER REVENUES

Other revenues mainly comprise royalties (63,460 thousand euros) and management fees (37,651 thousand euros) invoiced to affiliates, as well as the foreign exchange gain on receivables and payables (4,094 thousand euros).

NOTE 13 MANAGEMENT COMPENSATION

<i>(in thousand euros)</i>	Dec. 31, 2017	Dec. 31, 2018
Administrative bodies	400	469
Management bodies	644	628

SOCIÉTÉ BIC has no salaried employees as of December 31, 2018.

NOTE 14 FINANCIAL INCOME

Net financial income amounts to 82,853 thousand euros and is detailed as follows:

<i>(in thousand euros)</i>	Dec. 31, 2017	Dec. 31, 2018
Dividends received	115,712	159,800
Merger gain	492,377	2,185
Reversals/(provisions)	21,442	(78,783)
Foreign exchange gains and losses	(2,230)	1,295
Other	1,586	(1,644)
FINANCIAL INCOME	628,887	82,853

A provision for impairment of Cello's equity investments (55,010 thousand euros) was booked in 2018.



NOTE 15 NON-RECURRING INCOME AND EXPENSES

The non-recurring income and expenses break down as follows:

<i>(in thousand euros)</i>	Dec. 31, 2017	Dec. 31, 2018
Capital gains/(losses) on asset disposals	36	(6)
Gains /(losses) on disposal of equity investments	-	(1,331)
Provision for contingencies (net of reversal)	4,838	3,151
Tax adjustments	(3,831)	76
Income related to the invalidation of 3% additional corporate income tax on dividends for fiscal years 2013 to 2017	24,484	-
Debt waivers	(5,088)	-
Loss on liquidation of subsidiaries	(1,952)	(1,452)
Other	(4,156)	(4,055)
NON-RECURRING INCOME AND EXPENSES	14,331	(3,617)

The loss on the disposal of equity corresponds mainly to the sale of BIC Sport.

NOTE 16 INCOME TAX BREAKDOWN

<i>(in thousand euros)</i>	Net income before tax	Income Tax expense	Net income after tax
Current net income	183,804	27,140	156,664
Non-recurring income and expenses	(3,617)	3,207	(6,824)
TOTAL	180,187	30,347	149,840

NOTE 17 TAX GROUPING

SOCIÉTÉ BIC is the parent company of the tax Group comprising the following companies as of December 31, 2018: Bima 83, BIC Écriture 2000, BIC Services, BIC 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, Electro-Centre and BIC Education.

As parent company, SOCIÉTÉ BIC recognizes in its accounts the gain or loss related to the effects of the tax consolidation. In this respect, the gain recorded by SOCIÉTÉ BIC in 2018 amounts to 2,878,494 euros.

NOTE 18 MAIN INCREASES/DECREASES IN THE DEFERRED TAX BASIS

<i>(in thousand euros)</i>	Dec. 31, 2018
C3S	1,077
Provision on current accounts	3,028
Provision for contingencies	232
Provision on trade receivables	8,365
Foreign exchange losses	(6,626)
Financial investments	102
Provision on free shares	29,653
Other	51
TOTAL	35,882
DECREASE IN DEFERRED TAX LIABILITIES	(12,354)

NOTE TO THE OFF-BALANCE SHEET COMMITMENTS

NOTE 19 OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The following are SOCIÉTÉ BIC's main off-balance sheet financial instruments:

19.1 Currency derivatives

Hedge nominals denominated in currencies other than the euro are converted to euros at December 31, 2018 closing rates.

The valuation of the hedges computed in accordance with market practices in terms of inputs (spot, yield curves, volatility curves) and calculation models.

Forward portfolio detail

Hedging support	Nominal (euros)	Market value (euros)	Instrument
Commercial Flows 2019	333,378,505	(3,309,122)	Forward
Commercial Flows 2020	5,195,692	14,384	Forward
Intra-Group Dividends	74,235,808	(3,930,460)	Forward
Loans/Borrowings	128,734,327	74,411	Currency Swap
TOTAL	541,544,332	(7,150,787)	

Options portfolio detail

Hedging support	Options purchased Nominal (euros)	Options sold Nominal (euros)	Market value (euros)	Instrument
Commercial Flows 2019	90,563,688	147,151,620	996,624	Option
Commercial Flows 2020	887,390	1,331,085	8,098	Option
TOTAL	91,451,078	148,482,705	1,004,722	

As of December 31, 2018, SOCIÉTÉ BIC had contracted:

- derivatives contracts (foreign currency forwards and options) maturing in 2019 and 2020 for an equivalent of 578.5 million euros in gross nominal value. These contracts hedge, on the basis of forecast cash flow, a significant part of the Group's foreign currency transaction risks. The foreign currency transactions are denominated in U.S. dollars, Pounds sterling, Canadian dollars, Australian dollars, New Zealand dollars, Japanese yens, Swiss francs, Polish zlotys, Romania lei and Mexican pesos. The market value of these contracts is negative for 2.3 million euros;
- derivatives contracts (foreign currency forwards and options) maturing in 2019 for an equivalent of 74.2 million euros in gross nominal value, dedicated to the hedge of the intra-Group dividends received in foreign currencies. The market value of these contracts is negative for 3.9 million euros;

- foreign currency swaps for an equivalent of 128.7 million euros, in connection with the Group's foreign currency liquidity and intra-Group foreign currency loans and borrowings. The market value of these contracts is positive for 74,411 euros.

In 2019, more than 90% of the Group's foreign currency transaction exposure is hedged.

19.2 Interest rate derivatives

As of December 31, 2018, SOCIÉTÉ BIC does not have any interest rate derivatives.

All local funding needs are directly indexed on a variable rate. Borrowers' positions are insignificant and are of a too limited timescale to require any hedging.



NOTE 20 OFF-BALANCE SHEET COMMITMENTS

20.1 Guarantees

The following schedule summarizes the off-balance sheet sureties, deposits and guarantees for SOCIÉTÉ BIC. All significant items are disclosed in this table.

No other assets or registered shares have been pledged.

Sureties, deposits and guarantees issued

<i>(in thousand euros)</i>		Maturity			Dec. 31, 2018
		Dec. 31, 2017	< 1 year	1 to 5 years	
Other guarantees and commitments	21,108	-	-	16,563	16,563
TOTAL	21,108	-	-	16,563	16,563

Sureties, deposits and guarantees received

<i>(in thousand euros)</i>		Maturity			Dec. 31, 2018
		Dec. 31, 2017	< 1 year	1 to 5 years	
Guarantees for credit lines	4,004	5,072	-	-	5,072
Sureties and deposits	397	112	2,310	-	2,422
TOTAL	4,401	5,184	2,310	-	7,494

20.2 Pension obligations

<i>(in thousand euros)</i>	Dec. 31, 2018
Present value of pension obligation	4,362
NET PENSION LIABILITY	4,362

OTHER INFORMATION

NOTE 21 STOCK MARKET PRICE

<i>(in euros)</i>	Dec. 31, 2017	Dec. 31, 2018
BIC shares	91.66	89.15

NOTE 22 STOCK OPTION PLANS

As part of a policy recommended and approved by the Compensation and Nomination Committee, the Board of Directors decided not to award stock options from 2011 and to set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company (eligible

managers) will receive three-year performance-based share grants. To replace the stock option programs rewarding staff selected by Management, share grants without performance conditions will be awarded.

Plan 13

Annual Shareholders' Meeting date	May 12, 2010
Board of Directors' Meeting date	Dec. 16, 2010
Number of beneficiaries	643
Number of options available for subscription	382,950
<ul style="list-style-type: none"> o/w options granted to the current members of the Leadership Team as of December 31, 2018 	3,350
Date from which options may be exercised	Dec. 17, 2013
Option expiration date	Dec. 15, 2018
Exercise price (euros)*	63.71
Number of options exercised as of Dec. 31, 2018	329,746
Number of void options as of Dec. 31, 2018	53,204
Number of remaining options as of Dec. 31, 2018	-

* No discount on the exercise price.

NOTE 23 EQUITY INVESTMENTS

23.1 Subsidiaries and equity interests

	Number of shares	S: Shares P: Parts	% of interest	Net book value	Share capital	Currency
I – French Subsidiaries						
BIC Assemblage SARL	1,000	P	100%	15,245	15,240	EUR
BIC International Development SASU	65,000	S	100%	1,478,761	990,600	EUR
Société du Briquet Jetable 75 SASU	2,954,600	S	100%	40,568,296	45,028,104	EUR
BIC Rasoirs SASU	131,291	S	100%	6,128,497	5,999,999	EUR
BIMA 83 SASU	23,689	S	100%	5,550,661	355,335	EUR
BIC Technologies SA	14,039,567	S	99%	4,262,177	7,440,988	EUR
BIC Services SASU	69,625	S	100%	1,042,612	1,061,085	EUR
BIC Conté SASU	5,465,181	S	100%	34,270,085	27,325,905	EUR
Électro-Centre SASU	4,000	S	100%	837,875	60,960	EUR
BIC Écriture 2000 SASU	3,202,500	S	100%	51,302,021	39,198,600	EUR
Société Immobilière Valiton Gesnouin SASU	748,440	S	100%	18,777,264	14,295,204	EUR
Société Immobilière BIC Clichy SASU	65,595	S	100%	2,498,167	997,044	EUR
BIC Éducation SASU	1,000	S	100%	833,357	1,000,000	EUR
BIC Graphic France SASU	5,000	S	100%	315,904	76,200	EUR
Dape 74 Distribution SASU	70,000	S	100%	910,000	1,070,000	EUR
Sub total I				168,790,920		
II – Foreign subsidiaries						
BIC Erzeugnisse GmbH – Germany	2	P	100%	16,345,730	664,700	EUR
BIC Verwaltungs GmbH – Germany	2	P	100%	73,814	50,000	EUR
BIC GmbH – Germany	1	P	100%	-	25,600	EUR
BIC Portugal SA – Portugal	464,715	S	100%	6,586,179	2,323,575	EUR
BIC Slovakia S.R.O. – Slovakia	1	P	100%	15,444,502	15,574,255	EUR
BIC Belgium – Belgium	136,410	S	100%	51,939,519	39,902,082	EUR
BIC Netherland BV – Netherland	450	S	100%	9,216,000	5,204,750	EUR
BIC Nordic AB – Sweden	110,295	S	100%	12,261,705	11,029,500	SEK
BIC (Austria) Vertriebsgesellschaft mbh – Austria	1	P	100%	381,123	109,009	EUR
SOCIÉTÉ BIC (Suisse) SA – Switzerland	2,000	S	100%	7,747,853	2,000,000	CHF
BIC UK Ltd – United Kingdom	12,000,000	S	100%	85,133,465	1,500,000	GBP
BIC (Ireland) Private Company Limited – Ireland	50,000	S	100%	6,072,660	126,973	EUR
BIC Iberia SA – Spain	2,052,145	S	100%	81,612,686	12,333,391	EUR
BIC Italia Spa – Italia	5,000,000	S	100%	24,580,000	5,150,000	EUR
BIC Violen SA – Greece	13,895,505	S	51%	13,692,742	43,175,000	EUR
BIC Polska SP ZOO – Poland	485,430	P	100%	6,643,773	24,271,500	PLN
BIC (Romania) Marketing & Distribution SRL - Romania	641,818	S	100%	1,013,736	6,418,180	RON
BIC CIS ZAO – Russia	34,028,258	S	100%	10,049,727	357,296,709	RUB
BIC Ukraine CA – Ukraine	-	-	100%	3,300,471	34,168,470	UAH
BIC Pazarlama Ltd. Sti. – Turkey	206,930	S	99%	4,652,516	17,550,000	YTL
BIC CORPORATION – United States	22,769,073	S	100%	318,192,042	16,106,978	USD
BIC INTERNATIONAL Co. – United States	100	S	100%	1	1	USD
BIC Australia Pty. Ltd. – Australia	700,000	S	100%	11,927,000	700,000	AUD
BIC (NZ) Ltd. – New Zeland	332,500	S	100%	2,966,000	665,000	NZD



	Number of shares	S: Shares P: Parts	% of interest	Net book value	Share capital	Currency
BIC Amazonia SA – Brazil	274,485,734	S	99.99%	18,565,900	662,059,590	BRL
BIC Argentina SA – Argentina	295,135,938	S	95%	15,167,466	295,135,938	ARS
BIC Colombia SAS – Colombia	637,483	S	71%	2,083,826	9,000,000	COP
BIC TECHNOLOGIES Asia Ltd. – Hong Kong	7,800,000	P	100%	-	7,800,000	HKD
BIC Stationery (Shanghai) Co. Ltd. – China	-	-	100%	290,064	17,408,000	USD
BIC Product (Singapore) Pte. Ltd. – Singapore	297,000	S	99%	24,403	300,000	SGD
BIC Product (Asia) Pte. Ltd – Singapore	5,627,602	S	100%	-	5,627,602	SGD
Ball Point Manufacturing Co. – Iran	90	S	45%	-	16,000,000	IRR
BIC Product (Korea) Ltd. – South Korea	345,320	S	100%	-	1,726,600,000	KRW
BIC Product (Thailand) Ltd. – Thailand	1,713,993	S	100%	139,564	171,400,000	THB
Mondial Sdn. Bhd. – Malaysia	1,140,000	S	30%	-	3,800,000	MYR
BIC Product (Malaysia) Sdn. Bhd. – Malaysia	1,260,000	S	100%	23,302	1,260,000	MYR
BIC (Nantong) Plastic Products Co. Ltd. – China	-	-	100%	13,169,840	23,300,000	USD
BIC JAPAN Co. Ltd. - Japan	750	S	100%	2,550,763	100,000,000	JPY
BIC Cello (India) Pvt - India	41,487,608	S	100%	209,389,634	476,333,350	INR
BIC Bizerte - Tunisia	277,000	P	100%	27,700,000	27,700,000	EUR
BIC Middle East FZ-LLC - U.A.E.	20,300	P	100%	-	7,105,000	USD
BIC Middle East Trading FZE - U.A.E.	430	S	100%	104,429	430,000	AED
BIC Maroc SARL - Morocco	791,000	P	100%	7,312,376	79,100,000	DHS
BIC East Africa Ltd. - Kenya	2,000,000		100%	17,771,307	2,000,000,000	KES
Sub total II				1,004,126,116		
III – Participating interests						
BIC Graphic Europe SA - Spain	1	S	0.01%	245	1,303,330	EUR
BIC Holdings South Africa Pty. Ltd. – South Africa	41,860	S	5%	1,522,934	10,000	ZAR
BIC Chile SA – Chile	1	P	0.01%	-	480,000	USD
Sub total III				1,523,179		
TOTAL				1,174,440,216		

Net sales, net income and Shareholder's equity other than the share capital of subsidiaries and investments are not provided for reasons of confidentiality related to commercial and industrial strategy.

It is mentioned, pursuant to Article L. 232-1 of the French Commercial Code, that SOCIÉTÉ BIC has no branch.



23.2 Analysis of movements in equity investments

(in thousand euros)

Equity investments (net) as of December 31, 2017	1,236,512
Acquisitions, capital increases, creations and disposals in 2018	
Stypen merger	(1,703)
BIC Sport SASU	(5,702)
BIC Pazarlama Ltd. Sti. – Turkey	2,524
BIC Andina Peru SA – Peru (liquidation)	(1,476)
BIC Stationery (Shanghai) Co. Ltd. – China	2,627
BIC East Africa Ltd. – Kenya	17,771
BIC Middle East Trading FZE – U.A.E.	104
(Allocations to)/Reversals of provisions in 2018	
BIC Éducation SASU	(9)
BIC (Nantong) Plastic Products Co. Ltd. – China	(2,939)
BIC Stationery (Shanghai) Co. Ltd. – China	(4,994)
BIC Technologies SA	(877)
BIC Product (Singapore) Pte. Ltd. – Singapore	(9)
BIC Pazarlama Ltd. Sti. – Turkey	(2,340)
BIC Middle East FZ-LLC – U.A.E.	(2,053)
BIC Colombia SAS – Colombia	(1,301)
BIC Product (Malaysia) Sdn. Bhd. – Malaysia	23
BIC Cello (India) Pvt Ltd. – India	(55,017)
BIC Polska SP ZOO – Polska	(795)
BIC (Romania) Marketing & Distribution SRL – Romania	(936)
BIC Argentina SA – Argentina	(6,585)
BIC Product (Thailand) Ltd. – Thailand	140
BIC Andina Peru SA – Peru (liquidation)	1,476
EQUITY INVESTMENTS (NET) AS OF DECEMBER 31, 2018	1,174,441

5. ADDITIONAL INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

SOCIÉTÉ BIC five-year financial summary

(in euros)	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018
1 – Shareholders' equity at year-end					
Share capital	183,213,854	183,139,039	181,649,411	178,126,244	175,761,665
Number of shares outstanding	47,961,742	47,942,157	47,552,202	46,629,907	46,010,907
Number of bonds convertible into shares	-	-	-	-	-
2 – Net results					
Net sales	611,424,057	661,573,108	675,728,517	715,515,323	691,135,323
Net profit before tax, deprec., amort. and provisions	249,664,309	280,814,295	154,721,960	782,139,238	276,813,012
Income tax	53,444,920	55,985,737	49,849,725	55,051,438	30,347,029
Net profit after tax, deprec., amort. and provisions	195,350,462	210,665,506	118,634,879	748,125,345	149,839,552
Dividend distribution*	134,247,645	278,271,488	161,060,428	158,177,021	156,486,804
3 – Income form operations, per share data					
Net profit after tax, but before deprec., amort. and provisions	4.09	4.69	2.21	15.59	5.36
Net profit after tax, deprec., amort. and provisions	4.07	4.39	2.49	16.04	3.26
Dividend per share	2.85	5.90	3.45	3.45	3.45
4 – Payroll					
Non-salaried staff	3	3	2	2	1
Total payroll	1,440,406	1,502,331	811,476	636,303	398,151
Social welfare benefits (social security, social work)	794,168	983,317	3,628,184	2,229,864	1,712

* Applicable to the issued number of shares (treasury shares deducted) as of December 31. The final amount depends on the number of shares entitled to dividends on the day of payment

Publication of customer payment periods

Article L. 441-6-1 of the French Commercial Code

(in thousand euros)	Total	Current	Overdue		
			30 days	60 days	90 days
Dec. 31, 2018	153,897	119,063	2,348	1,696	30,790
Dec. 31, 2017	134,143	117,053	1,442	1,581	14,067

Publication of supplier payment periods

Article L. 441-6-1 of the French Commercial Code

The Company has opted for the payment of supplier invoices with a due date of 60 days.

(in thousand euros)	Total	Current	Overdue		
			30 days	60 days	90 days
Dec. 31, 2018	58,699	52,118	730	1,898	3,953
Dec. 31, 2017	55,854	49,162	4,447	696	1,549



6.4. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Statutory auditors' report on the financial statements

For the year ended December 31, 2018

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of SOCIETE BIC,

I. OPINION

In compliance with the engagement entrusted to us by the Annual General Meeting, we have audited the accompanying financial statements of SOCIETE BIC for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the financial statements are related, for the sole Deloitte & Associés firm, to the report, as an independent third party, on the consolidated declaration of Extra-financial performance, and attestations on information derived from accounting and financial information, that were issued upon request of the concerned companies.

III. JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments

Risk identified:

As at 31 December 2018, investments are recorded in the balance sheet at a net carrying amount of €1,174.4 million. They are recorded at the value they were brought into assets. An impairment is booked when the value in use of an investment is below its purchase value.

As disclosed in note 2.d) of the notes to the financial statements, the value in use is determined in reference to shareholders' equity of the relevant investment, adjusted to take into consideration the importance of the Company to the Group and its development and profit perspectives.

Given the weight of investments in the balance sheet, we considered the determination of the value in use of investments to be a key audit matter presenting a risk of material misstatement.

Our answer:

We tested the operation of Group controls covering the process for determining the value in use of investments.

Our procedures notably consisted in:

- For the valuation based on the shareholders' equity:,
 - Controlling the shareholders' equity of the relevant investment with the financial statements of the different entities,
- For the valuation based on the forecast assumptions:
 - Testing of internal control related to the preparation of the future cash flows forecast,
 - Verifying consistency of the main data used in the future cash flows determination comparing them with the historical performance and the entity strategic plan validate by the appropriate level of governance,
 - Corroborating the perpetual growth rate and discount rate used in the impairment test with the expertise of our valuation specialists.

IV. SPECIFIC VERIFICATIONS OF THE MANAGEMENT REPORT AND OF THE OTHER DOCUMENTS PROVIDED TO SHAREHOLDERS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law by the legal and regulated texts.

Information given in the management report and in the other documents with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

We attest to the sincerity and consistency with the financial statements of the information on the payment periods mentioned in article D. 441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.



With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

V. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Société Bic during the annual general meeting held on May 4, 1999 for Deloitte & Associés and May 23, 2007 for Grant Thornton.

As at December 31, 2018, Deloitte & Associés and Grant Thornton were in the 20th year and 12th year of total uninterrupted engagement respectively.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

VII. STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, March 15th, 2019

The Statutory Auditors
French original signed by

Grant Thornton
French Member of Grant Thornton International
Vianney MARTIN

Deloitte & Associés
François BUZY



6.5. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

Annual General Meeting to approve the financial statements for the year ended December 31, 2018

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments with related parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the General Meeting of Société BIC,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions, as well as the reasons justifying the interest for the Company, of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code concerning the implementation, during the year, of the agreements and commitments previously approved by the Shareholders' Meeting.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. Those procedures consisted in verifying the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the Shareholders' Meeting

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L.225-38 of the French Commercial Code.

Agreements and commitments previously approved by the Shareholders' Meeting

Agreements and commitments approved in previous years

a) which were performed during the year

We hereby inform you that we have not been advised of any agreement or commitment, previously approved by the Shareholders' Meetings, which would have continuing effect during the year.

b) that were continued but not performed during the year

In addition, we have been informed of the continuation of the following commitment, previously approved by the Shareholders' Meetings of prior years, which was not performed during the year.

Additional pension plan of Mrs. Marie-Aimée Bich-Dufour

On May 19, 2005, the Board of Directors authorized the adoption of a "top-up" retirement plan (to replace the plan set up in 1986). The beneficiaries are grade 6 Senior Executives and Corporate Officers of BIC in France, who are also members of the Group's Executive Committee and who will finish their career with the Group.

The amount of their supplementary pension will be equal to 1.25% of the yearly last remuneration of the last three years of service, per year of participation in the plan, subject to a maximum of 20 years, representing a maximum pension of 25% of the final remuneration.

The Board of Directors, during its meeting of May 18, 2016, decided to freeze the rights of Mrs. Marie-Aimée Bich-Dufour under this plan, with effect from May 18, 2016.

Person involved: Marie-Aimée Bich-Dufour, Executive Vice-President.

Neuilly-sur-Seine and Paris La Défense, March 15th, 2019

The Statutory Auditors
French original signed by

Grant Thornton
French Member of *Grant Thornton International*
Vianney MARTIN

Deloitte & Associés
François BUZY



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7.1. INFORMATION ON THE COMPANY

HISTORY AND DEVELOPMENT OF THE ISSUER

Legal and commercial name of the issuer

Legal name: SOCIÉTÉ BIC

Commercial name: BIC

Place of registration of the issuer and registration number

Place of registration: Nanterre

Registration number: 552 008 443

APE Code:

- 7010Z – Registered offices activities
- 3299Z – Other manufacturing activities

Date of incorporation and length of life of the issuer

Date of incorporation: March 3, 1953

Date of expiration: March 2, 2052, unless an Extraordinary Shareholders' Meeting decides to wind up the Company earlier or to extend it.

Registered office and legal form of the issuer

Registered office: 14 rue Jeanne d'Asnières – 92110 Clichy – France

Telephone: 33 (0)1 45 19 52 00

Legal form and legislation governing the issuer: Limited Company (*société anonyme*) governed by French law and subject to all texts applicable to commercial companies in France and in particular the French Commercial Code.

Significant change in the issuer's financial or trading position

No significant event has occurred since the end of the last fiscal period.

Important events in the development of the issuer's business

No events to report other than those mentioned in *Group Presentation – section 1.2. History*.

MEMORANDUM AND ARTICLES OF INCORPORATION

The memorandum and articles of incorporation can be consulted at the registered office of the Company. The articles of incorporation are also available on the website www.bicworld.com (under Regulated information).

Corporate purpose

Extract from the articles of incorporation (Article 3) – "Corporate Purpose"

"The Company's corporate purpose is, in all countries, the purchase, sale, commissioning, brokerage, representation, manufacturing, operation, import and export of all tangible and intangible property, and in particular of all items that are used for writing.

And generally all movable property, real property, industrial or commercial operations pertaining directly or indirectly to the abovementioned purpose or to all similar or related purposes or to purposes that could serve to promote the extension or development of the above-mentioned purpose.

The Company may carry out all operations falling within its purpose, either alone and for its own account, or for the account of third parties, as representative, licensee or intermediary, for the commissioning, brokerage, subcontracting, as lessee, farmer, manager, in a joint venture or partnership, in any form whatsoever."

Members of the administrative and management bodies

See *Corporate Governance – section 4.1. Administrative and Management Bodies*.

Rights, preferences and restrictions attached to each class of existing shares

Double voting rights

Extract from the articles of incorporation (Article 15.5) – "Shareholders' Meetings"

"A voting right which is double the right conferred on the other shares, in light of the portion of the share capital they represent, is attributed to all the fully paid-up shares for which proof is provided of a nominative registration for at least two years in the name of the same Shareholder.

Any share converted to a bearer share or the ownership of which is transferred loses the aforementioned double voting right. Nonetheless, a transfer following death, the liquidation of the community estate of two spouses or a donation among the living in favor of a spouse or a relative entitled to inherit does not cause the loss of the right acquired and does not interrupt the two-year period referred to above.

Furthermore, in the event of a capital increase, through the incorporation of reserves, profits or share premiums, the double voting right may be conferred, at the time of issue, upon the

nominative shares allotted at no charge to a Shareholder on account of existing shares for which he or she enjoys this right."

Indivisibility of the shares

Extract from the articles of incorporation (Article 8 *ter*) – "Indivisibility of the shares".

1. *"The shares are indivisible vis-à-vis the Company. Joint owners of shares are represented at Shareholders' Meetings by one of them or by a joint representative of their choice. If they are unable to agree, a representative will be appointed by the Presiding Judge of the Commercial Court, ruling in chambers (référé), at the request of the most diligent joint-owner.*
2. *If the shares are burdened with a right of usufruct, the entry in the books recording their registration will mention this right of usufruct. Unless the Company is informed of an agreement to the contrary, the voting right will belong to the usufructuary at Ordinary Shareholders' Meetings and to the bare owner at Extraordinary Shareholders' Meetings. However, notwithstanding any agreement to the contrary, when the usufruct results from a donation of the bare ownership of shares performed under the provisions of Article 787 B of the General Tax Code, the usufructuary's voting right will be limited to decisions concerning the allocation of profits. For all other decisions that lie within the competence of an Ordinary or Extraordinary Shareholders' Meeting, the voting right will belong to the bare owner. The usufructuary and the bare owner must notify the Company that they intend to take advantage of these provisions."*

Action necessary to change the Shareholders' rights

The articles of incorporation do not contain any special condition relating to changing the Shareholders' rights.

Shareholders' Meetings – Methods of calling meetings – Conditions of admission – Conditions for exercising voting rights

Extract from the articles of incorporation (Article 15) – "Shareholders' Meetings".

"15.1 Shareholders' Meetings are convened, and deliberate under the conditions stipulated by law and the decrees in force.

Meetings take place either at the registered office or at any other place specified in the notice.

15.2 Any Shareholder may take part, personally or by proxy, in the Shareholders' Meetings, upon presenting proof of his/her identity and of the ownership of his/her shares, in accordance with the terms and conditions provided for by the laws and regulations in force.

Upon decision of the Board of Directors published in the notice of meeting, the Shareholders can participate and vote at the Shareholders' Meeting by videoconference or by telecommunication or teletransmission means allowing their identification, in compliance with legal and regulatory conditions in force at the moment of their use. These Shareholders are deemed present or represented.

15.3 Remote voting is exercised in compliance with legal and regulatory conditions in force.

Upon decision of the Board of Directors published in the notice of meeting, Shareholders can use for this purpose, within the mandatory

deadlines, the electronic remote proxy or voting form available on the website put in place by the Meeting's centralizing agent. These Shareholders are deemed present or represented.

The proxy or the vote addressed by such electronic means before the Meeting, as well as their acknowledgement of receipt, will be deemed irrevocable written instructions enforceable on all parties, it being specified that if the shares are sold before the record date provided by Article R. 225-85 of the French Commercial Code, the Company shall invalidate or amend accordingly, as the case may be, the proxy or vote expressed before such date and time."

Provision that would have an effect of delaying, deferring or preventing a change in control of the issuer

See section 7.3 Shareholding.

Provision setting the ownership threshold above which Shareholder ownership must be disclosed

Extract from the articles of incorporation (Article 8 *bis*) – "Crossing thresholds".

"In addition to the disclosure thresholds provided for in the applicable laws and regulations, any individual or legal entity, acting alone and/or in concert, coming into possession, directly or indirectly, in any manner whatsoever within the meaning of Articles L. 233-7 et. seq. of the French Commercial Code, of a number of securities representing a fraction of the capital equal to or higher than 1% of the capital and/or voting rights must communicate to the Company the total number of shares, voting rights and securities giving future access to the capital (and voting rights potentially attached to these securities), that this individual or legal entity holds, alone and/or in concert, directly and/or indirectly. The information shall be sent by registered letter with acknowledgement of receipt within five (5) trading days of the date on which the threshold is crossed.

Once a Shareholder's interest exceeds the above-mentioned 1% threshold, said Shareholder must notify the Company each time an additional threshold of 0.5% of the capital or voting rights is crossed, even when such notification is not required under the disclosure obligations provided for in the applicable laws and regulations. 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 out the declarations provided for in the present article is deprived of the voting rights attached to the shares exceeding the fraction of the capital that has not been declared. Withdrawal of voting rights will apply to any Shareholders' Meeting held until the expiry of a two-year period following the date at which such disclosure is properly made."

Conditions imposed by the articles of incorporation, governing changes in the capital, where such conditions are more stringent than is required by law

Not applicable.



7.2. SHARE CAPITAL

As of December 31, 2018, the outstanding capital of SOCIÉTÉ BIC amounts to 175,761,664.74 euros divided into 46,010,907 shares with a par value of 3.82 euros each. Issued shares are fully paid-up.

SHARE CAPITAL EVOLUTION OVER THE LAST THREE YEARS

Date	Type of operation	Amount of capital change (in euros)	Impact on share premium/ retained earnings (in euros)	Total share capital (in euros)	Shares outstanding at conclusion of the operation
2018 (Dec. 5 BM)	Cancellation of treasury shares as authorized by AGM of May 16, 2018	(2,625,852.72)	(51,399,039.23)	175,675,638.34	45,988,387
2018 (Dec. 5 BM)	Issue of shares following exercise of share subscription options, in accordance with stock option plans	228,898.22	3,378,885.27	178,143,576.08	46,675,783
2017 (Dec. 13 BM)	Cancellation of treasury shares as authorized by AGM of May 10, 2017	(3,804,162.28)	(93,333,700.56)	177,914,677.86	46,615,862
2017 (Dec. 13 BM)	Issue of shares following exercise of share subscription options, in accordance with stock option plans	334,570.88	4,095,176.58	181,718,840.14	47,611,716
2016 (Dec. 10 BM)	Cancellation of treasury shares as authorized by AGM of May 18, 2016	(1,724,114.98)	(54,063,361.01)	181,384,269.26	47,524,132
2016 (Dec. 10 BM)	Issue of shares following exercise of share subscription options, in accordance with stock option plans	157,914.98	1,913,145.41	181,542,184.24	47,975,471

BM: Board Meeting.

AGM: Annual General Meeting.

AUTHORIZATIONS TO INCREASE THE CAPITAL AT THE CLOSING OF THE 2018 FISCAL YEAR

SOCIÉTÉ BIC has, as at December 31, 2018, the following authorizations which were granted by the Annual General Meeting and which was not used during the past fiscal year:

I. Authorization to increase the capital with Shareholders' pre-emptive subscription rights ^(a)

Maximum amount (in million euros)	Shares: 50 Complex capital securities: 650
Date	May 16, 2018 (resolutions 17 and 18)
Term	26 months
Expiration date	July 15, 2020
Use in 2018	No
Issuance price	The issuance price of new ordinary shares and/or complex capital securities (and the shares to which the latter shall give right), is set by the Board of Directors, with or without premium, in compliance with the law and regulations in force.

(a) Articles L. 225-129, L. 228-91 and L. 228-92 of the French Commercial Code.

II. Authorization to increase the capital by capitalization of reserves, profits, premiums or other ^(b)

Maximum amount	Total maximum amount of reserves, profits and/or premiums or other sums that may be capitalized into the share capital and which will exist at the moment of the decision to increase the share capital, net of the amount that may be necessary to preserve, in compliance with the law, the rights of bearers of already issued securities giving right to the shares of the Company.		
Date	May 16, 2018 (resolution 19)		
Term	26 months		
Expiration date	July 15, 2020		
Use in 2018	No		

(b) Articles L. 225-129 and L. 225-130 of the French Commercial Code.

III. Authorizations to increase the capital in favor of employees and corporate officers

	Issue of shares reserved for members of an employee savings plan ^(c)	Grantings of free shares to be issued ^(d)	Share options ^(e)
Maximum amount	3% of the share capital	4% of the share capital over 38 months (with a maximum of 0.4% for the Corporate Officers) and 6% of the share capital (taking into account the stock options)	2% of the share capital over 38 months (with a maximum of 0.8% for the Corporate Officers) and 6% of the share capital (taking into account the free grant of shares)
Date	May 16, 2018 (resolution 20)	May 16, 2018 (resolution 22)	May 16, 2018 (resolution 23)
Term	26 months	38 months	38 months
Expiration date	July 15, 2020	July 15, 2021	July 15, 2021
Use in 2018	No	No	No
Issuance price	Determined by the Board of Directors pursuant to Article L. 3332-19 of the French Labor Code	-	Cannot be lower than the average share price on the Paris Stock Exchange, on the market with monthly payment, during the twenty sessions of the Paris Stock Exchange before the day the options are granted

(c) Articles L. 225-138 and L. 225-138-1 of the French Commercial Code and L. 3332-1 et seq. of the French Labor Code.

(d) Articles L. 225-197-1 et seq. of the French Commercial Code.

(e) Articles L. 225-177 et seq. of the French Commercial Code.

The text of these delegations is available on the website www.bicworld.com/en/investors/shareholders/AGM.



7.3. SHAREHOLDING

SHARE CAPITAL BREAKDOWN

The table below lists the Shareholders who, to the best of the Company's knowledge, hold more than 5% of the share capital and/or of the voting rights of the Company. The Company is not

aware of any other Shareholder holding more than 5% of the share capital or of the voting rights. This table also gives information regarding treasury shares owned by SOCIÉTÉ BIC.

Name	Dec. 31, 2018					
	Number of shares	% of shares (approx.)	Number of theoretical voting rights ^(c) ^(d)	% of theoretical voting rights	Number of voting rights exercisable in SM ^(c) ^(d)	% of voting rights exercisable in SM
Bich family concert, including ^(a) :	20,599,491	44.77	41,035,351	60.93	41,035,351	61.52
• SOCIÉTÉ M.B.D.	12,735,000	27.68	25,424,506	37.75	25,424,506	38.12
• Bich family (excluding M.B.D.)	7,864,491	17.09	15,610,845	23.18	15,610,845	23.40
Other Shareholders	24,759,003	53.81	25,664,296	38.10	25,664,296	38.48
Treasury shares ^(b)	652,413	1.42	652,413	0.97	-	-
TOTAL	46,010,907	100	67,352,060	100	66,699,647	100

Name	Dec. 31, 2017					
	Number of shares	% of shares (approx.)	Number of theoretical voting rights ^(c) ^(d)	% of theoretical voting rights	Number of voting rights exercisable in SM ^(c) ^(d)	% of voting rights exercisable in SM
Bich family concert, including ^(a) :	20,566,738	44.11	40,946,702	60.14	40,946,702	60.84
• SOCIÉTÉ M.B.D.	12,705,000	27.25	25,347,000	37.23	25,347,000	37.66
• Bich family (excluding M.B.D.)	7,861,738	16.86	15,599,702	22.91	15,599,702	23.18
Other Shareholders	25,281,674	54.22	26,352,963	38.71	26,352,963	39.16
Treasury shares ^(b)	781,495	1.68	781,495	1.15	-	-
TOTAL	46,629,907	100	68,081,160	100	67,299,665	100

Name	Dec. 31, 2016					
	Number of shares	% of shares (approx.)	Number of theoretical voting rights ^(c) ^(d)	% of theoretical voting rights	Number of voting rights exercisable in SM ^(c) ^(d)	% of voting rights exercisable in SM
Bich family concert, including ^(a) :	20,543,956	43.20	40,913,554	59.21	40,913,554	59.96
• SOCIÉTÉ M.B.D.	12,689,506	26.69	25,331,506	36.66	25,331,506	37.13
• Bich family (excluding M.B.D.)	7,854,450	16.51	15,582,048	22.55	15,582,048	23.83
Other Shareholders	26,140,226	54.97	27,316,596	39.53	27,316,596	40.04
Treasury shares ^(b)	868,020	1.83	868,020	1.26	-	-
TOTAL	47,552,202	100	69,098,170	100	68,230,150	100

(a) The Bich family concert is composed of SOCIÉTÉ M.B.D. (a company – société en commandite par actions) and of Bich family members holding direct interests in SOCIÉTÉ BIC. Most Bich family members hold direct interests in SOCIÉTÉ BIC as well as indirect interests through SOCIÉTÉ M.B.D.

(b) Treasury shares without voting rights.

(c) The difference between the number of shares and the number of voting rights is caused by double voting rights (see section 7.1. "Information on the Company").

(d) Voting rights attached to treasury shares are included in the number of theoretical voting rights but excluded from the number of exercisable voting rights.

To the best of the Company's knowledge, there are no agreements between the Shareholders providing preferential transfer or purchase conditions for BIC shares or agreements whose implementation could result in a change of control.

It is specified that the Bich family holding, SOCIÉTÉ M.B.D., which holds more than 20% of the share capital and of the voting rights,

has concluded various collective agreements relating to the retention of at least 12 million BIC securities. These agreements date back as far as December 15, 2003 for the oldest and are, for the most part, still in force. They include various members of the family's concert in order to allow these members, if the need arises, to take advantage of Article 787 B of the French General Tax

Code. The following officers are part of all or of some of these agreements: Gonzalve Bich and Marie-Aimée Bich-Dufour. All the signatories have close personal links with the officers and none of them – with the exception of SOCIÉTÉ M.B.D. – holds more than 5% of the share capital or of the voting rights of the Company.

Except for the granting of double voting rights to nominative shares owned for at least two years, no special voting rights are granted to the main Shareholders.

The Company is controlled as described in the table above. The prevention of potential abusive exercise of its power by a Shareholder is ensured by regular meetings of the Board of Directors and by the presence of four Independent Directors who are in the majority in the committees (Audit Committee and Nominations, Governance and CSR Committee).

EMPLOYEES' SHAREHOLDING

No profit sharing scheme exists in respect of the issuer (SOCIÉTÉ BIC has no employees) but each subsidiary can have its own agreement in accordance with the applicable law. Stock options plans and free share plans are described in Note 23 to the consolidated financial statements. As of December 31, 2018, there is no employees' shareholding (as defined in Article L. 225-102 of French Commercial Code).

CROSSING OF LEGAL THRESHOLDS

To the best of the Company's knowledge, no crossing of legal thresholds has been declared during fiscal year 2018 and up to March 18, 2019.

ELEMENTS THAT COULD HAVE INFLUENCE ON A TAKE-OVER BID OR THAT COULD DELAY OR PREVENT A CHANGE OF CONTROL (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

To the best of the Company's knowledge, no element other than those mentioned below is likely to have an influence on a take-over bid, or have the effect of delaying or preventing a change of control:

- SOCIÉTÉ M.B.D., SOCIÉTÉ BIC's family holding, is a *société en commandite par actions*;
- The articles of incorporation provide:
 - the granting of double voting right to nominative shares owned for at least two years (see section 7.1. "Information on the Company"),
 - the obligation to inform the Company when the holding of share capital or of voting rights becomes equal to or higher than 1% and, beyond this threshold, higher than a whole multiple of 0.5% (see section 7.1. "Information on the Company");
- Shareholders' Meeting authorizations to increase the share capital (see section 7.2. *Share Capital – Table relating to these authorizations*).

7.4. TREASURY SHARES AND SHARE BUYBACK

TREASURY SHARES HELD BY SOCIÉTÉ BIC AS OF DECEMBER 31, 2018

Purpose ^(a)	Number of shares	% capital	Nominal value (in euros)
Liquidity agreement	14,733	0.03	56,280.06
Free share grants	637,680	1.39	2,435,937.60
Cancellation	-	-	-
External growth operations	-	-	-
TOTAL ^(b)	652,413	1.42	2,492,217.66

(a) Article L. 225-209 of the French Commercial Code.

(b) As of December 31, 2018, the book value of BIC shares held by SOCIÉTÉ BIC in accordance with Articles L. 225-209 et seq. of the French Commercial Code amounts to 58,081,847.48 euros. As of the same date, the market value of these shares is 58,162,618.95 euros (on the basis of the closing price at this date, i.e.y 89.15 euros).

SHARE BUYBACK PROGRAM – OPERATIONS CARRIED OUT IN 2018

Operation	Number of shares	% capital	Nominal value (in euros)	Average sale/purchase price (in euros)
Share buyback (excl. liquidity agreement) ^(a)	687,396	1.49	2,625,852.72	78.59
Liquidity agreement ^(a) :				
• Share buyback	583,915	1.27	2,230,555.30	83.60
• Sale of shares	580,470	1.26	2,217,395.40	83.61
Shares transferred under free share plans	132,527	0.29	506,253.14	84.22
Cancelled shares	687,396	1.49	2,625,852.72	78.59
Shares used for external growth operations	-	-	-	-

(a) Brokerage fees related to sale and buy-back transactions disclosed above amounted to 252,117.36 euros.

During the last 24 months, the Board of Directors cancelled 1,683,250 shares, representing 3.66% of the share capital as of December 31, 2018.

DESCRIPTION OF THE SHARE BUYBACK PROGRAM SUBMITTED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2019

The Board of Directors will submit to the Shareholders' Meeting of May 22, 2019, a resolution authorizing the Board of Directors to undertake operations with regards to the shares of the Company (see section 8 "Board of Directors' Report and draft resolutions to the Shareholders' Meeting of May 22, 2019 – Resolution 5"). If this

resolution is approved by the Shareholders, the Board of Directors will implement the share buyback program described below. This paragraph constitutes the description of the share buyback program provided by Articles 241-1 et seq. of the General Regulation of the AMF.

TREASURY SHARES HELD BY SOCIÉTÉ BIC AS OF MARCH 1ST, 2019

Purpose	Number of shares
Liquidity agreement	21,750
Free share grants	623,080
Cancellation	325,566
External growth operations	-
TOTAL	970,396

If the Shareholders' Meeting of May 22, 2019 approves the above-mentioned resolution, the Board of Directors will be authorized to buy back shares representing a maximum of 10% of the share capital on the date of the decision to buy back the shares (as of March 1st, 2019 and for information purposes: 4,601,090 shares), for a maximum amount of 1.4 billion euros and in order to:

- provide liquidity and stimulate the market of the shares of the Company through an investment service provider acting pursuant to a liquidity agreement compliant with professional ethics standards recognized by the French Financial Markets Authority;
- hold them in order to subsequently remit them as payment, as exchange or otherwise, within the scope of potential external growth operations in accordance with the market practices approved by the French Financial Markets Authority;
- remit them at the moment of the exercise of rights attached to securities giving access to the Company's share capital by redemption, conversion, exchange, presentation of a warrant or by any other means;
- allocate them to employees and officers, notably within the scope of sharing in the Company's success, employee profit-sharing schemes, the stock option program, the free share plan or through an employee savings scheme;
- cancel them entirely or partly, in accordance with the conditions provided by the regulations in force, within the limit

of 10% of the capital existing on the cancellation date, per period of 24 months;

- deliver them in a payment, exchange or contribution transaction carried out in connection with an external growth transaction, merger, demerger or asset contribution, within the limits specified in the applicable regulations.
- implement all market practices that may be authorized by the French Financial Markets Authority.

If some shares are bought back in order to hold them and to subsequently remit them as payment or exchange within the scope of a merger, demerger or contribution operation, the above-mentioned limits shall be decreased to 5% of the share capital on the date of the decision to buy back the shares (as of March 1, 2019 and for information purposes: 2,300,545 shares) and to a maximum amount of 700 million euros. The Company will not at any time hold more than 10% of the total number of its own shares forming the share capital.

The purchase price may not be higher than 300 euros per share.

The authorization so given by the Shareholders' Meeting would be valid for a period of 18 months starting from May 22, 2019.

It could be used during public offers on the Company's shares in accordance with the legislation in force.

The purchase of shares of the Company carried out pursuant to this authorization shall also comply with the rules enacted by the French Financial Markets Authority regarding the conditions and the periods of intervention on financial market.

7.5. 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 on the Company's website: <http://www.bicworld.com/or> by addressing an email to investors.info@bicworld.com or actionnaires@bicworld.com or by sending a written letter to BIC Group – Investor Relations Department, 14 rue Jeanne d'Asnières, 92611 Clichy Cedex, France.

Throughout the year, BIC holds meetings with analysts and institutional investors during roadshows and brokers' conferences in the major financial marketplaces. In 2018, meetings were

organized in Paris, London, New York City, Frankfurt, Stockholm and Edinburgh. We also organized various meetings with dedicated SRI (Socially Responsible Investment) investors.

At the individual shareholder level, BIC continued its proactive communication policy, issuing its Shareholders' newsletters four times a year. BIC organizes regular meetings in different French cities. In 2018, the Investor Relations Department met individual shareholders in Paris, Lyon and Lille.

A free information on hotline is also available to the individual shareholders to +33 (0)800 10 12 14 (toll-free number for France).



7.6. SHARE INFORMATION

BIC shares are listed on Euronext Paris (continuous quotation) and are part of the SBF 120 and CAC Mid 60 indexes.

BIC is also part of the following Socially Responsible Investment indexes: CDP's Climate A List, CDP's Supplier Climate A List, Euronext Vigeo – Eurozone 120, Euronext Vigeo – Europe 120,

FTSE4Good indexes, Ethibel Pioneer and Ethibel Excellence Investment Registers, Ethibel Sustainability Index (ESI) Excellence Europe, Stoxx Global ESG Leaders Index.

Its ISIN Code is FR0000120966.

BIC SHARE PRICE IN 2018

	Closing price	Average price (closing)	Highest traded	Lowest traded	Number of shares traded	Trading amounts <i>(in thousand euros)</i>
December 2017	91.66	93.49	97.49	91.06	1,686,930	158,019
January 2018	92.30	94.75	99.05	91.25	1,598,323	151,429
February 2018	86.15	85.01	87.20	80.50	2,848,109	240,848
March 2018	80.85	82.98	88.40	76.05	2,304,628	188,452
April 2018	84.45	81.53	85.10	78.70	2,612,999	214,251
May 2018	83.20	84.20	86.85	78.95	2,107,111	176,807
June 2018	79.40	79.82	83.10	78.25	2,285,441	182,965
July 2018	81.75	80.93	82.75	78.85	1,444,290	116,964
August 2018	79.75	77.41	82.00	73.05	2,551,522	196,722
September 2018	78.85	77.63	79.85	75.30	1,788,321	138,629
October 2018	84.60	77.27	86.55	71.80	3,233,043	253,910
November 2018	94.75	91.80	97.75	84.20	3,255,451	300,832
December 2018	89.15	89.96	96.70	87.05	1,930,266	174,089
January 2019	87.55	88.81	92.45	84.20	2,219,268	195,787
February 2019	83.15	85.67	91.65	81.60	2,638,739	225,947

SHARE CUSTODIAL SERVICE

SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES

Département des Titres

32, rue du Champ-de-Tir

BP 81236

44312 Nantes Cedex 3

(France)

BOARD OF DIRECTORS' REPORT AND DRAFT RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 22, 2019

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8.1. ORDINARY SHAREHOLDER'S MEETING

DRAFT RESOLUTIONS 1 TO 3

Approval of the financial statements – Appropriation of earnings and setting of dividend

Board of Directors' Report:

By voting on the first and second resolutions, we ask you to approve the statutory and consolidated financial statements of the fiscal year ending December 31, 2018.

The third resolution aims at allocating the 2018 net income and set the dividend.

We propose the distribution of a total dividend of 156,486,804.30 euros corresponding to a dividend per share of 3.45 euros. The dividend will be paid as from June 5, 2019. If the number of shares carrying rights to the dividend is not 45,358,494, the total amount of the aforementioned dividend will be adjusted consequently and the amount allocated to retained earnings will be determined on the basis of the amount of the dividends actually paid.

The gross amount of the dividend is subject to social charges amounting to 17.2%, plus a lump-sum levy at a single rate of 12.8% for the income tax of natural persons resident of France (art. 117 quater and 200-A of the French Tax Code). In the event of a taxpayer's overall option for the progressive income tax scale, this dividend will be eligible for the 40% tax allowance (art. 158-3 and 243 bis of the French Tax Code).

We remind you the amount of the dividends paid during the last three years (income eligible for the tax allowance provided for in Article 158-3 of the French Tax Code):

- 5.90 euros in respect of fiscal year 2015 (3.40 euros +2.50 euros of exceptional dividend);
- 3.45 euros in respect of fiscal year 2016;
- 3.45 euros in respect of fiscal year 2017.

Draft resolution 1

Approval of the statutory financial statements of Fiscal year 2018

The Shareholders, after having considered the reports of the Board of Directors and the Statutory Auditors and having heard the additional explanations given during the meeting, approve the statutory financial statements of the fiscal year ending December 31, 2018. They also approve all transactions presented in these statutory financial statements or summarized in these reports.

Draft resolution 2

Approval of the consolidated financial statements of fiscal year 2018

The Shareholders, after having considered the reports of the Board of Directors and the Statutory Auditors and having heard the additional explanations given during the meeting, approve the consolidated financial statements of the fiscal year ending December 31, 2018. They also approve all transactions presented in these consolidated financial statements or summarized in these reports.

Draft resolution 3

Appropriation of earnings and setting of dividends

The Shareholders approve the total net income after deduction of income tax for the fiscal year ending December 31, 2018 of 149,839,552.75 euros and decide to allocate this amount as follows (*in euros*):

<i>Net income for 2018</i>	<i>149,839,552.75</i>
To add:	
• Retained earnings from previous year	653,691,799.04
Total distributable income	803,531,351.79
Appropriation of earnings:	
• Works of art special reserve	60,772.04
• Dividends (excluding treasury shares)	156,486,804.30
• Retained earnings	646,983,775.45
TOTAL EQUAL TO DISTRIBUTABLE INCOME	803,531,351.79



The amount of the dividends for the fiscal year ending December 31, 2018 will be 156,486,804.30 euros corresponding to a dividend per share of 3.45 euros. It will be paid as from June 5, 2019. If the number of shares carrying rights to the dividend is not 45,358,494, the total amount of the aforementioned dividend will be adjusted consequently and the amount allocated to retained earnings will be adjusted on the basis of the amount of the dividends actually paid.

The gross amount of the dividend is subject to social charges amounting to 17.2%, plus a lump-sum levy at a single rate of 12.8% for the income tax of natural persons resident of France (art. 117 quater and 200-A of the French Tax Code). In the event of a taxpayer's overall option for the progressive income tax scale, this dividend will be eligible for the 40% tax allowance (art. 158-3 and 243 bis of the French Tax Code).

In accordance with the law, we also remind you that the following dividends were distributed during the last three years:

Fiscal year	Number of shares	Dividend per share (in euros)	Dividend entitled to the tax allowance defined in Art. 158-3 of the CGI ^(a) (in euros)
2015	46,956,216	5.90 ^(b)	5.90
2016	46,679,869	3.45	3.45
2017	45,728,162	3.45	3.45

(a) French Tax Code (CGI).

(b) 3.40 euros ordinary dividend +2.50 euros exceptional dividend.

DRAFT RESOLUTION 4

Determination of the amount of the Directors' fees

Board of Directors' Report:

It is proposed to set the amount of the Directors' fees to be allocated to the Board of Directors for fiscal year 2019 at 500,000 euros (unchanged compared to 2018).

Draft resolution 4

Determination of the amount of the Directors' fees

The Shareholders decide to set the annual amount of the Directors' fees to be allocated to the Board of Directors for fiscal year 2019 at 500,000 euros.

DRAFT RESOLUTION 5

Authorization to be given to the Board of Directors to undertake operations with regard to the shares of the Company

Board of Directors' Report:

We propose that you authorize the Board of Directors to buy back by any means, on one or more occasions, shares of the Company in accordance with the legislation in force.

This authorization may be used during public offers on the Company's shares in compliance with Article L. 233-32 of the French Commercial Code, *i.e.* subject to the powers expressly assigned to the Shareholders within the limit of the Company's interest.

The Company would be authorized, during a period of 18 months, to buy back its own shares for a maximum price per share of 300 euros:

- **within the limit of 10% of the share capital** on the date of the Board of Directors' decision to buy back the shares and for a maximum amount of 1.4 billion euros. This authorization would be used to fulfill the following objectives:
 - provide liquidity in the securities market pursuant to a liquidity agreement managed by an external service provider,
 - allow their subsequent remittance as payment, exchange or otherwise, within the scope of external growth operations (with the exception of mergers, demergers or contribution operations mentioned below),
 - remit the shares at the moment of the exercise of rights attached to securities giving access to the Company's share capital,
 - allocate them to employees and/or officers (in the scope of an employee saving scheme, a stock option program, free allocations of shares, etc.),
 - cancel the shares,
 - deliver them in a payment, exchange or contribution transaction carried out in connection with an external growth transaction, merger, demerger or asset contribution, within the limits specified in the applicable regulations,
 - implement any market practice authorized by the French Financial Markets Authority (AMF);
- **within the limit of 5% of the share capital** on the date of the Board of Directors' decision to buy back the shares and for a maximum global amount of 700 million euros. The shares would be bought back to be kept and subsequently remitted as payment or exchange within the scope of a merger, demerger or contribution operation.

SHARE BUYBACK PROGRAM – OPERATIONS CARRIED OUT IN 2018

Operation	Number of shares	% capital	Nominal value (in euros)	Average sale/ purchase price (in euros)
Share buyback (excl. liquidity agreement) ^(a)	687,396	1.49	2,625,852.72	78.59
Liquidity agreement ^(a) :				
• Share buyback	583,915	1.27	2,230,555.30	83.60
• Sale of shares	580,470	1.26	2,217,395.40	83.61
Shares transferred under free share plans	132,527	0.29	506,253.14	84.22
Cancelled shares	687,396	1.49	2,625,852.72	78.59
Shares used for external growth operations	-	-	-	-

(a) Brokerage fees related to sale and buy-back transactions disclosed above amounted to 252,117.36 euros.

During the last 24 months, the Board of Directors cancelled 1,683,250 shares, representing 3.66% of the share capital as of December 31, 2018. More information is available in section 7.4, page 284 of the 2018 registration document.

Draft resolution 5

Authorization to be given to the Board of Directors to undertake operations regarding the shares of the Company

The Ordinary Shareholders' Meeting, deliberating in compliance with the provisions of Article L. 225-209 of the French Commercial Code, of the General Regulation of the French Financial Markets Authority (AMF), of Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014, and after considering the report of the Board of Directors, authorizes the Board of Directors to buy back by any means, on one or more occasions, the shares of the Company:

1. Within the limit of a number of shares representing a maximum of 10% of its share capital on the date of the Board of Directors' decision to buy back the shares:

- for a maximum amount of 1.4 billion euros, under the conditions and limits provided by the laws and regulations in force;
- for a maximum purchase price of 300 euros, exclusive of costs;

In accordance with the above-mentioned provisions and with the market practices allowed by the French Financial Markets Authority (AMF), this authorization can be used by the Board of Directors in order to:

- provide liquidity and stimulate the market for the securities of the Company through an investment services provider acting independently in the name and on behalf of the Company, pursuant to a liquidity agreement compliant with professional ethics standards recognized by the French Financial Markets Authority;
- hold them in order to subsequently remit them as payment, as exchange or otherwise, within the scope of potential external growth operations (with the exception of mergers, demergers or contribution operations referred to in paragraph 2 below) in accordance with the market practices approved by the French Financial Markets Authority;
- remit the shares at the moment of the exercise of rights attached to securities giving access to the Company's share capital by redemption, conversion, exchange, presentation of a warrant or by any other means;
- allocate them to employees and officers under the conditions and according to the methods prescribed by the law, notably within the scope of employee profit-sharing and incentive schemes, the stock option program, the free allocation of shares plan or through an employee savings scheme;
- cancel them entirely or partly, according to the conditions provided by the regulations in force, by reducing the share capital accordingly, within the limit of 10% of the capital existing on the cancellation date, per period of 24 months;
- deliver them in a payment, exchange or contribution transaction carried out in connection with an external growth transaction, merger, demerger or asset contribution, within the limits specified in the applicable regulations;
- implement all market practices that may be authorized by the French Financial Markets Authority.

2. Within the limit of a number of shares representing a maximum of 5% of its share capital on the date of the Board of Directors' decision to buy back the shares:

- for a maximum amount of 700 million euros;
- for a maximum purchase price fixed at 300 euros, exclusive of costs;

and in order to hold them and to subsequently remit them as payment or exchange within the scope of a merger, demerger or contribution operation.

The limits provided in paragraphs 1 and 2 above are not cumulative and the Company cannot at any time, directly or through a third party, hold more than 10% of the total number of its own shares forming the share capital.

The acquisition, assignment, transfer or exchange of shares can be carried out by the Board of Directors by any means, on one or more occasions, notably on the market, over the counter or in block and if necessary, using option mechanisms or to derivative financial instruments negotiated on a regulated market or by mutual consent, excluding the sale of put options, in accordance with the conditions authorized by the legal, regulatory and stock exchange rules in force, and at the times that the Board of Directors or its proxy shall deem appropriate, or by a third party acting on behalf of the Company in compliance with the provisions of the last paragraph of Article L. 225-206 of the French Commercial Code. It is specified that the part of the share buyback program realized by acquisition or transfer of blocks of shares may represent the entire program.

The Ordinary Shareholders' Meeting decides that the maximum purchase price per share, excluding costs, should not exceed that of the last independent transaction or, if it is higher, that of the highest current independent offer on the market where the purchase is made.

In the case where the options provided in the fifth paragraph of Article L. 225-209 of the French Commercial Code were used, the sale price (in the event that such a sale price would be necessary) shall thus be determined in accordance with the legal provisions in force.

The acquisition of shares of the Company realized pursuant to this authorization shall also comply with the rules enacted by the applicable regulations regarding the conditions and the periods of intervention on the market. The Company shall abstain from buying more than 25% of the daily average quantity of shares traded on the regulated market where the purchase is made.

This authorization replaces the previous authorization given at the Shareholders' Meeting on May 16, 2018 (Resolution 5). This authorization is given to the Board of Directors for a period of 18 months starting from the date of this Shareholders' Meeting.

This authorization may be used during public offers on the Company's shares in compliance with the legislation in force.

In accordance with the provisions of Article L. 225-210 of the French Commercial Code, the shares of the Company acquired pursuant to this authorization must be registered and must be entirely paid up upon their acquisition. These acquisitions must not have the effect of reducing the net equity to an amount lower than that of the capital increased by non-distributable reserves. Finally, the Company must have reserves (other than the legal reserve) amounting to at least the value of all the shares that the Company owns directly or through a third party.





Within the scope of its global financial management, the Company reserves itself the possibility of using part of its available financial resources to finance the purchase of the shares and to resort to debt to finance the additional needs that may exceed its internal financing.

The Board of Directors shall inform the Shareholders, in its management report to the Annual Ordinary Shareholders' Meeting, of the operations realized pursuant to this authorization.

The Shareholders' Meeting confers all powers on the Board of Directors to implement this share buyback program and notably to:

- assess opportunities and proceed with the share buyback authorized by this resolution;
- prepare and publish, before the realization of a share buyback program, a description of the share buyback program, in accordance with the conditions and methods set by the General Regulation of the French Financial Markets Authority;
- place all stock market orders, conclude all agreements in particular regarding the holding of the purchases and sales register;
- inform the market and the French Financial Markets Authority of operations carried out, in compliance with the General Regulation of the French Financial Markets Authority;
- delegate to the Chief Executive Officer or, in agreement with the latter, to one or several Executive Vice-Presidents, the authority necessary for the realization of the share buyback program;
- make all declarations and carry out any other formalities and, as a general rule, do all that is necessary to carry out the forgoing authorization.



DRAFT RESOLUTIONS 6 TO 7**Renewal of Gonzalve BICH and Elizabeth BASTONI as Directors****Board of Directors' Report:**

It is proposed to the Shareholders to renew Gonzalve BICH and Elizabeth BASTONI as Directors for a period of three fiscal years expiring at the end of the Shareholders' Meeting called to vote in 2022 upon the approval of the financial statements of the fiscal year ending 2021.

GONZALVE BICH**Director and Chief Executive Officer****40 years old****Nationality:**

French/American

Number of BIC shares held:

Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.
On December 31, 2018, SOCIÉTÉ M.B.D. held 12,735,000 shares, i.e. 27.68% of SOCIÉTÉ BIC share capital and 37.75% of the voting rights.

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

- Director: Annual Shareholders' Meeting of May 16, 2018
- Chief Executive Officer: Board of Directors of May 16, 2018

Expiration date

- Director: Annual Shareholders' Meeting in 2019
- Chief Executive Officer: indefinite duration

Member of a committee

No

Professional address

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

Main position

- Chief Executive Officer of SOCIÉTÉ BIC

Other current mandates or functions

- Director - BIC Cello (India) Private Ltd. ^(a) - India
- Director - BIC UK Ltd. ^(a) - United Kingdom
- President, Chief Operating Officer and Director - BIC International Co. ^(a) - U.S.A.

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

None

Biography

Gonzalve Bich is Director and Chief Executive Officer of SOCIÉTÉ BIC since May 2018. He served as Executive Vice-President from June 2016 to May 2018. He was Chief Operating Officer (COO), responsible for the BIC Group Consumer Products business, Human Resources and Information Technology from January 2017 to May 2018.

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

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

(a) BIC Group.



Draft resolution 6

Renewal of Gonzalve BICH as Board Member

The Shareholders' Meeting decides to renew, for a period of three fiscal years, the mandate of Gonzalve BICH as Board Member.

The term of the mandate of Gonzalve BICH will thus expire at the end of 2022 Shareholders' Meeting called to vote upon the approval of the financial statements for the fiscal year ending December 31, 2021.

ELIZABETH BASTONI

| Director



53 years old

Nationality:
American

Number of BIC shares held:
500

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 15, 2013

Expiration date

Annual Shareholders' Meeting in 2019

Member of a committee

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

Professional address

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

Main position

- President of Bastoni Consulting Group, LLC - U.S.A.

Other current mandates or functions

- Chairman, Compensation Committee - Jerônimo Martins - Portugal

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

- President - Choukette, Inc - U.S.A.
- Head of Human Resources at B.M.G.I. - U.S.A.
- Human Resources consultant - EBB LLC - U.S.A.
- Director, Chairman of the Compensation Committee - Rezidor Hotel Group - Sweden

Biography

Elizabeth Bastoni has been serving family controlled groups, publicly traded boards in Europe since 2011.

She previously served on the boards and chaired the compensation committees for The Rezidor Hotel (Stockholm) Group and CarlsonWagonlit Travel (Paris). Elizabeth Bastoni has also held Executive roles in France and the United States for BMGI, Carlson, The Coca-Cola Company, Thales, Suez and KPMG.

Elizabeth Bastoni was appointed Independent Director in 2013. She is Chair of the Compensation Committee and Chair of the Nomination, Governance and CSR Committee.

Elizabeth Bastoni has a Bachelor of Arts degree from Providence College in Providence, Rhode Island (U.S.A.). She studied French at the *Alliance Française* (Paris) and French history and culture at *La Sorbonne* (Paris). She is a former student at *L'École du Louvre*.



Independent Director

Draft resolution 7

Renewal of Elizabeth BASTONI as Board Member

The Shareholders' Meeting decides to renew, for a period of three fiscal years, the mandate of Elizabeth BASTONI as Board Member.

The term of the mandate of Elizabeth BASTONI will thus expire at the end of 2022 Shareholders' Meeting called to vote upon the approval of the financial statements for the fiscal year ending December 31, 2021.

DRAFT RESOLUTIONS 8 AND 9

Appointment of Maëlys CASTELLA and Marie-Aimée BICH-DUFOUR as Board Members

Board of Directors' Report:

The Shareholders are invited to appoint as new Board Members:

- Maëlys CASTELLA, replacing Mario GUEVARA, whose mandate is expiring;
- Marie-Aimée BICH-DUFOUR, replacing Marie-Henriette POINSOT, resigning.

Maëlys CASTELLA will provide to the Board her expertise in finance and her experience in strategy, mergers and acquisitions and sustainable development, acquired while working in important international groups such as Air Liquide.

She will join the Board as an independant Director in the light of the independence criteria set out in the AFEP-MEDEF Code (§ 8):

Criterion	Maëlys CASTELLA
Criterion 1: <i>Employee or corporate officer within the past 5 years</i>	✓
Criterion 2: <i>Cross-directorships</i>	✓
Criterion 3: <i>Significant business relationships</i>	✓
Criterion 4: <i>Family ties</i>	✓
Criterion 5: <i>Auditor</i>	✓
Criterion 6: <i>Period of office exceeding 12 years</i>	✓
Criterion 7: <i>Status of non-executive officer</i>	✓
Criterion 8: <i>Status of the major shareholder</i>	✓

MAËLYS CASTELLA

| To be appointed as Director

**52 years old****Nationality:**

French

Number of BIC shares held:

0

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Professional address

Akzo Nobel N.V. - Christian Neefestraat 2, 1077 WW Amsterdam - The Netherlands

Main position

- Chief Corporate Development Officer, Member of the Executive Committee – AkzoNobel – The Netherlands (listed company)

Other current mandates or functions

- Member of the Board of Directors of Art foundation of AkzoNobel – The Netherlands

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

- Chief Financial Officer, Member of the Board of Management – AkzoNobel – The Netherlands (listed company)
- Group Deputy Chief Financial Officer – Air Liquide – France (listed company) – other directorships in affiliates of Air Liquide

Biography

Maëlys Castella is a member of the Executive Committee of AkzoNobel in the position of Chief Corporate Development Officer, responsible for Strategy, Mergers and Acquisitions, Sustainability and Innovation. She joined AkzoNobel as Chief Financial Officer and member of the Board of management in 2014.

Before joining AkzoNobel, Maëlys Castella worked at Air Liquide since 2000, where she held various Senior Management positions in Finance and Marketing before she was appointed Group Deputy Chief Financial Officer in 2013. Her early career was spent in the oil and gas industry working during eight years for Elf, now part of Total Group.

Maëlys Castella has a Master's degree in Energy Management and Policy from the University of Pennsylvania (U.S.A.) and the French Institute of Petroleum (IFP). She has also an Engineering Degree from the École Centrale de Paris.



Independent Director

Marie-Aimée BICH-DUFOUR will provide to the Board her legal expertise, her knowledge of the Company, as well as her commitment in Sustainable Development under her direction since the start of the program in 2004 until last year.

MARIE-AIMÉE BICH-DUFOUR

To be appointed as Director
Executive Vice-President until March 31, 2019



60 years old

Nationality:
French

Number of BIC shares held:

Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.
On December 31, 2018, SOCIÉTÉ M.B.D. held 12,735,000 shares, i.e. 27.68% of SOCIÉTÉ BIC share capital and 37.75% of the voting rights.

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Professional address

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

Main position

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

Other current mandates or functions

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

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

None.

Biography

Since March 1995, Marie-Aimée Bich-Dufour has been Executive Vice-President of SOCIÉTÉ BIC and Board of Directors' Secretary. Moreover, she is President of the BIC Corporate Foundation for Education.

She was Group General Counsel until February 1, 2016.

In 2004, she also took on the responsibility of the Sustainable Development Program until 2018.

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

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

(a) BIC Group.

**Draft resolution 8****Appointment of Maëlys CASTELLA as a new Board Member**

The Shareholders' Meeting decides to appoint, for a period of three fiscal years, Maëlys CASTELLA as a new Board Member, replacing Mario GUEVARA, whose mandate is expiring.

The term of the mandate of Maëlys CASTELLA will thus expire at the end of 2022 Shareholders' Meeting called to vote in 2022 upon the approval of the financial statements for the fiscal year ending December 31, 2021.

Draft resolution 9**Appointment of Marie-Aimée BICH-DUFOUR as a new Board Member**

The Shareholders' Meeting decides to appoint, for a period of three fiscal years, Marie-Aimée BICH-DUFOUR as a new Board Member, replacing Marie-Henriette POINSOT, resigning for the remaining period of her office, i.e. until 2021 Shareholders' Meeting called to vote upon the approval of the financial statements for the fiscal year ending December 31, 2020.

DRAFT RESOLUTIONS 10 TO 14**Approval of the compensation elements and benefits of any type paid or granted for 2018 to the Chairman of the Board, the Chief Executive Officer and the Executive Vice-Presidents****Board of Directors' Report:**

In accordance with the provisions of paragraph II of Article L. 225-100 of the French Commercial Code, the table below presents the compensation elements and benefits of any type paid or granted to Bruno BICH, Pierre VAREILLE, Gonzalve BICH, James DiPIETRO and Marie-Aimée BICH-DUFOUR for the fiscal year 2018. These elements are described in more detail in the 2018 registration document (see section 4.2. Corporate Officers' Compensation).

BRUNO BICH, CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER UNTIL MAY 16, 2018

Compensation elements and benefits of any type paid or granted for 2018	Amounts or accounting valuation submitted for approval	Presentation
Fixed compensation	76,500 EUR	No change in the annual compensation package compared to 2017 204,000 EUR per year <i>pro rated</i> to 4.5 months = 76,500 EUR
Annual variable compensation	N/A	Absence
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	N/A	Absence
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	N/A	Absence
Sign-on bonus	N/A	Absence
Termination payment	N/A	Absence
Non-competition benefits	N/A	Absence
Supplementary pension plan	N/A	Absence



PIERRE VAREILLE, CHAIRMAN OF THE BOARD SINCE MAY 16, 2018

Compensation elements and benefits of any type paid or granted for 2018	Amounts or accounting valuation submitted for approval	Presentation
Fixed compensation	187,500 EUR	300,000 EUR per year <i>pro rated</i> to 7.5 months = 187,500 EUR
Annual variable compensation	N/A	Absence
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	N/A	Absence
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	N/A	Absence
Sign-on bonus	N/A	Absence
Termination payment	N/A	Absence
Non-competition benefits	N/A	Absence
Supplementary pension plan	N/A	Absence

GONZALVE BICH, EXECUTIVE VICE-PRESIDENT, THEN CHIEF EXECUTIVE OFFICER SINCE MAY 16, 2018

Compensation elements and benefits of any type paid or granted for 2018	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Fixed compensation	628,125 USD (531,859 EUR)	+25.6% <i>versus</i> 2017
Annual variable compensation whose payment requires a positive ex post vote of the Shareholders' Meeting, under the new provisions of Article L. 225-100 (II paragraph 2) of the French Commercial Code.	725,923 USD (614,702 EUR). The annual bonus awarded is 107.55% of annual base compensation and represents 99.3% of the target bonus.	Target bonus is 108.30% of the annual base compensation. The maximum bonus is 162.45%, equivalent to 150% of target bonus. The bonus is calculated on the basis of six criteria: <ul style="list-style-type: none"> • net sales (20%); • income from operations (20%); • net income (10%); • inventories (10%); • accounts receivable (10%); • individual qualitative objectives (30%). The qualitative part of the bonus cannot exceed 48.75% of the annual base compensation.
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	15,000 performance shares granted in 2018 and subject to performance conditions. Accounting valuation: 1,151,700 EUR. With regard to performance share plans, Gonzalve Bich received gross remuneration of 34,344 USD (29,080 EUR) equivalent to the unpaid dividends on the vested shares held by SOCIÉTÉ BIC until the end of the compulsory holding period.	Share acquisition depends on two performance conditions: <ul style="list-style-type: none"> • net sales growth; • cash flow from operations and change in inventory, as a percentage of net sales. These criteria are demanding by nature (<i>growth versus value</i>). The grant represents 0.03% of the share capital. Shareholders' Meeting authorization date: May 16, 2018. Board of Directors' Meeting grant date: May 16, 2018.
Directors' fees	N/A	Absence





Compensation elements and benefits of any type paid or granted for 2018	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Valuation of any benefits-in-kind	73,273 USD (62,044 EUR)	Car allowance: 15,150 USD (12,828 EUR) Company contributions to Company U.S. savings plan: <ul style="list-style-type: none">• 401K: 8,250 USD (6,986 EUR);• Executive Compensation Plan: 20,000 USD (16,935 EUR). Other: 29,873 USD (25,295 EUR)
Sign-on bonus	N/A	Absence
Termination payment	N/A	Absence
Non-competition benefits	N/A	Absence
Supplementary pension plan	No payment is due in respect of the fiscal year ended	Gonzalve Bich participates in the BIC CORPORATION Restoration Plan, a supplementary pension plan in the U.S.A., which has existed since 2006 and which benefits selected Company executives whose compensation taken into account in the U.S. Qualified Pension Plan is restricted by regulations. <ul style="list-style-type: none">• The plan benefit is subject to having been a participant in the plan for at least five years.• Method for determining the pensionable compensation:<ul style="list-style-type: none">• The pensionable compensation is the average remuneration which is based on the highest three consecutive years within the last 10 years.• Rate of acquisition of rights:<ul style="list-style-type: none">• This plan provides for a single life annuity, payable at normal retirement age (65) equal to 1.1% of the Social Security ceiling plus 1.5% of average pay in excess of the Social Security ceiling, multiplied by the number of years of service, which may not exceed 35 years, plus 1.4% of average pay per year of service in excess of 35 years. The plan includes the pension granted by the U.S. Qualified Pension Plan. Full vesting in the Restoration Plan occurs at age 52 with fifteen or more years of service or at age 60 with five years of participation in the plan. Full vesting in the U.S. Qualified Plan occurs at 5 years of service;• In addition, the Plan provides early retirement benefits for beneficiaries prior to age 65 (or age 62 if they retire at or after age 55 with 10 or more years of service),• The commitments arising from this plan are provisioned in BIC CORPORATION's financial statements in accordance with IAS 19.• Maximum payments:<ul style="list-style-type: none">• Not applicable.• Method of funding:<ul style="list-style-type: none">• The Restoration Plan is unfunded. The U.S. Qualified Pension Plan is funded through a trust.• Other expenses paid by the Company:<ul style="list-style-type: none">• BIC pays the cost of administration, accounting valuations under IAS 19 and funding valuations for the U.S. Qualified Pension Plan.



Compensation elements and benefits of any type paid or granted for 2018	Amounts or accounting valuation submitted for approval ^(a)	Presentation
		At December 31, 2018, Gonzalve Bich had accrued a pension benefit equivalent to 22.82% of the average remuneration of the last three years of service out of his 15.9 years of service i.e., for information, an annual pension equal to 178,912 U.S. dollars payable at age 65 (inclusive of the U.S. Qualified Pension Plan benefit, assuming he had stopped his activity on December 31, 2018. He has elected to receive his Restoration Plan benefit as a lump sum

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 euro = 1.1810 U.S. dollars).

JAMES DIPIETRO, EXECUTIVE VICE-PRESIDENT

Compensation elements and benefits of any type paid or granted for 2018	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Fixed compensation	563,000 USD [476,715 EUR]	+9.3% versus 2017
Annual variable compensation whose payment requires a positive ex post vote of the Shareholders' Meeting, under the new provisions of Article L. 225-100 (II paragraph 2) of the French Commercial Code	419,322 USD [355,057 EUR] The annual bonus equals 74.48% of annual base compensation and represents 99.3% of the target bonus.	Target bonus is 75% of the annual base compensation. The maximum bonus is 112.50%, equivalent to 150% of target bonus. The bonus is calculated on the basis of six criteria: <ul style="list-style-type: none"> • net sales (20%); • income from operations (20%); • net income (10%); • inventories (10%); • accounts receivable (10%); • individual qualitative objectives (30%). The qualitative part of the bonus cannot exceed 33.75% of the annual base compensation.
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	8,000 performance shares granted in 2018. Accounting valuation: 614,240 EUR. With regard to performance share plans, James DiPietro received gross remuneration of 90,714 USD (76,812 EUR) equivalent to the unpaid dividends on the vested shares held by SOCIÉTÉ BIC until the end of the compulsory holding period.	Share acquisition depends on two performance conditions: <ul style="list-style-type: none"> • net sales growth; • cash flow from operations and change in inventory, as a percentage of net sales. These criteria are demanding by nature (growth versus value). The grant represents 0.02% of the share capital. Annual Shareholders' Meeting authorization date: May 16, 2018. Board of Directors' Meeting grant date: May 16, 2018.
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	83,877 USD [71,022 EUR]	Car allowance: 13,800 USD [11,685 EUR]. Company contributions to Company U.S. savings plan: <ul style="list-style-type: none"> • 401K: 9,250 USD (7,832 EUR); • Executive Compensation Plan: 22,520 USD (19,069 EUR). Other: 38,307 USD (32,436 EUR)
Sign-on bonus	N/A	Absence
Termination payment	N/A	Absence





Compensation elements and benefits of any type paid or granted for 2018	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Non-competition benefits	N/A	Absence
Supplementary pension plan	No payment is due in respect of the fiscal year ended.	<p>James DiPietro participates in the BIC CORPORATION Supplementary Executive Retirement Plan, a supplementary pension plan in the U.S. that has existed since 1970 and which benefits the main executives of BIC Corporation.</p> <ul style="list-style-type: none"> • The plan benefit is subject to having been a participant in the plan for at least five years. • Method for determining the pensionable compensation. <ul style="list-style-type: none"> • The pensionable compensation is the average remuneration (base + bonus) of the best three years of the last five years of service. • Rate of acquisition of rights: <ul style="list-style-type: none"> • This plan provides, by year of seniority, an annual pension equal to 2.5% of the average pensionable compensation with a maximum of 50% (i.e. 20 years of service), including the pension granted by the U.S. Qualified Pension Plan; • Full vesting in the Supplementary Executive Retirement Plan occurs at age 52 with fifteen or more years of service or at age 60 with five years of participation. Full vesting in the U.S. Qualified Plan occurs at five years of service, • The commitments arising from this plan are recorded in BIC CORPORATION in accordance with IAS 19. • Maximum payments: <ul style="list-style-type: none"> • Maximum of 50% (i.e., 20 years of service), including the pension granted to the U.S. Qualified Pension Plan. • Method of funding: <ul style="list-style-type: none"> • The Supplementary Executive Retirement Plan is unfunded. However, BIC invests in life insurance policies to offset the cost of the plan. The U.S. Qualified Pension Plan is funded through a trust. • Other expenses paid by the Company: <ul style="list-style-type: none"> • BIC pays the cost of administration, accounting valuations under IAS 19 and actuarial valuations for the U.S. Qualified Pension Plan. <p>As of December 31, 2018, James DiPietro had accrued a pension benefit equivalent to 50.00% of the average remuneration of the last three years of service out of his 20.5 years of service i.e., for information, an annual pension equal to 462,620 U.S. dollars (including the benefit from the U.S. Qualified Pension Plan) as a single life annuity payable at age 59 (inclusive of the U.S. Qualified Pension Plan benefit), assuming he had stopped his activity on December 31, 2018. He has elected to receive his Supplementary Executive Retirement Plan benefit as a lump sum.</p>

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 euro = 1.1810 U.S. dollars)



MARIE-AIMÉE BICH-DUFOUR, EXECUTIVE VICE-PRESIDENT

Compensation elements and benefits of any type paid or granted for 2018	Amounts or accounting valuation submitted for approval	Presentation
Fixed compensation	199,509 EUR	-33.7% versus 2017
Annual variable compensation whose payment requires a positive ex post vote of the Shareholders' Meeting, under the new provisions of Article L. 225-100 (II paragraph 2) of the French Commercial Code	89,380 EUR The annual bonus equals 44.69% of annual base compensation and represents 99.3% of the target bonus.	Target bonus is 45% of the annual base compensation. The maximum bonus is 67.50%, equivalent to 150% of target bonus. The bonus is calculated on the basis of six criteria: <ul style="list-style-type: none"> • net sales (20%); • income from operations (20%); • net income (10%); • inventories (10%); • accounts receivable (10%); • individual qualitative objectives (30%). The qualitative part of the bonus cannot exceed 20.25% of the annual base compensation.
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock options, performance shares and any other element of long-term compensation	3,250 performance shares granted in 2018. Accounting valuation: 249,535 EUR.	Share acquisition depends on two performance conditions: <ul style="list-style-type: none"> • net sales growth; • cash flow from operations and change in inventory, as a percentage of net sales. These criteria are demanding by nature (growth versus value). The grant represents 0.01% of the share capital. Annual Shareholders' Meeting authorization date: May 16, 2018. Board of Directors' Meeting grant date: May 16, 2018.
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	1,602 EUR	Company car
Sign-on bonus	N/A	Absence
Termination payment	N/A	Absence
Non-competition benefits	N/A	Absence
Supplementary pension plan	No payment is due in respect of the fiscal year ended.	Marie-Aimée Bich-Dufour benefits from the Supplementary Executive Retirement Plan (governed by Article L. 137-11 of the French Social Security Code) for BIC Group executives in France. <ul style="list-style-type: none"> • Condition for pension benefit eligibility: <ul style="list-style-type: none"> • A minimum period of five years of participation is necessary to benefit from the plan; • Be officially qualified for a pension under the Social Security scheme; • Retire from BIC in accordance with the provisions of Article L. 137-11 of the French Social Security Code). • Method for determining the pensionable compensation:





Compensation elements and benefits of any type paid or granted for 2018	Amounts or accounting valuation submitted for approval	Presentation
		<ul style="list-style-type: none"> • The pensionable compensation is the average remuneration of the last three years of service; • To determine the pensionable compensation, only gross annual base and annual bonus are included, all other direct or indirect payments are excluded. • Rate of pension rights acquisition: <ul style="list-style-type: none"> • The supplementary pension is equal to 1.25% of the average compensation per year of membership of the plan, with a maximum of 25% (i.e. 20 years); • On May 18, 2016, Société BIC's Board of Directors decided to freeze the acquisition rights of Marie-Aimée Bich-Dufour in this plan during her new mandate; • The commitments arising from this plan are provisioned by SOCIÉTÉ BIC in accordance with IAS 19. • Maximum Payments: <ul style="list-style-type: none"> • The consolidation of all pension rights (mandatory and supplementary) cannot exceed 50% of the last annual compensation. This ceiling is verified at the date of retirement. • Method of funding: <ul style="list-style-type: none"> • The employer funds the entirety of the rights through contributions to an insurance contract. • Other expenses paid by the Company: <ul style="list-style-type: none"> • The employer pays the Fillon tax, which is 24% of the contributions to the insurance contract. <p>On December 31, 2018, the supplementary pension which has been determined based on seniority in the Plan and on her compensation as of May 18, 2016, amounts to 107,318 EUR (for information purposes).</p> <p>The regulated agreements procedure was followed for this pension plan.</p> <p>Board of Directors' Meeting decision date: May 19, 2005.</p> <p>Shareholders' Meeting decision date: May 24, 2006 (Resolution 5).</p>

Draft resolution 10

Approval of the compensation elements and benefits of any type paid or granted for 2018 to Bruno BICH, Chairman of the Board of Directors and Chief Executive Officer until May 16, 2018

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2018 to Bruno BICH, Chairman of the Board of Directors and Chief Executive Officer until May 16, 2018, as described in the Board of Directors' Report and in the 2018 registration document (see *section 4.2. Corporate Officers' Compensation*).

Draft resolution 11

Approval of the compensation elements and benefits of any type paid or granted for 2018 to Pierre VAREILLE, Chairman of the Board of Directors from May 16, 2018

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2018 to Pierre VAREILLE, Chairman of the Board of Directors from May 16, 2018, as described in the Board of Directors' Report and in the 2018 registration document (see *section 4.2. Corporate Officers' Compensation*).



Draft resolution 12

Approval of the compensation elements and benefits of any type paid or granted for 2018 to Gonzalve BICH, Executive Vice-President then Chief Executive Officer since May 16, 2018

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2018 to Gonzalve BICH, Executive Vice-President, as described in the Board of Directors' Report and in the 2018 registration document (see *section 4.2. Corporate Officers' Compensation*).

Draft resolution 13

Approval of the compensation elements and benefits of any type paid or granted for 2018 to James DIPIETRO, Executive Vice-President

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders'

Meetings, approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2018 to James DIPIETRO, Executive Vice-President, as described in the Board of Directors' Report and in the 2018 registration document (see *section 4.2. Corporate Officers' Compensation*).

Draft resolution 14

Approval of the compensation elements and benefits of any type paid or granted for 2018 to Marie-Aimée BICH-DUFOUR, Executive Vice-President

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2018 to Marie-Aimée BICH-DUFOUR, Executive Vice-President, for the fiscal year ended December 31, 2018, as described in the Board of Directors' Report and in the 2018 registration document (see *section 4.2. Corporate Officers' Compensation*).

DRAFT RESOLUTION 15

Compensation policy of the Chairman, Chief Executive Officer and Executive Vice-Presidents

Board of Directors' Report:

In application of Article L. 225-37-2 of the French Commercial Code, the Board of Directors submits for the approval of the Shareholders' Meeting the principle and criteria applicable to the determination, distribution and allocation of the fixed, variable and exceptional elements of the total compensation and benefits of any type attributable, in respect of their mandate, to the Chairman, Chief Executive Officer and Executive Vice-Presidents, for 2018 and comprising the compensation policy relating to them (*ex ante* vote).

These principles and criteria adopted by the Board of Directors upon the recommendation of the Compensation Committee are presented in the Corporate Governance report as provided for by Article L. 225-37 of the French Commercial Code and laid down in section 4 of the 2018 registration document.

In application of Article L. 225-100 of the French Commercial Code, amounts resulting from the implementation of these principles and criteria will be submitted for the approval of the Shareholders' Meeting ruling in 2020 on financial statements closed on December 31, 2019 (*ex post* vote).

Draft resolution 15

Compensation policy applicable to the Chairman, Chief Executive Officer and Executive Vice-Presidents

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings and having reviewed the report provided for by Article L. 225-37 of

the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional items comprising the total compensation and benefits of any type presented in the aforementioned report and attributable, in respect of their mandate, to the Chairman, Chief Executive Officer and Executive Vice-Presidents.

8.2 EXTRAORDINARY SHAREHOLDERS' MEETING

DRAFT RESOLUTION 16

Authorization to be given to the Board of Directors to reduce the share capital by cancellation of shares acquired in accordance with Article L. 225-209 of the French Commercial Code

Board of Directors' Report:

We propose that you renew the authorization given to the Board of Directors, for a period of 18 months, to:

- cancel, within the limit of 10% of the share capital per period of 24 months, all or part of the shares held in the framework of the share buyback program and to decrease the share capital accordingly;
- charge the difference between the buyback price of the cancelled shares and their nominal value to premiums and available reserves.

Draft resolution 16

Authorization to be given to the Board of Directors to reduce the share capital by cancellation of shares acquired in accordance with Article L. 225-209 of the French Commercial Code

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and the Statutory Auditor's Report, deliberating in accordance with the provisions of Article L. 225-209 of the French Commercial Code, authorizes the Board of Directors:

- on its sole deliberations, at the times it deems appropriate, to cancel on one or more occasions, by a corresponding reduction of share capital, all or part of the shares of the Company acquired or to be acquired by the Company under the buyback of shares authorized by previous Shareholders' Meetings or authorized by the fifth resolution above, within the limit of 10% of the share capital existing on the date of the Shareholders' Meeting, per period of 24 months;

- to charge the difference between the buyback price of the cancelled shares and their nominal value to available premiums and reserves.

The Extraordinary Shareholders' Meeting delegates to the Board of Directors all authority to proceed with the cancellation(s) of these shares, to take note of the corresponding reduction(s) in share capital, to charge the difference between the carrying amount of cancelled shares and their nominal value to all reserve accounts or others, to proceed with the modification of the articles of incorporation accordingly, to carry out all formalities, make all declarations with all authorities or administrative bodies and in a general manner, do all that may be necessary to carry out the foregoing authorization.

This authorization is given for a period of 18 months starting from the date of this Shareholders' Meeting and replaces that given by the Shareholders' Meeting held on May 16, 2018 (Resolution 16).

8.3 ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

DRAFT RESOLUTION 17

Authorization to perform formalities

Board of Directors' Report:

This resolution allows the performance of the legal formalities following this Meeting.

Draft resolution 17

Authorization to perform formalities

The Shareholders' Meeting grants full powers to the bearer of a copy or excerpt of this document to carry out all required legal formalities.



8.4 STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL DECREASE

Combined Shareholders' Meeting held on May 22nd, 2019 Resolution n°15

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

To the Shareholders,

In our capacity as Statutory Auditors of SOCIETE BIC and pursuant to the provisions of Article L.225-209 of the French Commercial Code (*Code de commerce*) concerning share capital decreases by cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

Shareholders are requested to confer all necessary powers to the Board of Directors, during a period of 18 months starting from this Shareholders' Meeting, to cancel, on one or more occasions, and up to a maximum of 10% of the share capital in any twenty-four month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned Article of the French Commercial Code.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. Those procedures consisted in examining whether the reasons for and the terms and conditions of the proposed share capital decrease, which does not interfere with the equal treatment of shareholders, are due and proper.

We have no matters to report on the reasons for or terms and conditions of the proposed share capital decrease.

Neuilly-sur-Seine, Tuesday, March 15, 2019

The Statutory Auditors

Grant Thornton

Membre français de Grant Thornton International

Vianney MARTIN

Deloitte & Associés

François BUZY





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9.1. DOCUMENTS ON DISPLAY

MEMORANDUM AND ARTICLES OF INCORPORATION

See *Chapter 7. Information on the Issuer.*

HISTORICAL FINANCIAL INFORMATION

The 2017 and 2018 registration documents are available on SOCIÉTÉ BIC's website (www.bicworld.com).



9.2. MAIN PRESS RELEASES

List of the main press releases published in 2018:

Press releases available on www.info-financiere.fr and on the Company's website: www.bicworld.com

Date	Title
January 31, 2018	Full Year 2017 unaudited Results and 2018 Outlook
February 14, 2018	Change in Governance and 2017 Full Year Consolidated Results Audited
March 7, 2018	Remuneration of Corporate Officers
March 21, 2018	Availability of 2017 Registration Document
April 17, 2018	Writing The Future, Together - BIC sets its new Sustainable Development commitments for 2025
April 25, 2018	1st Quarter 2018 Results
June 8, 2018	Remuneration of Corporate Officers post-AGM
August 1, 2018	1 st Half 2018 Results
August 31, 2018	BIC-Haco Industries Agreement
October 18, 2018	BIC files a complaint for lack of surveillance of Lighter safety compliance in France and Germany
October 24, 2018	9 months 2018 Results
November 20, 2018	BIC receives and offer for the acquisition of BIC Sport
December 5, 2018	Change in capital and cancellation of shares
December 12, 2018	BIC announces Organisational Review to increase operational effectiveness and support long-term growth
January 2, 2019	BIC-Haco Industries Agreement Closing
January 2, 2019	BIC Sport Divestiture Closing
February 13, 2019	Full Year 2018 Results and "BIC 2022: Invent the Future" Organizational Review first steps

9.3. PERSON RESPONSIBLE

NAME AND FUNCTION

Gonzalve Bich
Chief Executive Officer

DECLARATION BY RESPONSIBLE PERSON OF THE REGISTRATION DOCUMENT

"I certify that I have taken all reasonable care to ensure that the information contained in this registration document is, to the best of my knowledge, accurate and does not omit any material fact.

I certify that to the best of my knowledge, the accounts are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company and all undertakings in the consolidation taken as a whole, and that the management report, referenced in the cross reference table, includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

I have received a letter from the Statutory Auditors, confirming that they have completed, in accordance with the professional standards applicable in France, the work necessary to verify the information related to the financial statements included in this registration document. The Auditors also confirmed that they reviewed this document in its entirety.

The consolidated financial statements for the year ended December 31, 2018 included in this document were subject to a Statutory Auditor's report, in the section 6-2, which contains one emphasis of matters related to the adoption of newly published and revised IFRS, interpretations and amendments."

On March 19, 2019,
Gonzalve Bich
Chief Executive Officer

9.4. STATUTORY AUDITORS AND FEES

NAMES AND ADDRESSES

Principal Statutory Auditors

The Company's Principal Statutory Auditors issue reports on the parent company and consolidated financial statements of SOCIÉTÉ BIC:

Deloitte & Associés

Represented by Mr. François Buzy
Tour Majunga 6 Place de la Pyramide 92800 Puteaux, France
Tel.: +33 (0)1 4088 28 00

Deloitte & Associés was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the Combined General Shareholders' Meeting on May 4, 1999.

The mandate of Deloitte & Associés as Statutory Auditors is in place for a period of six fiscal years and was renewed at the General Shareholders' Meeting on May 10, 2017. It will expire in 2023 at the close of the General Shareholders' Meeting confirming the financial statements for the fiscal year ending on December 31, 2022.

Grant Thornton

Represented by Mr. Vianney Martin
29, rue du Pont 92200 Neuilly-sur-Seine, France
Tel.: +33 (0)1 41 25 85 85

The company Grant Thornton was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the General Shareholders' Meeting on May 23, 2007, replacing the company BDO Marque & Gendrot, outgoing, for the remaining period of the mandate of the latter.

The mandate of Grant Thornton as Statutory Auditors was renewed at the General Shareholders' Meeting on May 10, 2017. It will expire in 2023 at the close of the General Shareholders' Meeting confirming the financial statements for the fiscal year ending on December 31, 2022.

Substitute Auditors

The company BEAS, appointed as Substitute Auditor for the first time at the General Shareholders' Meeting on May 19, 2005, was renewed as Substitute Auditor at the General Shareholders' Meeting on May 10, 2017 for the same period as that of Deloitte & Associés.

Institut de Gestion et d'Expertise Comptable – IGEC – was appointed as Substitute Auditor for the first time at the General

Shareholders' Meeting on May 23, 2007, replacing Mr. Patrick Giffaux, outgoing. The mandate was renewed at the General Shareholders' Meeting on May 10, 2017 for the same period as that of Grant Thornton.

CHANGE OF STATUTORY AUDITORS

The mandates of the Statutory Auditors were renewed at the General Shareholders' Meeting held on May 10, 2017.

FEES OF THE AUDITORS AND THE MEMBERS OF THEIR NETWORKS

The fees of the Statutory Auditors and members of their networks borne by the Group are presented in Note 28 to the consolidated financial statements.

AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

Audited historical annual financial information and the corresponding Auditors' reports for financial years 2016 and 2017, as well as the review of the financial position and the results related to it, were presented in previous registration documents, which have been duly filed with the *Autorité des Marchés Financiers* (French Financial Markets Authority) (respectively No. D. 17-0203 and No. D. 18-0156) and are available on the website of the BIC Group. In application of Article 28 of Commission Regulation (EC) No. 809/2004, this information is incorporated by reference in this registration document.

INTERIM AND OTHER FINANCIAL INFORMATION

Quarterly financial information has not been audited.

Half Year and annual financial information is the subject of reports by the Statutory Auditors.



9.5. CROSS REFERENCE TABLE REQUIRED UNDER EUROPEAN COMMISSION REGULATION N°809/2004

The table below provides cross references between the pages in the registration document and the key information required under European Commission Regulation (EC) No. 809/2004 implementing EC Directive 2003/1971/EC of the European Parliament and of the Council.

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	Date of expiration of the current term of office	126-144
	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	146-147
	Compliance with the country of incorporation's corporate governance regime	130
17.	EMPLOYEES	
	Number of employees and breakdown by main category of activity	95-97
	Shareholdings and stock options of Corporate Officers	161-163; 230-235
	Arrangements for involving the employees in the capital of the issuer	283; 230-235
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	282-283
	Major Shareholders with different voting rights	282-283
	Measures in place to ensure that control is not abused	N/A
	Arrangement which may at a subsequent date result in a change in control of the issuer	N/A
19.	RELATED PARTY TRANSACTIONS	
	Nature and extent of any transaction	240; 275
	Amount or percentage to which related party transactions form part of the net sales of the issuer	N/A
20.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
	Historical financial information	188-246; 251-270 ; 313
	<i>Pro forma</i> financial information	N/A
	Financial statements	188-246; 251-270
	Auditing of historical annual financial information	247-249; 271-274; 313
	Age of latest financial information	311
	Interim and other financial information	313
	Dividend policy	181
	Legal and arbitration proceedings	41
	Significant change in the issuer's financial or trading position	278



In accordance with Commission Regulation (EC) no. 809/2004		Pages
21. ADDITIONAL INFORMATION		
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Amount of issued capital and number of shares		282-283
Shares not representing capital		N/A
Shares in the issuer held by or on behalf of the issuer itself		216; 284
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		280-281
Memorandum and articles of incorporation		278-279
Corporate objects and purposes		278
Provisions regarding the administrative and management bodies		126-144; 146-147
Classes of shares		280-281
Changes to Shareholder rights		N/A
Manner in which General Meetings are called and held		278-279
Provisions that would have the effect of delaying or preventing a change in control		282-283
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Provisions governing changes in the capital		278-279
22. MATERIAL CONTRACTS		N/A
23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATION OF ANY INTEREST		N/A
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25. INFORMATION ON HOLDINGS		242-245; 267-269

9.6. 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.

No.	Information	Pages
Annual Financial Report		
1.	Parent company financial statements	251-270
2.	Consolidated financial statements	188-246
3.	Statutory Auditors' Report on the parent company financial statements	271-274
4.	Statutory Auditors' Report on the consolidated financial statements	247-249
5.	Management report including, at least, information mentioned in Articles L. 225-100, L. 225-100-2, L. 225-100-3 and L. 225-211 paragraph 2 of the French Commercial Code	318-319
6.	Declaration by person responsible for the registration document	312
7.	Auditors' fees	246
8.	Corporate Governance	125-170



9.7. CROSS REFERENCE TABLE WITH THE MANAGEMENT REPORT

This registration document includes information of the Company management report and Group management report, as provided for in Articles L. 225-100 et seq. and L. 232-1 of the French Commercial Code, as well as the report on the corporate governance pursuant to articles L. 225-37 et seq. of the French Commercial Code, and of the Extra-financial Performance Statement, as provided for in Article L.225-102-1 of the French Commercial Code.

The following table cross-refers each section of the management report to the corresponding pages of the registration document:

No.	Information	Pages
Management report		
1.	Business review/Results/Financial position and performance indicators	172-179
2.	The Company's use of financial instruments, where material for the assessment of its assets, liabilities, financial position and profit or loss	235-240
3.	Description of the main risks and uncertainties	37-52
4.	Financial risks related to climate change	45
5.	Exposure to interest-rate, currency and equity risks	39-40
6.	Internal control and risk management procedures	53-60
7.	Existing branches	268
8.	Material acquisitions of equity interests in companies with their head office in France	N/A
9.	Post-closing events/Outlook	184-185
10.	Dividends paid over the past three years	181
11.	Operations by the Company on its own shares	284-285
12.	Adjustments to the rights of holders of share equivalents	N/A
13.	Environmental, social and societal responsibility information	63-123
14.	Research and development activities	34
15.	Terms of payment of trade payables and receivables of SOCIÉTÉ BIC	270
16.	Corporate Governance:	
	Choice of organization of the Management	126
	Composition and functioning of Administrative and management bodies	126-146
	Limitation of the powers of the Management	145
	Main functions and directorships held by Corporate Officers	131-144
	Policy on diversity applicable to the Board	127-130
	Way the Company seeks gender balance within the Executive Committee and results in terms of diversity among the 10% top-level positions	106
	Transactions in Company's shares by Corporate Officers	144
	Draft resolution on the compensation policy	305
	Corporate Officers' Compensation	150-170
	Summary table of the implementation of AFEP-MEDEF Code	149
	Table of authorizations to issue new shares and share equivalents	280-281
	Rules for shareholder participation in the Shareholders' Meeting	279
	Arrangements which may have a bearing in the event of a takeover bic (incl. capital structure and elements provided for in Article L. 225-37-5 of the French Commercial Code)	283
	Share Capital	280-285
	Employee share ownership	283
	Statutory requirements governing changes in the share capital and shareholder' rights	278-279

No.	Information	Pages
17.	Extra-financial Performance Statement:	63-124
	Company's business model	7
	Description of the main risks regarding the way the Company considers the social and environmental consequences of its activity, and effects of this activity regarding the respect of Human Rights and on the fight against corruption and tax evasion	44-48
	Description of the policies implemented by the Company and results of these policies	63-124
	Social consequences of the Company's activity	95-107
	Environmental consequences of the Company's activity	86-94
	Effects of the Company's activity regarding the respect of Human Rights	109-111
	Effects of the Company's activity regarding the fight against corruption	111-112
	Effects of the Company's activity regarding the fight against tax evasion	112
	Consequences of the Company's activity on climate change and use of the goods and services it produces	88-91
	Societal commitments in favor of sustainable development	63-124
	Societal commitments in favor of circular economy	79-80
	Societal commitments in favor of the fight against food waste	79
	Societal commitments in favor of the fight against food insecurity	79
	Societal commitments in favor of the respect of animal well-being	71
	Societal commitments to a responsible, fair trade, sustainable food	79
	Collective agreements reached within the Company and on their impact on the economic performance of the Company and on the working conditions of the employees	107
	Action to fight against discriminations and promote diversity	105-106
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Appendices		
	Five-year financial summary	270



9.8. CROSS REFERENCE TABLE FOR ENVIRONMENTAL AND SOCIAL INDICATORS

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

Contents of the registration document	GRI ⁽¹⁾	Principles of the Global Compact	OECD ⁽²⁾ general principles	Page
1. Group presentation	102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-45, 102-49, 103-1		6, 10	21 to 36
2. Risks	102-15, 103-1			37 to 62
3.1 The BIC Sustainable Development Program and its five flagship commitments: Writing the Future, Together	102-13, 102-14, 102-16, 102-27, 102-40, 102-43, 102-44, 103-2, 201-1, 205-3	1 to 10	1, 5	65 to 73
3.2 Responsibility concerning our products	102-21, 416-1	8 and 9	2, 3, 7, 8, 10, 12, 13, 14	74 to 85
3.3 Environmental responsibility concerning our operations	203-DMA, 201-2, 301-1, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 304-2, 304-4, 305-1, 305-2, 305-5, 306-2, 307-1	7, 8 and 9	12	86 to 94
3.4 Our social responsibility to our employees	102-7, 102-8, 401-1, 403-2, 403-3, 403-4, 404-1, 404-2, 404-3, 405-1	1, 3 and 6	2, 4, 10	95 to 107
3.5 Our societal responsibility	102-17, 203-2, 205-1, 408-1, 409-1, 414-1	1, 2, 4, 5, 10	4, 8, 13, 14	108 to 116
3.6. Milestones	102-10, 102-44, 102-50, 102-56, 103-1, 102-49, 102-56		1, 2, 3, 7, 9, 13	117 to 123
4. Corporate governance	102-18, 102-22, 102-25, 102-35			125 to 170

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

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



9.9. GLOSSARY

At constant currencies:

Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.

BIC Code of Ethics:

Set of norms and principles governing the way of driving a company. Since 2007, the BIC Code of Ethics has defined the fundamental ethical principles that the Group asks all employees to follow under all circumstances and everywhere in the world.

BIC Code of Conduct:

The BIC Code of Conduct comprises a set of professional and social principles derived from the standards of the International Labor Organization (ILO).

BIC Speak-up:

Hotline accessible to all BIC team members to report on, collect alerts and prevent any violation to Anti-Corruption Policy and Code of Ethics (incl. violation to human rights, serious bodily injury and environmental damage).

BOP:

BOP (Bottom of the Pyramid) refers to the largest segment of the world's population: the poorest, with no (or very little) access to services and goods offered by the market, because especially the low level of income. BIC defines the BOP in 2 large sets. For countries outside the OECD, we consider this to be the population with daily expenses that are less than USD 2.97. For OECD countries, we take into account people living below the poverty line.

Categories:

Categories include the activities of Stationery, Lighters, Shavers and Other Products.

Comparative basis:

At constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, until their anniversary date.

Complex Capital Securities:

Fungible, negotiable and transferable instruments giving access to the share capital (definition in the context of SOCIÉTÉ BIC's Shareholders' Meeting).

Counterparty risk:

Counterparty risk is the risk that a counterparty, through its consumed default, can no longer meet its commitments. The counterparty risk may be different from the credit risk insofar as there may be a contract with a counterparty other than the issuer that guarantees the coverage of a given bond.

Customer/consumer:

Within the BIC Group, the term "customer" refers to a "distributor" and the term "consumer" refers to the final consumer.

Ecodesign:

Ecodesign is the integration of the environment from the design of a product or service, and at all stages of its life cycle.

Ecolabel:

An Ecolabel is a voluntary method of environmental performance certification. An ecolabel identifies products or services proven environmentally preferable overall, within a specific product or service category.

Environment, Health & Safety (EH&S) Policy:

The Environment, Health & Safety (EH&S) Policy, defined in 2005 and signed by the CEO, codifies the Group's commitment to minimizing the impact of its industrial activities.

Gross Profit:

Gross profit is the margin that the Group realizes after deducting its manufacturing costs.

Group's Anti-Corruption Policy:

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

Hedge accounting:

A hedging transaction consists of purchases or sales of financial instruments that must have the effect of reducing the risk of changes in value affecting the hedged item. For an accounting transaction to qualify as a hedge, it must identify hedging items from the outset.

Income from operations:

Profit realized from a business' own operations. Income from operations is generated from running the primary business and excludes income from other sources. It includes other products income from operations as well as Group expenses not allocated to the other categories.

Internal control:

The Device implemented by the management of a company to enable it to control the risky operations that must be done by the Company. For this reason, its resources are measured, directed and supervised so that management can achieve its objectives.

LCA:

Life Cycle Analysis (LCA) is a method for assessing a product's total environmental impact in each successive phase in its life: the extraction and transportation of the raw materials used to make it, the manufacturing processes, transportation to the consumer, product usage, and finally, end of life and waste processing.

Net Cash from operating activities:

Principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

Net cash position:

Cash and cash equivalents + Other current financial assets
– Current borrowings – Non-current borrowings.

New products:

A product is considered as a new one in the year of its launch and the three following years.

Normalized IFO:

Normalized means excluding non-recurring items as detailed page 173.

Normalized IFO margin:

Normalized IFO as percentage of net sales.

Normalized income from operations excluding the impact of the special employee bonus:

Special employee bonus means bonus that has been awarded to employees who have not been granted shares under our performance share plan and after approval of the exceptional dividend.

Performance Share Plan:

Freely granted shares of SOCIÉTÉ BIC subject to performance conditions.

Preferential subscription right:

The advantage conferred by article 225-132 of the French Commercial Code to the shareholder allowing him, during a given period, to be able, at the time of a capital increase, to assert a right of preference the acquisition of new shares under the conditions provided for by the Extraordinary General Meeting.

Product Safety Policy:

The Product Safety Policy, introduced in 2001, specifies the 10 commitments adopted to ensure that the products developed and manufactured by BIC are safe in terms of human health and the environment.

REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances):

REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

Risk:

The possibility of an event occurring whose consequences could affect:

- the ability of the Company to achieve its objectives;
- the ability of the Company to respect its values, ethics and laws and regulations;
- the persons, assets, the environment of the Company or its reputation.

Risk management:

Dynamic Device of the Company, defined and implemented under its responsibility. This system is comprehensive and covers all the Company's activities, processes, and assets. Risk management comprises a set of means, behaviors, procedures, and actions adapted to the characteristics of the Company that enables managers to maintain risks at a level acceptable to the Group. Risk management is also a lever of management of the Company which contributes to:

- create and preserve the value of the assets and the reputation of the Company;
- securing the Corporation's decision making and processes to support the achievement of objectives;
- promote consistency of actions with the values of the Company;

Mobilize the Company around a common vision of the main risks.





ADDITIONAL INFORMATION





ADDITIONAL INFORMATION



INVESTORS RELATIONS
14, RUE JEANNE D'ASNIÈRES
92611 CLICHY CEDEX – France
TEL : 33 (0) 1 45 19 52 00
EMAIL : investors.info@bicworld.com
LIMITED COMPANY CAPITAL EUROS 175,675,638.34
DIVIDED INTO 45,988,387 SHARES OF EUROS 3.82
QUOTED ON EUROLIST EURONEXT PARIS
ISIN: FR0000120966
MNEMONIC: BB CONTINUOUS QUOTATION
552.008.443 REGISTERED IN NANTERRE France
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• SOCIÉTÉ BIC

92611 CLICHY

CEDEX (FRANCE)

www.bicworld.com
