Sustainable Development in actions

2015
A responsible international company regarding Sustainable Development
The answer: the BIC Sustainable Development Program

- Since 2004, refined and expended the BIC Sustainable Development Program to be comprehensive and to anticipate stakeholders expectations

- Our drivers:
  - A sustainable development team made up of 25 members chaired by our CEO
  - A management and communication tool: *The BIC Sustainable Development Barometer*
    sets the 10 priorities of the Group for a 3 year period
  - Coordinated by the Group Sustainable Development department

- Key issues:

1. PRODUCTS (design)
2. INDUSTRY (manufacturing and transport)
3. SOCIAL (employees)
4. SOCIETAL (communities)
5. GOVERNANCE
The 2014-2016 BIC Sustainable Development Barometer

7.6/10

7.6 - DEC 2015

3.8 - DEC 2014

0 - JAN 2014

The global score is the average of the 10 scores

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

Mario Guevara, CEO

2014-2016

BIC SUSTAINABLE DEVELOPMENT BAROMETER

Launch innovative environmentally friendly products

Form 2014 to 2016,
- BIC will launch 3 biomaterial-based products
- BIC will launch 3 recycled products

In 2014, 10% of BIC’s products will be made from recycled and/or biodegradable materials.

In 2016, 10% of BIC’s products will be made from recycled and/or biodegradable materials.

Select responsible materials for packaging

In 2015, 90% of BIC cardboard packaging will be made out of recycled paper.
In 2016, 90% of BIC’s packaging will be PVC free.

Improve the environmental performance of BIC factories

In 2014, energy consumption will remain at 2013 levels.

In 2016, BIC’s energy consumption will be reduced by 10%.

The global score is the average of the 12 scores

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

Mario Guevara, CEO

Maintain low workplace accident rates

Each year from 2014 to 2016,
- The Group’s accident occurrence rate will be reduced by 5%.

In 2014, the Group’s accident occurrence rate will be 1.37 per 100 employees.

Intensify the implementation of the BIC Group’s Code of Conduct

From 2014 to 2016,
- 50% of contract manufacturers will have been included in the Code of Conduct.
- The Code of Conduct will be extended to all companies in 2016.

Ensure BIC employees employability

In 2014, new employment opportunities will be offered.

67% of BIC employees are involved in planning new employment opportunities.

Maintain a low level of air emissions

Each year from 2014 to 2016,
- 65% of BIC’s factories will be operated without air-conditioning.
Integrated into the decision systems

- Progress presented during the AGM, to the Board of Director and to the Leadership Team
- All the Leadership Team members attended the annual Sustainable Development Forum in June 2015
- Integration of the Sustainable Development Report in the registration Document
The strategy’s four pillars

1. Innovate in order to **continually reduce the environmental footprint of all products and their packaging**, and to make them as affordable to all;

2. Improve the **environmental performance of BIC’s factories** and reduce the **Greenhouse Gas (GHG) emissions generated by its transport operations**;

3. Be a committed employer by upholding the Group’s values, ensuring safety in the workplace and employability for all personnel;

4. Fulfill its **responsibility in its value chain** in order to ensure respect for Human Rights in the workplace and expand Environmental, Social and Governance (ESG) practices among its suppliers.
The strategy’s four pillars

1. Innovate in order to **continually reduce** the environmental footprint of all products and their packaging, and to make them as affordable to all;

BIC develops an eco-design approach base on 3 main axes:

- Reduce the raw material used in our product manufacturing while keeping an increased life duration (light and long lasting);
- Use alternative materials (recycled or from vegetable origin);
- Develop refillable products.

---

**Launch innovative responsible products**

- **10 - DEC 2015**: 10/10
- **6.7 - DEC 2014**: 6.7
- **0 - JAN 2014**: 0

From 2014 to 2016, BIC will have launched 3 innovative responsible products (Start JAN 14: 0 > DEC 15: 4)

**Create products for developing markets**

- **8.8 - DEC 2015**: 8.8
- **2.5 - DEC 2014**: 2.5
- **0 - JAN 2014**: 0

From 2014 to 2016, BIC will have created 8 products adapted to developing markets (Start JAN 14: 0 > DEC 15: 7)

**Offer BIC® products with environmental benefits**

- **10 - DEC 2015**: 10/10
- **8.8 - DEC 2015**: 8.8
- **0 - JAN 2014**: 0

In 2016, 50% of BIC® products will have at least one environmental benefit (Start JAN 14: 49.88% > DEC 15: 50%)

**Select responsible materials for packaging**

- **8.2 - DEC 2015**: 8.2
- **6.1 - DEC 2014**: 6.1
- **0 - JAN 2014**: 0

In 2016:
- 90% of BIC cardboard packaging will be from a certified and/or recycled source, i.e. a 18% improvement (Start JAN 14: 75.9% > DEC 15: 90.29%)
- 90% of BIC plastic packaging will be PVC free, i.e. a 27% improvement (Start JAN 14: 70.6% > DEC 15: 83.1%)
The strategy’s four pillars

2. Improve the environmental performance of BIC’s factories and reduce the Greenhouse Gas (GHG) emissions generated by its transport operations.

In 10 years*, BIC manages to reduce by:

- 85% its water consumption,
- 24% its energy consumption,
- 13% its waste production.

* 2005 - 2015
The strategy’s four pillars

3

Be a committed employer by upholding the Group’s values, ensuring safety in the workplace and employability for all personnel

Values survey 2015:
- Participation rate: 85%
- 85% adherence to the value of Ethics
- 89% for Responsibility
- 81% for Teamwork

Sustainable Development survey 2014
- 99% think that the SD strategy is important for the Group;

In 10 years*, in its factories, BIC has decreased by:
- 43% its lost time accidents (F.R.)
The strategy ’s four pillars

Fulfill its responsibility in its value chain in order to ensure respect for Human Rights in the workplace and expand Environmental, Social and Governance (ESG) practices among its suppliers.

- Actions for a responsible supply chain
- 100% of our contract manufacturers covered by social audits

From 2014 to 2016, 95% of contract manufacturers will have been audited using assessment tools that include a rating system and will be monitored on an ongoing basis (Start JAN 14: 0 > DEC 15: 75.7%)
Materiality matrix of sustainability issues

<table>
<thead>
<tr>
<th>Importance for BIC Group</th>
<th>Importance for Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Important</td>
<td>Important</td>
</tr>
<tr>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

- Customers and consumers
- Employee development and well-being
- Business ethics
- Employee engagement
- Dispersable/Sustainable contradiction
- Transparency and dialogue
- Diversity and Equality
- CSR Governance
- Local social-economic footprint
- Health and safety
- Quality and product safety
- BIC financial performance
- Governance
- Purchases, subcontractors and suppliers
- Develop responsible products
- Compliance with regulations
- Energy and climate change
- Transport
- Recycling and waste recovery
- Water
- Packaging
- Communities and sponsorship
- Social Business
- Lobbying

BiC
OUR PRODUCTS
A promising beginning ...

1950, BIC® Cristal® is born to be very long lasting...
... with « just what’s necessary » material

2010, BIC® Cristal® receives the French NF Environnement ecolabel
Our challenges

- To overcome the disposable/sustainable contradiction
- To minimize the consumption of raw material
- To market responsible and safe products for the consumer

Our answers

- To measure and understand the impact of our products and to reduce it as much as possible
- To facilitate access to products with sustainable features
- To demonstrate potential for recycling our products
- A rigorous program to ensure safe products
Understand the impact of our products

The stage where the impact is significant for the three categories of BIC® products is the consumption of non-renewable raw material.

During the shaver entire life cycle, the usage phase is a major step.
Reduce as much as possible the impact of our products

**BIC has developed 3 ecodesign rules for our products**

1. **Reduce usage of raw material**
   - **Light and long lasting products**

2. **Increase duration of use**
   - **Refillable products**

3. **Use new materials from alternative origin**
   - **Products with recycled material and/or renewable origin**

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**NF 400 Writing Instruments**

By now, more than **22 products with an ecolabel!**
Case study: the BIC® Easy® shaver

TO REDUCE

- The quantity of material
- Less material
- same characteristics
- same quality for consumer

- 20%

BIC® C3® Advance™ handle

BIC® Easy handle

LONGER

To have a longer duration of use

For a service of 60 days of shaving

BIC® EASY 1: one light handle sold with 6 refills

- 59% of environmental impact on life cycle
BIC applies the logic of «just what’s necessary » for the packaging of its products

1. Package in value packs

Zero consumer packaging !

2. Reduce/simplify the packaging for a logistic optimization

In North America, 73% of writing products sold in boxes, trays or bags of at least ten products

In North America, 72% of lighters sold in trays of at least 50 products

In North America, 48% of shavers sold in pouches of five, ten or more

→ 800 units of product / pallet

↑ 14 boxes / pallet

Reduce as much as possible the impact of packaging

↑ 800 units of product / pallet

→ 14 boxes / pallet
BIC strives every year to develop its range of responsible products and to improve the clarity and reliability of the communication and codification used.

<table>
<thead>
<tr>
<th>&gt; BIC ecovalues, simple and educational</th>
<th>&gt; A brand dedicated to alternative materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light and long lasting products</td>
<td>&gt; A unique ecolabel approach</td>
</tr>
<tr>
<td>Refillable products</td>
<td></td>
</tr>
<tr>
<td>Products made from recycled and/or vegetable origin plastic</td>
<td></td>
</tr>
</tbody>
</table>
Prepare for the circular economy

- **With products that integrate recycled materials**
  The BIC® Ecolutions® range and NF Environnement certified products under the Group ecodesign rules

- **An active R&D on new materials and innovative exploratory projects**

- **With recycling tests**
  - TerraCycle, la recycling stream from pens: since 2011, 13 million products collected
  - The first product made with collected pens: a bench made from 100% recycled material included 40% of pens
  - 250 000 € donation
A stringent program for the safety of our products

- A global qualification program
- Health: a high expectation from customers and consumers
- An increase of regulations worldwide

“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
Made by BIC: a guarantee of a responsibly managed manufacturing

86% of the Group’s products are manufactured in its own factories

96.5% of BIC factories are located in developed countries*

Consumer goods activity 90%
BIC Graphic activity 65%

*:source: HDI – Human Development Index
Our challenges

• To ensure excellence in the environmental performance of our factories
• To participate of the fight against climate change
• To ensure a safe workplace for employees

Our answers

• To establish drivers to ensure continuous improvement (management systems)
• To regularly measure and evaluate environmental performance
• To take action on greenhouse gas emissions
• The ensure health & safety of our employees remains a high priority in our factories
The environmental performances of our factories: to measure... for reducing

- Each year, a follow-up of the environmental programs implemented in our factories to achieve the objectives Energy / Water / Waste

- 80% of BIC employees work in factories that are certified or engaged in ISO 14001

- Triple certification in Safety, Quality and Environment for the 3 shavers factories

- An annual reporting on an hundred quantified indicators with BIC factories

Energy and water consumption

- 85% in 10 years*

- 24% in 10 years*

Waste management

- 13% in 10 years*
To fight against climate change

1. Transportation operations
   2 ways to reduce GHG emissions:
   - **Optimizing shipping operations**: mode of transportation, consolidation of shipments, advance orders…
   - **Selecting responsible carrier**: eco-driving, fleet renewal, ...

2. Factories
   - > 2 factories certified ISO 50001
   - > Measure of CO₂ direct emissions (9,275 tCO₂-e in 2015), as well as indirect (89,580 tCO₂-e)

3. Buildings
   - > BIC Corporation’s USA Headquarters certified LEED in 2009
   - > LEED Certification of the new factory in Tunisia in 2013
   - > LEED Certification of the new factory in Nantong in 2015

4. Renewable energy
   - > 2 year agreement (2012-2013) to purchase REC’s for 100% of the grid electricity used by BIC’s 3 Connecticut locations (-9,800 tCO₂-e)

> CDP disclosure score improved from 66B in 2009 to 100A- in 2015
> BIC is among the 19 companies singled out on this index
Safety of our employees, a priority in our factories

Each year,
- a follow-up of safety programs
- a follow-up of incidence and frequency rates of workers' accidents

**Incidence Rate:** Number of accidents leading to loss of worktime - BIC Plants - per million hours worked

<table>
<thead>
<tr>
<th>Year</th>
<th>Incidence Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>8.43</td>
</tr>
<tr>
<td>2014</td>
<td>6.67</td>
</tr>
<tr>
<td>2015</td>
<td>6.28</td>
</tr>
</tbody>
</table>

- 43% in 10 years *

**Severity Rate:** Number of calendar days lost due to an accident - BIC Plants - per thousand hours worked

<table>
<thead>
<tr>
<th>Year</th>
<th>Severity Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.27</td>
</tr>
<tr>
<td>2014</td>
<td>0.31</td>
</tr>
<tr>
<td>2015</td>
<td>0.26</td>
</tr>
</tbody>
</table>

- 7% in 10 years *

* 2005 - 2015
Our challenges, our answers

### SOCIAL

**Our challenges**
- Being an Employer-Brand, fair and attractive
- Ensure respect for Human Rights at work, in the whole chain

**Our answers**
- Continuously develop the employability of our employees
- Developing a motivating remuneration system
- Promoting diversity in the workplace

### SOCIETAL

**Our challenges**
- Ensuring a Responsible supply chain
- Sharing the value with stakeholders

**Our answers**
- Having a strong policy in terms of social audit
- Managing responsible purchasing
- Commit toward our communities
- Launch a « Social Business » initiative
A corpus of values daily shared

**Our philosophy**

Honor the past, invent the future

**Our vision**

We offer Simple, Inventive and Reliable choices for Everyone, Everywhere, Every time.

**Our values**

- Ethics
- Responsibility
- Simplicity
- Teamwork
- Ingenuity
In December 2013, the Sustainable Development Survey showed:

- 86% of the employees feel that the issue of SD concerns them;
- 94% of the employees are aware of the BIC SD Program, thanks to the Internet website, Group’s presentation and the Sustainable Development report;
- 99% of the respondents feel that the Program is important for the Group;

2,354 employees of the Group have responded to the survey, i.e. a participation rate of 40%.

In 2013, BIC celebrated the 10th anniversary of its Sustainable Development Program:

- A Group-Wide photography competition on the theme « Every Action Helps », from September 26 to October 22, 2013
- 2,263 participants in the whole Group
- 802 photos posted on the site

This contest was an opportunity for employees to share their daily commitments for Sustainable Development

- An event celebrated on sites
Continuously developing the employability of employees

- An individual development plan: a development plan for the Group’s 2,400 managers
- An investment in training

**The measure...**

- The quality of training with Formetrix
- The internal promotion rate for managers: 65%
- The retention level (> market)
- The employees’ engagement: 85%
- The adherence to values: 85%
Developing a motivating remuneration system

- The remuneration policy is based on 3 principles:
  - pay for individual or collective performance;
  - Internal equity;
  - External competitiveness.

- The average annual cost (including payroll) of each employee: 56,800 euros in 2015

- Comparison of managers’ salary with the market: in average at their local market median (57 pays – HayGroup)

- Variable remuneration relating to performance: an average of 15% of fixed remuneration salaries in 2015
Promoting diversity at work

- BIC Charter of Diversity shared by all of the Group’s entities worldwide
- A dedicated team helps local HR department
- Communication and awareness of BIC employees: Diversity month, local actions each year, evaluation in the engagement survey
- Training for managers
- Specific programs: Nos Quartiers ont des Talents
- Agreements signature
A commitment to Responsible purchasing

- **Responsible Purchasing Charter**
  - **Subcontractors**
    - Social audit programs
  - **Materials and components suppliers** (plastics, metals, inks, packaging...)
    - Ecovadis assessment program
  - **Transportation suppliers**
    - In progress
  - **Services suppliers** (utilities and services providers)
    - Not in the scope

Mapping of BIC suppliers in 2013-2014: ensure that all are covered by a policy that addresses sustainable development in purchasing decisions
A demanding social audit program

1. Since 2000, the BIC Group Code of Conduct, derived from International Labor Organization: a unique framework document for our factories and contract manufacturers

   Our Social Responsibility

   BIC GROUP CODE OF CONDUCT

   1. Statement of Principles
   2. Fair wages and reasonable working hours
   3. No child labor
   4. No forced labor
   5. No discrimination
   6. Freedom of association
   7. Legal compliance
   8. No animal testing
   9. Environmental responsibility
   10. Publication of the Code

2. Since 2000, an audit program, slightly adapted to each activity specificities

   Example: issues, social audit program for contract manufacturers of the BIC Consumer activity

   → THE SIX STEPS FOR EVALUATING CONTRACT MANUFACTURERS

   1. The BIC contract manufacturer signs the BIC Code of Conduct.
   2. An independent external monitoring agency (or in the case of BIC Graphic a specially trained employee) conducts an initial assessment of the contract manufacturer.
   3. The contract manufacturer presents a corrective action plan (CAP) to BIC.
   4. The contract manufacturer implements the CAP within an agreed, reasonable time frame.
   5. Follow-up assessments to confirm implementation of the CAP.
   6. Ongoing assessments (every two years).
Training programs have been deployed. Since 2012, in France, an employee assistance program call « PASS » The purpose of this program is to help employees and/or their families through difficult periods, whether job-related or personal.

Since 2007, an approach to improve employee health Wellness In action: 150 participants, a walking trail for employees, a competition organized in Shelton and Milford to encourage efforts on cholesterol, blood sugar, and blood pressure screening … An Employee Assistance Program, for employees and their family, offers a 24-hour helpline and face-to-face meeting with professionals.

Since 2000, Fight against HIV and AIDS, a program managed by the Company clinic: Education program, voluntary counseling and testing for anyone, health program for HIV-positive employees.

In 2014, project “Back to School, Haiti” A project in partnership with the NGO Planète Urgence: Objective: Encourage access to education for children excluded from the school system, Improve learning conditions of children in difficulty by offering educational support and extra-curricular activities; Build and equip study kiosks where children can revise and do their homework.

BIC Group + employees donation: 120,000 €
A pilot Social Business initiative

Fighting against poverty by selling BIC® products

> A program with JITA (CARE and Danone Communities)
> Selling shavers door-to-door in remote and impoverished rural areas
> 1,000 women involved

Social and business objectives:
- to fight poverty while selling products
- to promote entrepreneurial ventures
- to identify the needs and expectations of poor consumers
- to prepare for the Group’s future in emerging countries
Fondation d’Entreprise BIC

EDUCATION

- Topic 1: Fight against school dropout
- Topic 2: Support for women/girl’s education
- Topic 3: Education to environment

Act worldwide
How strengthen the integration of Sustainable Development into the strategy?

1. Capitalize on the Barometer to further integrate the process
2. Extend BIC’s commitment throughout its value chain
3. Align the Sustainable development vision and the strategic vision
Our responsibility is to contribute to the emergence of a business model, more respectful of the environment and the world in which we work.

Our commitment at BIC is to improve our environmental and social performance of our business, specifically; while also satisfying consumers who demand affordable product choices; and the need to keep our company financially strong.

Bruno BICH, Chairman and CEO
Annexes
A recognized approach

**BIC listed in sustainable development indexes:**

- CDP Carbon Disclosure Leadership Index (CDLI) – rating: 100 A-,
- The FTSE4Good indexes;
- Ethibel Excellence Investment Register;
- Ethibel Pioneer Investment Register;
- Ethibel Sustainability Index (ESI), Excellence Europe;
- Euronext Vigeo – Eurozone 120;
- Stoxx Global ESG Leaders Index;

**BIC awarded by prizes:**

- “Grands Prix de la Transparence Financière” for French listed companies - Labrador:
  - first prize in the Consumer Goods category
  - ranks fourth among the 120 French companies included in the SBF 120 index

- “Grands Prix de la Gouvernance” corporate governance awards for 2015 – AGEFI
  - Second Prize for Ethics and Risk Evaluation

- “Trophée des Femmes de l’Industrie” (Women in Industry Trophy) – Usine Nouvelle
  - Christine Desbois was one of the three finalists in the Sustainable Development category

- **Lyreco Supplier Sustainability Assessment**
  - BIC is also ranked in the Top 6 among Lyreco suppliers in terms of sustainable development

- In Canada, BIC received the Outstanding Partner Award from the National Association of Convenience Distributors and the Canadian Convenience Store Association, honoring the Group’s contribution to maintaining a sustainable distribution chain.
BIC in developed countries
Human Development Index – 2015

**Turnover 2015**

- **No ranking**: 0.04%
- **Low HDI**: 1.2%
- **Medium HDI**: 6.8%
- **Very high and high HDI**: 92%

**BIC factories**

- **Very high and high HDI**: 96.55%
- **Medium HDI**: 3.45%

**Contract manufacturers**

- **High and Very High Human Development**: 94.49%
- **Medium Human Development**: 3.42%
- **Low Human Development**: 0.76%
- **INCONNU**: 1.33%

**Permanent workforce**

- **High & Very High Human Development**: 97.07%
- **Medium Human Development**: 2.85%
- **Low Human Development**: 0.07%
BIC in Human Rights risk countries
Freedom House 2015

**Turnover**

- No ranking: 0.1%
- Not Free countries: 2.5%
- Partly Free countries: 9.1%
- Free countries: 88.3%

**BIC factories**

- Free countries: 86.21%
- Partly Free countries: 3.45%
- Not Free countries: 10.34%

**Contract manufacturers**

- Not Free countries: 69.20%
- Free: 27.76%
- Partly Free: 3.04%
- No ranking: 0.1%

**Permanent workforce**

- Free: 81.21%
- Partly Free: 16.97%
- Not Free: 1.82%

**Turnover 2015 according to Transparency International ranking**

- Very high risk area (<25): 0.50%
- No ranking: 0%
- High risk area (25-49): 30.74%
- Medium risk area (50-74): 13.11%
- Moderate risk area (75-100): 55.48%
### CUSTOMERS

**TURNOVER: 2,241.7 MILLION EUROS**

<table>
<thead>
<tr>
<th>Employees</th>
<th>Suppliers</th>
<th>Shareholders</th>
<th>Banks</th>
<th>Governments</th>
<th>Net investments</th>
<th>Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>602.1 million euros.</td>
<td>1,095.7 million euros. Corresponding to payroll, bonuses and other payments to employees.</td>
<td>134.8 million euros in ordinary dividends and 26.3 million euros for the repurchase of shares.</td>
<td>10.9 million euros in net interest received.</td>
<td>160.3 million euros, including 143.3 million euros paid around the world as corporate income tax and 17.0 million euros in other taxes.</td>
<td>103.5 million euros. Including 118.4 million euros for the acquisition of tangible and intangible fixed assets and 14.9 million euros received from the disposal of assets.</td>
<td>2.7 million euros in donations of funds and products to local communities (internal valuation).</td>
</tr>
</tbody>
</table>

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