

# Sustainable Development at BIC

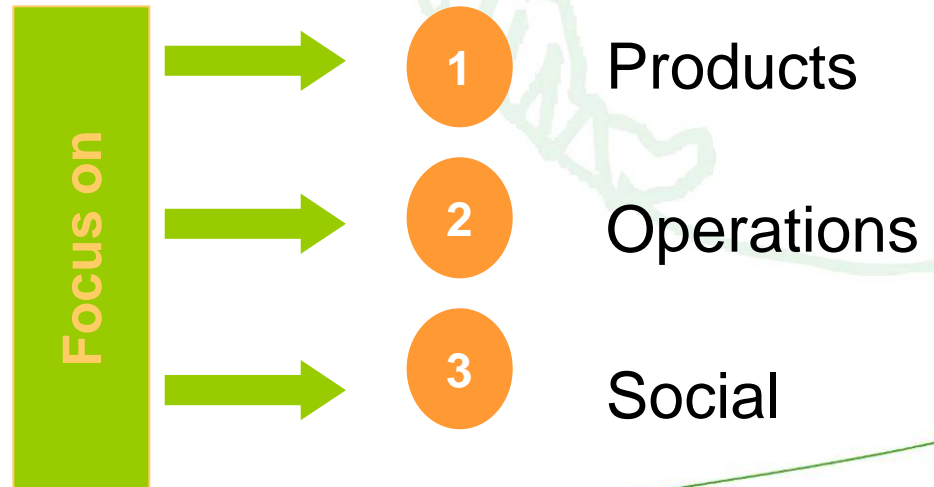
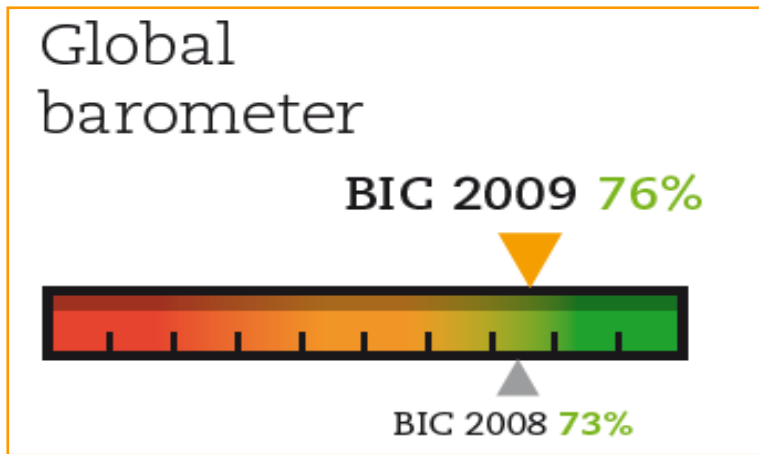
## 6 January 2011

### Oddo Securities



# BIC and Sustainable Development

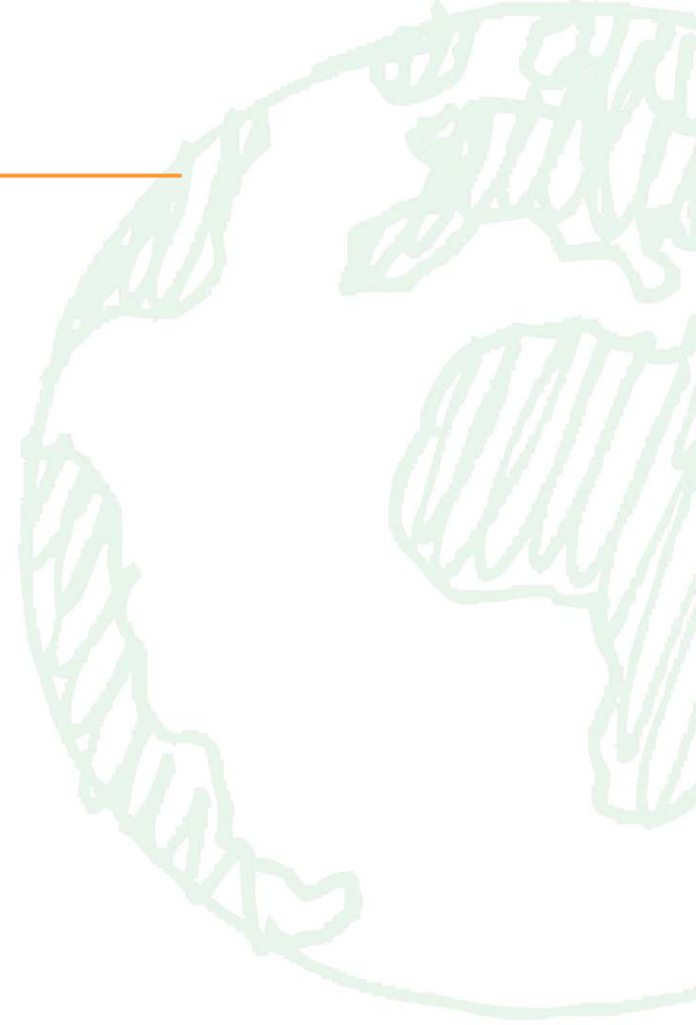
- A program launch in 2004
- 25-member implementation team
  - Chaired by Mario Guevara, CEO
- A tool to measure improvements and better communicate: the BAROMETER
  - 10 quantified objectives



# BIC and Sustainable Development

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1. **Our environmental responsibility**
2. **Our social responsibility**
3. **Our Governance**



# 1

## Our environmental responsibility

### Our objective

Overcoming the paradox of disposable vs. long-lasting

### Our actions

- Ecodesign and our experience in Life Cycle Assessment (LCA)
- The BIC® Ecolutions™ range
- The French ecolabel « NF Environnement » (NF 400)
- Mastering production

# 1

## Our environmental responsibility - objectives

### Products

#### Environment

##### ① Measure the environmental performance of BIC® products

- Stationery 53%
- Lighters 80%
- Shavers 80%



In 2010, 80% of BIC® products will have been eco-measured.

##### ② Propose BIC® stationery products with environmental benefits

- Stationery 40%



In 2010, 50% of BIC® stationery products will have environmental benefits.

##### ③ Propose eco-optimized packaging

- Packaging 77%



In 2010, the product weight/packaging weight ratio will have increased by 5%.

### Industry

#### Management systems

##### ④ Deploy and maintain management systems in the BIC factories

- Environment MS 92%
- Health & Safety MS 89%



In 2010, BIC factories will have deployed management systems for the Environment and Health & Safety.

#### Energy

##### ⑤ Reduce GHG emissions from our production activities by 5%

- Factories 6%



In 2010, BIC factories will have reduced GHG emissions (from direct and indirect electricity consumption) by 5% per ton of products produced.

#### Transportation

##### ⑥ Reduce GHG emissions from our transport operations by 5%

- International transportation 100%



In 2010, the GHG emissions from our international transport operations will be reduced by 5% per ton of products transported.

# 1

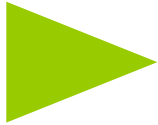
## Measure

### Our experience in Life Cycle Assessment (LCA)

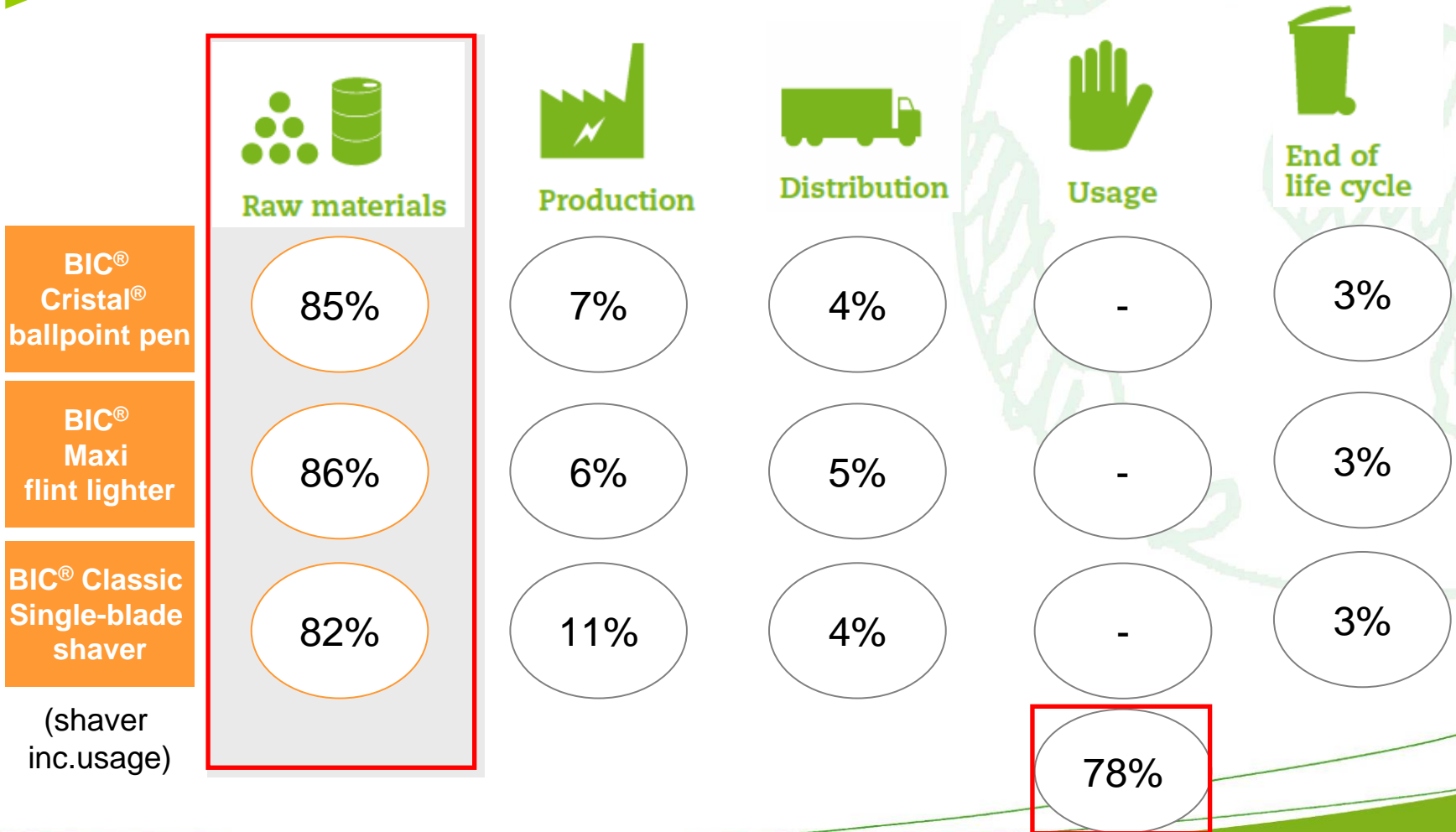
- **1994** : LCA for BIC® Classic shaver vs. refillable shaver (Ecobilan)
- **2004** : LCA for shaver (Ecobilan) / simplified LCA for pens, lighters, shavers (O2 France)
- **2005** : Eco-measuring and eco-design internal tool for BIC designers
- **2009** : Updated professional tool, Simapro, with interface

# 1

## Measure...



### Life cycle assessment



## ... for ecodesign ...

Take into account our main impact :  
the usage of non renewable material

1  
Light and long-lasting products

Reduce usage of raw materials

2  
Refillable products

Increased duration of use

3  
Recycled plastics  
« Bioplastics » from vegetable sources

Use of alternative materials

# ... our products...

Light and long-lasting products overcoming the paradox of disposable vs. Long-lasting



Eco-values on packaging for stationery products



A trendsetting range



1

# The “NF Environnement” Ecolabel : BIC, the first manufacturer to be certified



Cristal® Fine



Orange™ Fine



Cristal® Medium (*in boxes only*)



Atlantis® Clic (*in boxes only*)



4 Couleurs™



4 Couleurs™ fine



Clic Stic™



BIC Matic



Evolution™ 650



Evolution™ 655



Evolution™ coloring



Evolution™ coloring Triangle



BIC® Kids Visacolor™ XL

# 1

## An example of ecodesign: the BIC® Easy shaver

1<sup>st</sup> objective: reduce the amount of material



BIC® C3® Advance™

Ecodesign enable us to launch a shaver with:

- Less material
- The same characteristic and same quality for consumer



BIC® Easy

2<sup>nd</sup> objective: have a longer duration of use



60 days of shaving



=



+



BIC® EASY 1 light handle sold with 6 refills

=



-59%

of environmental impact on life cycle

# 1

## BIC “Recycle”

For 50 years, BIC has offered simple, inventive, lightweight and long lasting products.

BIC goes further and now proposes to its customers to recover their used shavers for recycling.

### An opportunity to educate the consumer:

- TV campaign with Eric Cantona - 3 weeks of consumer advertising
- viral campaign - on websites
- A website dedicated to the operation: [www.bicrecycle.com](http://www.bicrecycle.com)
- Effects media coverage: RTL2, 20Minutes, Le Parisien

### A learning for BIC in recycling:

- To set up a reverse logistic channel – from consumer to BIC
- Strategic partnership with « la Poste », a sorting center (CAT/ESAT) and a recycling center for shavers
- Communication on ecology and BIC brand image

Results:

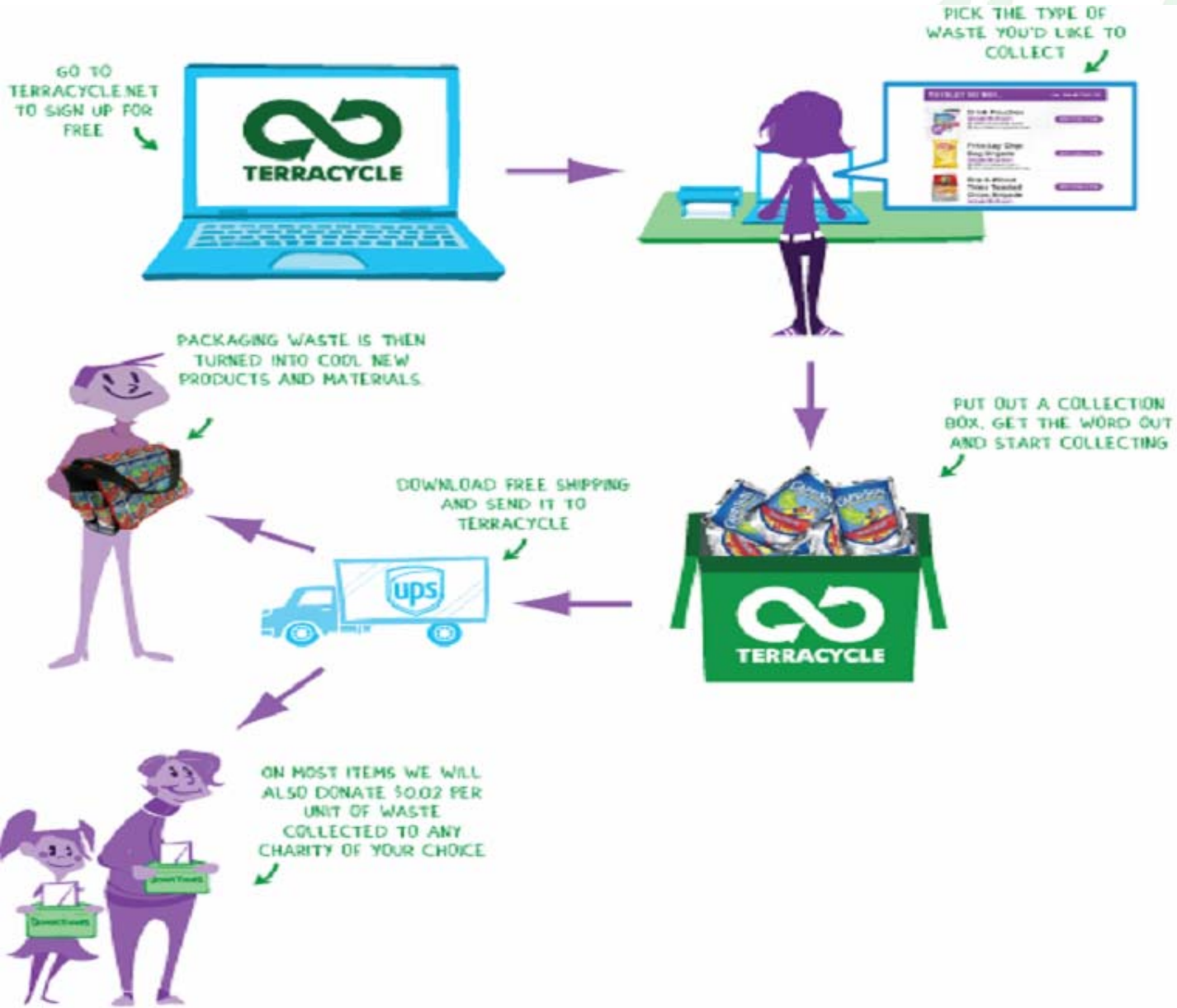
- Almost 2600 envelopes sent to consumers

|                        | Before advertising | Advertising impact (during the campaign) |
|------------------------|--------------------|--|
| Website visit          | 35 visits/day      | 700 visits/day                           |
| Requests for envelopes | 8 request/day      | 60 request/day                           |



1

# Terracycle, a recycling program for 2011



# 1 Packaging

Promote selling products without consumer packaging or in value packs

67%

Of shavers sold in quantities of 5, 10 or more, in very lightweight products

63%

Of stationery products in boxes of 12,20 or 50

63%

Of lighters in trays of 50



# 1

## Growing demands from customers

- **Example of Walmart Green Index:**
  - Objective: Evaluate the suppliers
- **The scorecard of Walmart on packaging**
  - Objective: Reduce packaging by 5% by 2013

Our assets:

- The BIC commitment to the Carbon Disclosure Project (CDP)
- Targets precise figures in the BIC barometer
- Management of subcontractors

**Walmart**   
Save money. Live better.

- **Office suppliers:**
  - Increasingly professional assessments
  - Requirements for responsible products and factories certificates

Our assets:

- A sustainable development operational director in Europe
- The support and expertise of BIC



# 1

## Anticipate the regulatory field in France

- **Environmental labeling : experimentation in July 2011**
  - Our assets :
    - BIC participation to the Ademe Afnor platform
    - Follow up through ILEC workshops
    - possible experimentation on BIC website
  
- **Green purchasing procurement**
  - First Minister circular and objectives of **Grenelle** for an exemplary state
  - Our asset :
    - 1sr manufacturer with NF Environnement range of product
  
- **Development of EPR (Enlarge Producer responsibility) and TGAP (Taxes Générales sur les Activités Polluantes)**
  - Our assets :
    - Follow up of all the projects, contacts with the ADEME ecodesign department
    - BIC is not concerned by any new EPR

# 1 Mastering production

87%

of BIC<sup>®</sup> products are made in our own factories

92%

of BIC factories are located in high or very high development countries \*

\* According to the Human Development Index (HDI) for countries



# 1 Dedicated management systems

Environmental management

Health & Safety



## Management systems

### 4 Deploy and maintain management systems in the BIC factories

Environment MS 92%

Health & Safety MS 89%



*In 2010, BIC factories will have deployed management systems for the Environment and Health & Safety.*

**ISO 14001** : 56% in 2010 et 80% in 2012

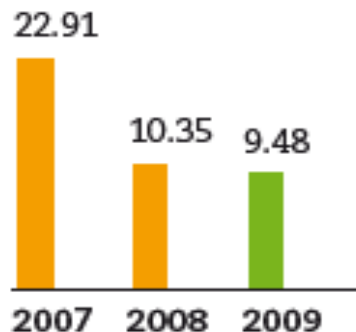
# 1

## Measure and reduce environmental impacts

### Consumption of resources

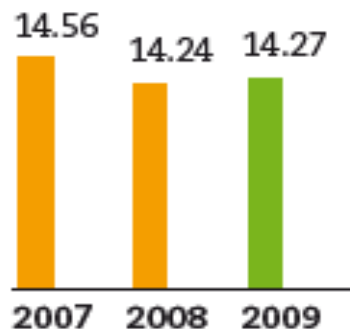
### Waste management

**ANNUAL WATER CONSUMPTION  
NORMALIZED TO BIC GROUP  
PRODUCTION** Cubic meters per ton



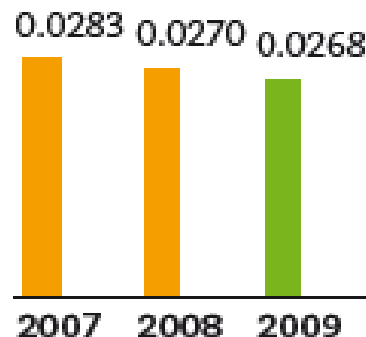
-8%  
in 2009

**ANNUAL ENERGY CONSUMPTION  
NORMALIZED TO BIC GROUP  
PRODUCTION** Giga joules per ton



+0,03  
points  
in 2009

**ANNUAL PRODUCTION OF HAZARDOUS  
WASTE NORMALIZED TO BIC GROUP  
PRODUCTION** Tons per ton

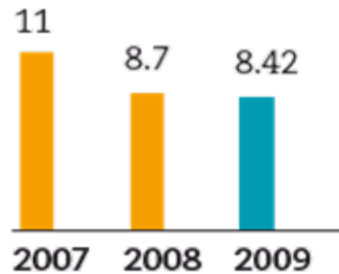


-0,8%  
in 2009

# 1

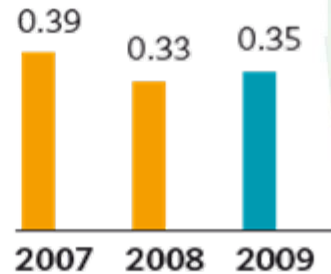
## Worker's accidents

**INCIDENCE RATE:  
NUMBER OF ACCIDENTS  
LEADING TO LOSS OF TIME**  
by millions of hours worked



The 2009 accident incidence rate for the BIC Group (8.4) was 2.9 times better than the French average for the sector under study (24.2).

**SEVERITY RATE:  
NUMBER OF CALENDAR DAYS LOST  
AS A RESULT OF ACCIDENTS**  
per thousands of hours worked



The 2009 accident severity rate for the BIC Group (0.35) was 3 times better than the French average for the sector under study (1.09).

# 1

## Measure and reduce GHG emissions

### Factories

In 2009, reduction of 374 metric tons eq CO<sub>2</sub>  
(-3.2%) of direct emissions  
(10930 t eq CO<sub>2</sub>)

**Bilan Carbone®** conducted in 2 factories (France and Brazil)  
→ Identified areas for progress (electricity consumption)

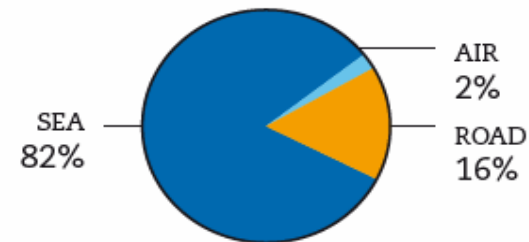
### Buildings

BIC Corporation's USA headquarters certified for **LEED**

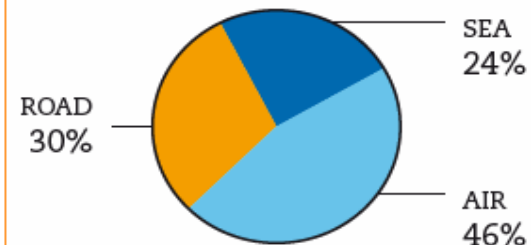
### Transportation

#### Rail transport initiatives

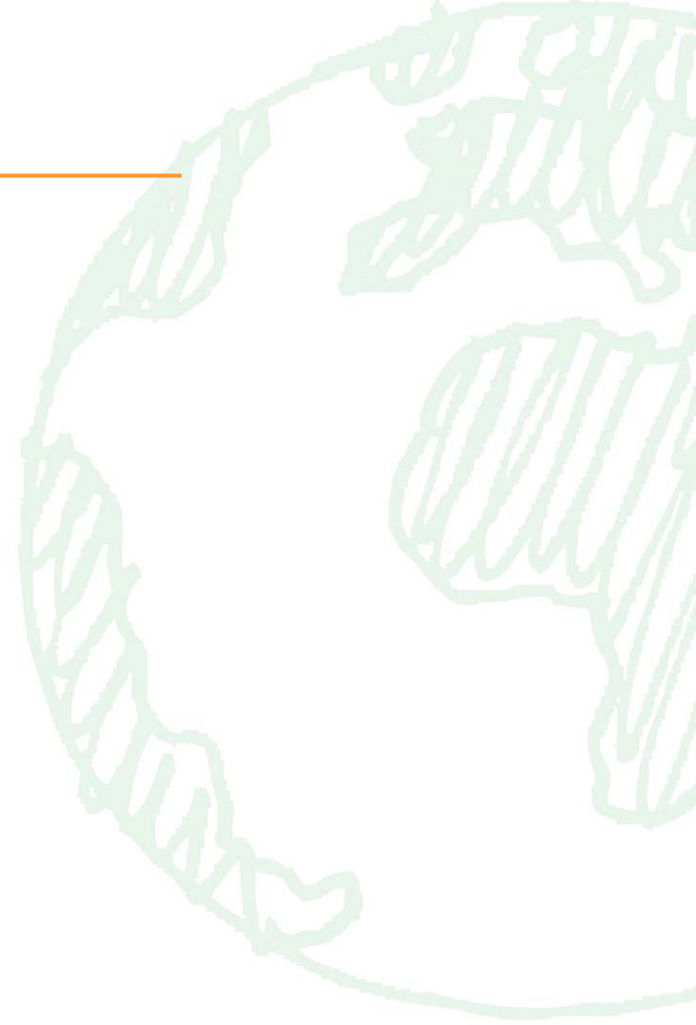
FREIGHT IN T-KM



GHG EMISSIONS



- 
1. Our environmental responsibility
  2. **Our social responsibility**
  3. Our governance



### Our objectives

**Maintain employee skills**

**Manage Human rights at work in risk countries**

**Launch safe products for the consumer**

**Respect communities around our facilities**

### Our actions

- Human resources development
- A social audit program
- A product safety program, taking into account of Reach
- 0.5% of BIC Group pretax profit donated to community initiatives

# 2 Our social responsibility - objectives

## SOCIAL

### Working conditions

#### 7 Reduce workers' accidents

- Incidence rate **87%**
- Severity rate **91%**



*In 2010, 100% of BIC factories will have lower accident incidence and severity rates than the French sector average.*

#### 8 Deploy and maintain the BIC Group Code of Conduct

- BIC factories **95%**
- Global contract manufacturers **98%**
- Local contract manufacturers **17%**
- Licensed manufacturers **75%**



*In 2010, BIC factories, global and local contract manufacturers and licenced manufacturers will have signed the BIC Group Code of Conduct, will have been assed by or with the support of an independent agency, and will have implemented or will be implementing the BIC CSR program.*

### Training

#### 9 Develop employees' employability

- Training **81%**
- Satisfaction **100%**



*In 2010, BIC employees will get 20 hours of training per year and training satisfaction scores will reach a minimum of 80 out of 100.*

### Donation

#### 10 Strengthen our commitment toward our communities

- Contribution **>0.5%**

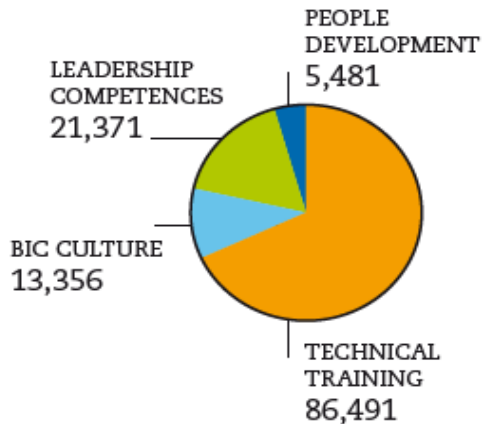


*In 2010, BIC will contribute more than 0.5% of pretax profit towards its communities: product donations, financial aid for philanthropic organizations.*

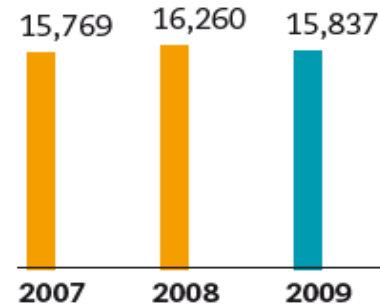
## 2 Development of human resources

- an individual development program
- an investment in training
  - 70% of internal promotion among managers
  - 8% of voluntary turnover

**2009 TRAINING THEMES**  
(in number of training hours dispensed)



**NUMBER OF TRAINING DAYS** ©



### The measurement:

- The quality of the training with Formetrix
- Retention rate (> to market)
- Talent retention rate

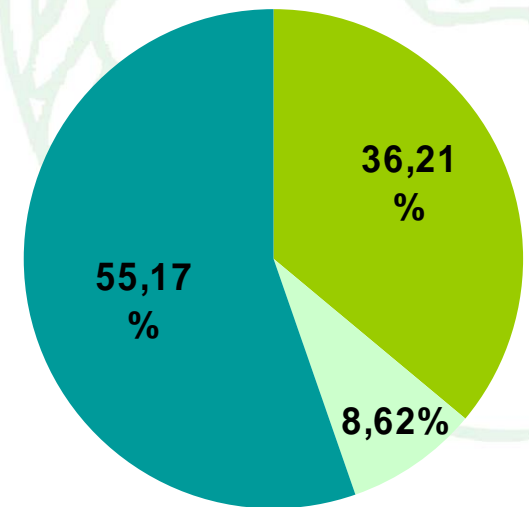
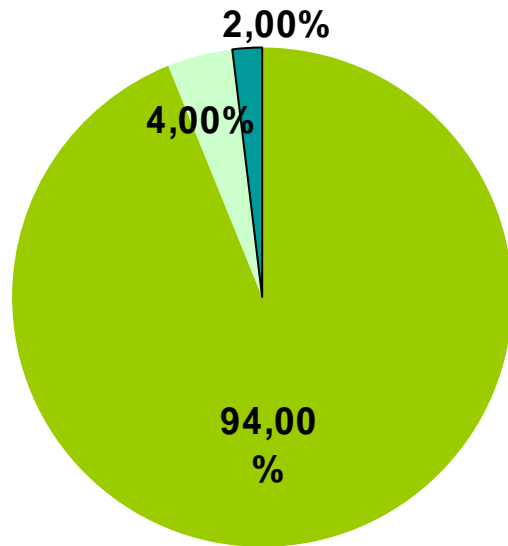
# 2

## A social audit program

→ A single Code of Conduct for BIC AND for its subcontractors

**BIC**

**Subcontractors**



**Self assessment**

**Social audit**

\* source: Freedom House

## 2

## A single Code of Conduct

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- 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

## 2

# A social audit program

## How do we integrate the Code of conduct for APP Norwood?

- The BIC Group Code of Conduct, a single system of reference
- Number of subcontractors reduced by 25 %
- Internal auditors BIC APP HK trained and qualified for social audit
- December 2011 objective: 100 % of the subcontractors audited by our internal auditors

## 2 Product safety – a Group program

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*“Consumer safety is of the utmost priority, and we must have a global approach to ensure that all BIC products meet the highest international standards for product safety and regulatory compliance.”*

*Quote from Chairman Bruno Bich announcing the launch of a Global Product Safety Team in 2001*

- Take into account regulations and international standards
- 4 full-time employees

## 2 Lighters, a specific case

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- More than 50 individual automatic quality checks during its assembly
- Post-distribution testing on lighters bought back in 15 countries
- Regular information to authorities for an actual implementation of the safety standards
- Active participation to the European Commission working group

## 2 Take into account REACH regulation

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- 70 preregistered substances in December 2008
- for 5 legal concerned entities
- Registration will take place between 2013 and 2018
- Total estimated cost: 3,5 million euros

## 2

# Local and global community actions

South Africa

Since 2000, **fight against AIDS**, program managed by an in-house clinic:  
Education  
Consultation with free voluntary testing  
Aftercare of persons who are seropositive

USA

Since 2007, a step for the health of the employees  
**Wellness In action**  
150 participants, a walking trail for the employees  
A contest organized in Shelton and Milford to reward those who improve their cholesterol, blood sugar, blood pressure...

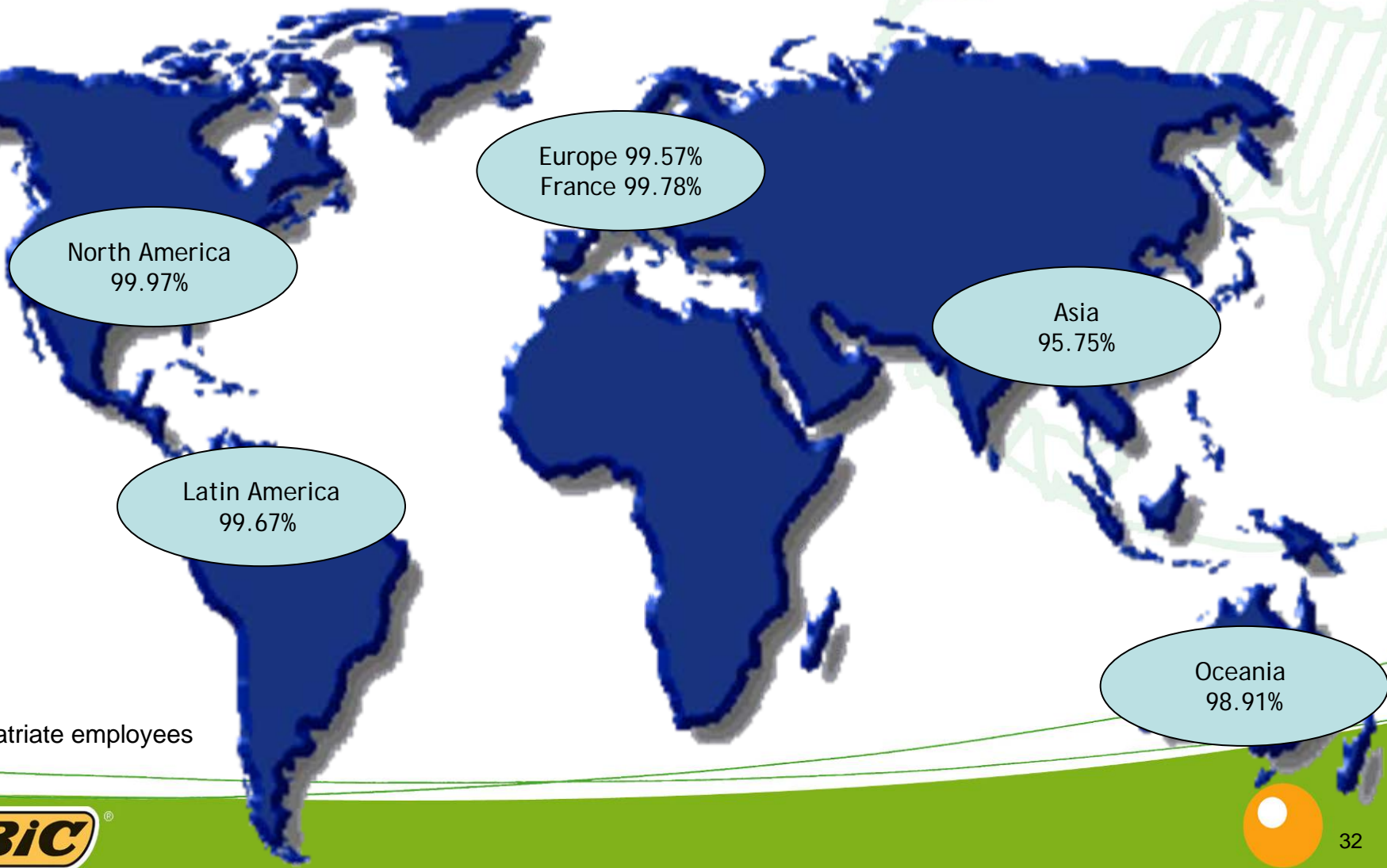
World

**In 2010, project « Haïti: a home, a future »**  
A project with Planète Urgence NGO  
Goal: assist very poor families in Haiti after the earthquake  
Company and employees donation: 144 000 euros



2

# Local BIC employees\* in the workforce by geography in year 2009



\* non expatriate employees

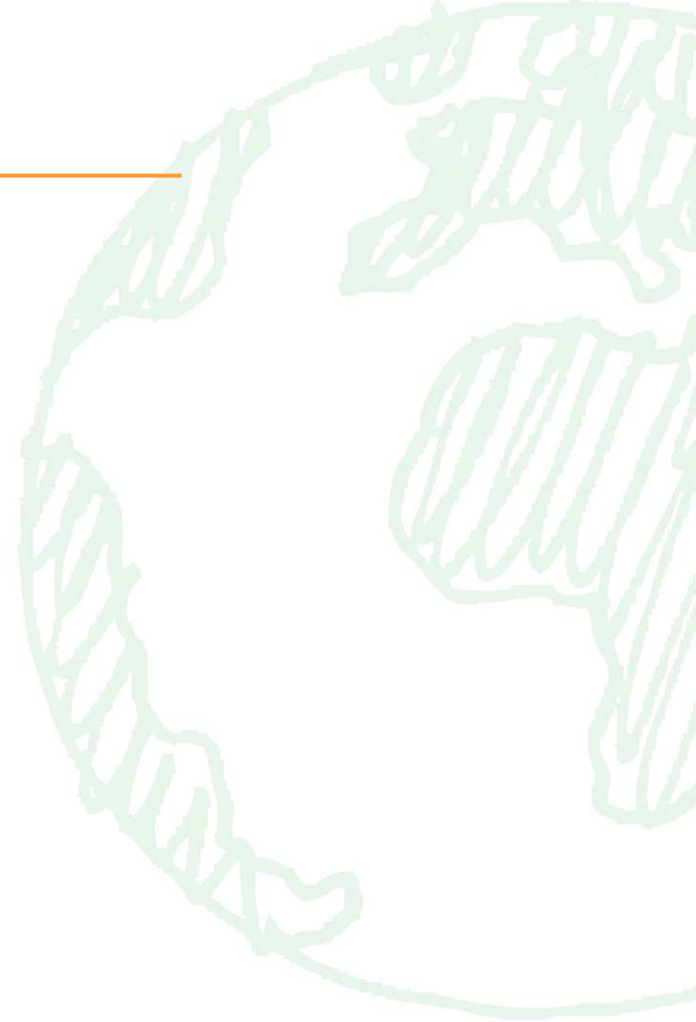


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1. Our environmental responsibility

2. Our social responsibility

**3. Our Governance**



### Our objectives

**Independence in a family company**

**Transparency**

**Company democracy**

#### **Our actions:**

- Separation of powers
- The Board of Directors
- Financial transparency

# 3

## Our governance

### Separate powers of Chairman of the Board and CEO

|   | Governance   | BIC performance    |                                       |                                       |
|---|--|--------------------|---------------------------------------|---------------------------------------|
| Directors   | One-third independent directors (having no relationship with the Company, the BIC Group or its managers that could be construed to constitute a conflict of interest) <sup>(1)</sup> | Board of Directors | Audit Committee                       | Compensation and Nominating Committee |
|   |  | 4/10               | 2/3                                   | 2/3                                   |
|   | Number of Board meetings during the year <sup>(2)</sup>  | 9                  |                                       |                                       |
|   | Attendance rate  | 98.9%              |                                       |                                       |
|   | Existence of standing committees   | 2 committees       |                                       |                                       |
|   | Number of standing committee meetings during the year <sup>(3)</sup>   | Audit Committee    | Compensation and Nominating Committee |                                       |
|   |  | 4                  | 3                                     |                                       |
|   | Attendance rate  | Audit Committee    | Compensation and Nominating Committee |                                       |
| 100%  |  | 100%               |                                       |                                       |
| Evaluation of Board performance once every 3 years <sup>(3)</sup> | At the beginning of 2010, performance was evaluated by a confidential questionnaire. No changes was made to the Board's rules of order.  |                    |                                       |                                       |

(1) In compliance with the MEDEF-AFEP Code of Good Governance (December 2008).

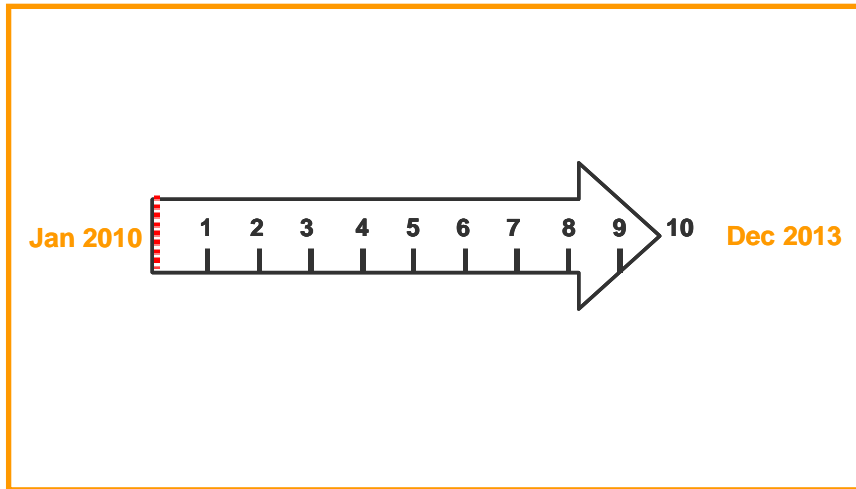
# 3 The BIC Code of Ethics

- **May 2005** : BIC Code of Ethics
- **March 2009** : presentation of the Code of Ethics to the Audit Committee for review
- **May 2010** : amendment of the Code of Ethics: integration of the risks regarding BIC products' distributors
- **June 2010** : Review of the Code of Ethics by the Board of Directors
- **June 2010** : distribution of the Code of Ethics to the employees worldwide (pending)
- Values in action : assessment of employees' adherence to BIC values every two years

# The BIC sustainable development barometer January 2011 to December 2013

## ■ New commitments:

- Quantitative target for factories environmental indicators : water, energy, waste
- ISO 14001 certification
- Integration of APP in factories policies and social audits
- Number of employees trained



Focus on



1

Products



2

Operations



3

Social

# Sustainable Development at BIC

## 6 January 2011

### Oddo Securities



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# Appendix



# Towards actions ROI

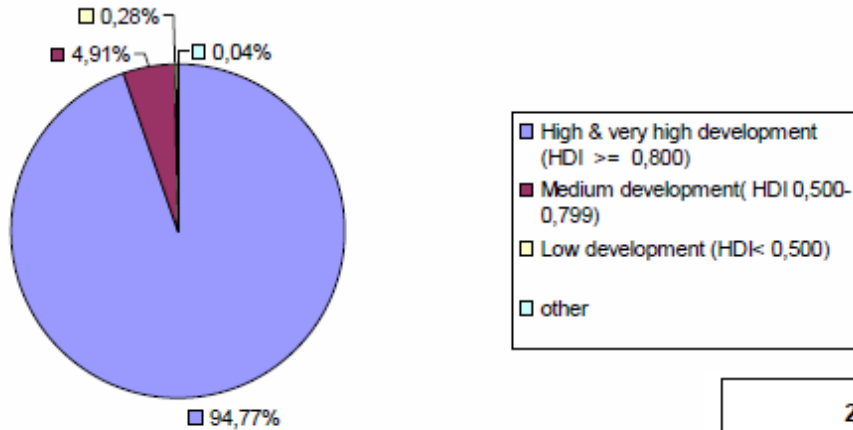
| Program                       | Cost / investments | Financial profit | Other profit (customers image clients, employees and investors) |
|-------------------------------|--------------------|------------------|---|
| <b>Products</b>               |                    |                  |   |
| Light & long lasting products | +                  | +++              | +   |
| BIC Ecolutions                | +++                | ++               | +++   |
| NF Environment                | +                  | ++               | +++   |
| packaging                     | +                  | ++               | +   |
|                               |                    |                  |   |
| <b>Factories</b>              |                    |                  |   |
| Water                         | +                  | +++              | +   |
| Electricity                   | +                  | +++              | +   |
| Wastes                        | +                  | +++              | +   |
| CO2                           | +                  | +++              | +   |
| Management systems            | +++                | +                | +++   |
|                               |                    |                  |   |
| <b>Social</b>                 |                    |                  |   |
| Social audits                 | +                  | 0                | +++   |
| BIC University                | ++                 | 0                | +++   |
| Communities                   | +                  | 0                | +   |

# Relation with stakeholders

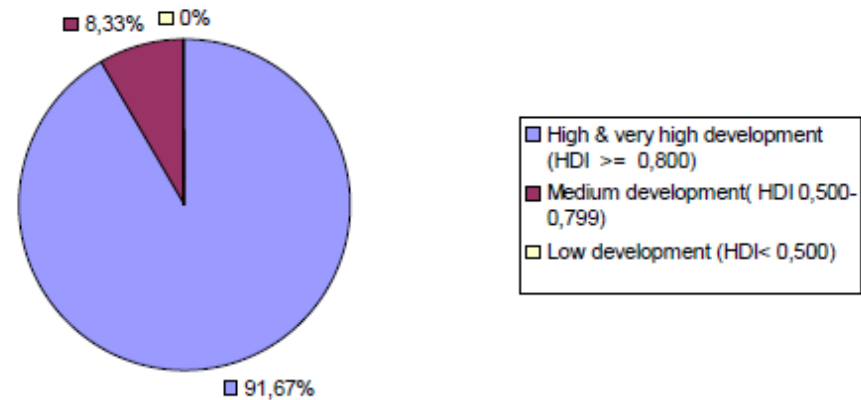
- **A regular and transparent dialog** by BIC with its shareholders, the financial community, its customers, its local communities, its consumers, its suppliers and subcontractors..
    - Sustainable development presentation for the Annual General Meeting
    - Annual presentation during the Board of Directors
    - Several investors meeting in 2010
    - ...
  - **Consultation with a panel** of 4 stakeholders: 2 customers, 1 supplier, 1 investor analyst.
    - A go back on the sustainable development strategy
    - A go back on company practices
    - Suggestions for improvements
    - Opinion on Group policy
  - **Action in federations and working group**
    - ORSE
    - AGRION
    - ILEC –Environmental committee
    - MEDEF –consumption group
    - Plateforme ADEME – AFNOR – Affichage environnemental
    - Plateforme AFNOR – Affichage social
    - ECR – Packaging / Transport
    - EWIMA – Comité technique
    - Fédération Européenne du Briquet
- .Comités de normalisation: Briquets, Instruments d'écriture, Jouets

# BIC in developed countries

2009 Net sales by country level of development according to the United Nation Human Development Index (HDI)

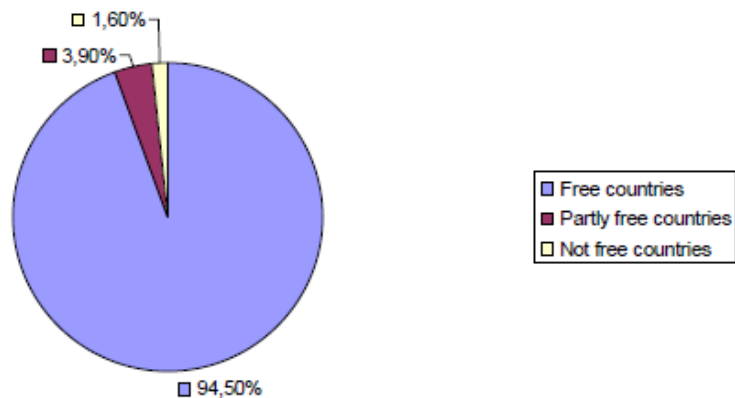


2009 BIC factories according to the United Nation Human Development Index (HDI)

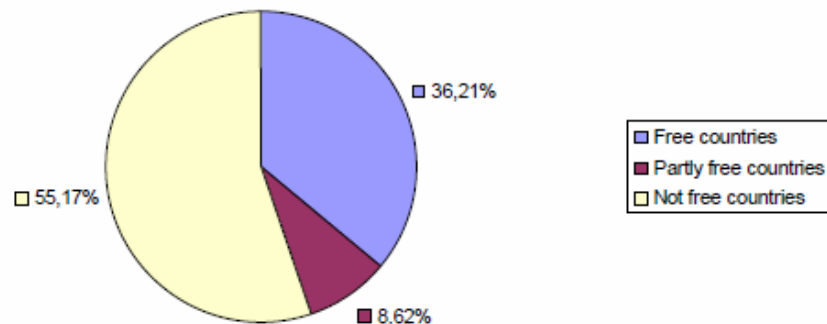


# BIC in Human Right risks countries

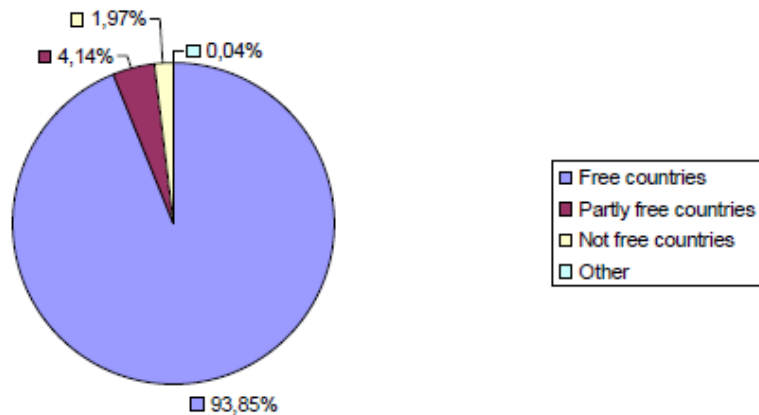
2009 Workforce by country with Human Right risks - source: Freedom House - 2009



Contract Manufacturers by country with Human right risks - source: Freedom House - 2009

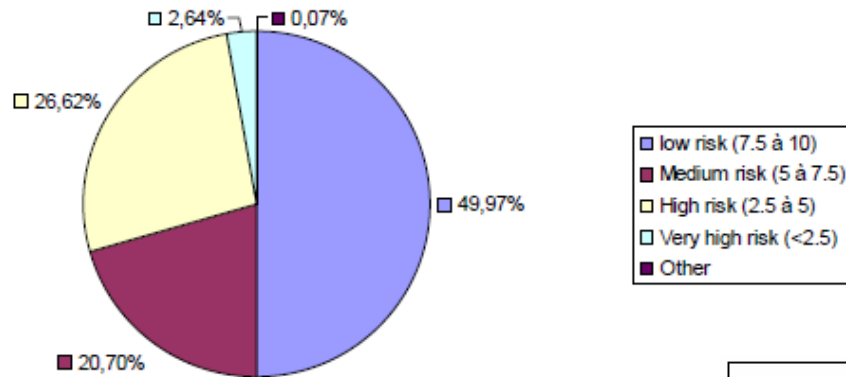


Net sales by country with Human right risks - source: Freedom House - 2009

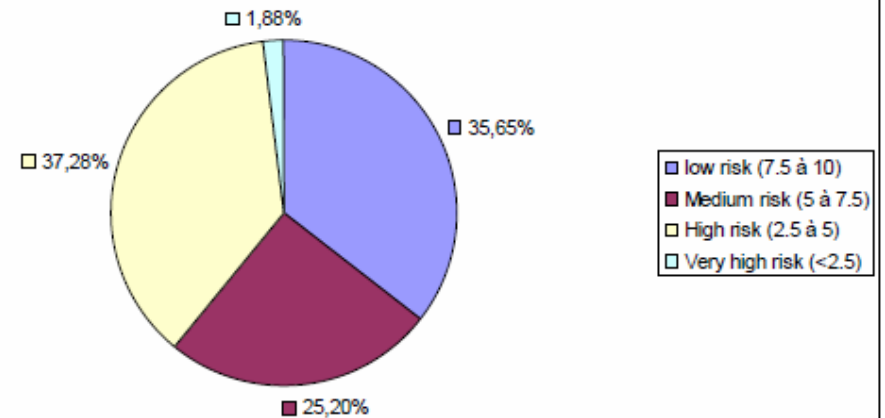


# BIC in corruption risks countries

Net sales according to the Transparency International Index - 2009



Workforce according to the Transparency International Index - 2009



# SBF 120: Management of environmental and social stakes

- **Climate change** : BIC presents its objectives for the measurement and reduction of its GHG emissions
  - ➔ a theme developed by **16%** of SBF 120 companies, excluding CAC40
- **Training** : BIC has an individual development program for its employees and has training indicators
  - ➔ a theme developed by **53%** of SBF 120 companies, excluding CAC40
- **Working accidents** : BIC publishes its indicators to measure and reduce them.
  - ➔ a topic for 36% of SBF 120 companies, excluding CAC40
- **Subcontractors audits** : BIC deploys a single Code of Conduct for its own factories and subcontractors
  - ➔ a practice reported by **11%** of SBF 120 companies, excluding CAC40
- **External audit** : BIC audited 13 of its indicators by external auditors
  - ➔ external audit of the reporting is done in only 7% of companies in the SBF 120, CAC 40 Off
- **Sustainable Development Index** : BIC joins the FTSE4Good Index, ASPI Eurozone® and Ethibel Excellence Index®
  - ➔ **15%** of SBF 120 companies, excluding CAC40 are in the indexes
- **The Carbon Disclosure Leadership Index (CDLI)** : BIC is in the French Index
  - ➔ It comprises 20 companies including 16 of the CAC40, 3 very large groups, (Air France-KLM, Rhodia, Groupe Steria) and BIC

Source : Etude KPMG : « Développement durable : attentes des investisseurs et pratiques des groupes du SBF 120. Exercice 2008 »



# BIC in the Indexes



CARBON DISCLOSURE PROJECT

- **Prize « Investors relations and SRI »** par le Forum des Investisseurs
- **First prize « Grand Prix de la Transparence »** for the transparency of its financial information – Labrador et Science Po
- **Prize « Prix de la Transparence »**, Business Sector Transparency (the most transparent consumer goods company for its financial information) – Labrador et Science Po
- **Corporate Governance Award - AGEFI** for the “Performance of Governing Bodies” and classed second for “Governance Dynamics”. (the separation of powers between the Chairman of the Board and the CEO)

# Comparison of weight of shavers' waste for one year of shaving vs refillable shaver (leader in the market)

B  
I  
C  
  
E  
A  
S  
Y

Total product weight  
+ packaging = 60 days  
of shaving



60.71g

1 year =  
6 handles + 36 heads

Total weight of  
wastes / year /  
consumer

358,78g

«  
R  
E  
f  
i  
l  
l  
a  
b  
l  
e  
»

Total weight of a refill +  
packaging = 40 days of shaving



27.50g

+ initial kit 97.17g

1 year =  
1,6 handle + 36 heads

- 22 g  
- 5,7 %

380.97g

# Sustainable Development at BIC

6 January 2011  
Oddo Securities

