## CONTENTS

1. **The BIC Sustainable Development Program**  
   1.1. Our vision of sustainable development  
   1.2. The issues for the Group  
   1.3. Our structure for sustainable development  
   1.4. Interaction with our stakeholders  

2. **Environmental responsibility concerning our products**  
   2.1. Our products’ environmental performance  
   2.2. Safe products  
   2.3. Eco-optimized packaging  

3. **Environmental responsibility concerning our operations**  
   3.1. Our factories  
   3.2. Limiting the environmental impact of shipping  
   3.3. Limiting the environmental impact of our sales and support activities  

4. **Our social responsibility to the employees**  
   4.1. The workforce  
   4.2. Sharing values  
   4.3. Ensuring Health and safety and well-being in the workplace  
   4.4. Employee development  
   4.5. The remuneration system  
   4.6. Promoting diversity  
   4.7. Social dialog  

5. **Our societal responsibility**  
   5.1. Ethics and the fight against corruption  
   5.2. Ensuring respect for Human Rights in the workplace  
   5.3. Acting as a local economic force  
   5.4. A Social Business initiative  
   5.5. Access to education  
   5.6. Promoting philanthropic actions  

6. **Milestones**  
   6.1. Extrafinancial ratings  
   6.2. Prizes  
   6.3. Perimeter and selection of indicators  
   6.4. Indicators table  
   6.5. Attestation of presentation and Independent verifier’s assurance report on social, environmental and societal information  
   6.6. Cross reference table for environmental and social indicators
2012 Sustainable Development Report
Profile of the BIC Group

**BIC KEY FIGURES**

- **46 million products** sold every day worldwide
- **84% of all BIC® products** are manufactured by the Group in its own factories
- **84% of BIC factories** are located in countries with no Human Rights risk(1)
- **91% of BIC® products** sold in Europe are also manufactured on this continent and **63% of BIC® products** sold in Americas are also manufactured on this continent, in the Consumer business
- **3.2 million points of sale** worldwide

**BIC’S POSITION IN ITS MARKETS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATIONERY</td>
<td>N°2 in the world</td>
</tr>
<tr>
<td></td>
<td>N°1 in Europe/Latin America</td>
</tr>
<tr>
<td></td>
<td>N°2 in North America</td>
</tr>
<tr>
<td>LIGHTERS</td>
<td>N°1 in the world for brand-name pocket lighters</td>
</tr>
<tr>
<td>SHAVERS</td>
<td>N°2 in the world for non-refillable shavers</td>
</tr>
<tr>
<td>ADVERTISING &amp; PROMOTIONAL PRODUCTS</td>
<td>N°2 in Europe</td>
</tr>
<tr>
<td></td>
<td>N°4 in the USA</td>
</tr>
</tbody>
</table>

(1) Source: Freedom House.
BIC is a world leader in stationery, lighters, shavers and promotional products. For more than 60 years, BIC provides high-quality, affordable products to consumers everywhere in the world. Through this dedication, BIC has become one of the most recognized brands in the world. Every day, in more than 160 countries around the world, consumers and corporations choose to buy:

- 25 million BIC® stationery products;
- 6 million BIC® lighters;
- 10 million BIC® shavers;
- 5 million BIC® Advertising and Promotional Products.

BIC is listed on Euronext Paris and is part of the SBF120 and CA C Mid 100 indexes. BIC is also part of the following SRI indexes: FTSE4Good Europe, ASPI Eurozone®, Ethibel Excellence Europe and STOXX Global ESG Leaders. BIC has been included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI) since 2010.

**2012 Permanent Workforce by Geographical Area**

- Middle-East, Africa and Asia: 6%
- Latin America: 27%
- North America and Oceania: 27%
- Europe: 40%

**2012 Net Sales Breakdown by Geographical Area**

- Developing Markets: 31%
- Europe: 26%
- North America: 43%

**2012 Permanent Workforce by Activity**

- Distribution, marketing and administration: 20%
- Sales and customer service: 19%
- Production and R&D: 61%
- Sales and customer service: 27%
- Production and R&D: 33%

**2012 Net Sales Breakdown by Category**

- Stationery: 33%
- Advertising and Promotional Products: 15%
- Other products (consumer): 3%
- Shavers: 20%
- Lighters: 29%

**THE BIC GROUP’S BRANDS**
Message from Bruno Bich, Chairman of the Board, and Mario Guevara, CEO

Our commitment to sustainable development is a responsibility that must be shared by all of us at BIC. 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, specifically in the areas of product development, manufacturing and transportation; while also satisfying consumers who demand affordable product choices; and the need to keep our Company financially strong.

Bruno Bich

Since 2003, we have sought to make sustainable development an integral part of all of the Group’s activities.

In 2012, we initiated many new and innovative operations while constantly striving to move forward with existing actions.

We expanded our product ranges, evaluating and verifying the environmental performance of every item that we sell.

In our factories, we have once again reduced our consumption of water and energy, our waste production and our workers’ accident rate. ISO 14001 certification is a driver for progress, and more than 70% of our employees now work in certified factories, compared with 33% in 2008. Similarly, when we adopted a plan to further our development in Africa and the Middle East through the construction of a writing instruments factory in Tunisia, BIC conceived the project from the very beginning with environmental protection in mind.

I must thank all of the stakeholders who have helped the Group in these efforts, especially the co-workers, who have been key to making all of these projects a success. For example, we launched a collaborative brainstorming initiative through which our employees submitted 678 ideas for new pens. Their involvement strengthens and perpetuates the company’s commitment.

Also in 2012, the Group launched an ambitious worldwide program for the years to come called “Quality of Life at Work,” dedicated to improving the quality of life in the workplace for all BIC employees.

In addition, I should point out that BIC continues to be listed in the Socially Responsible Investment indexes.

These results are reflected in the BIC Sustainable Development Barometer, which shows a gain of 1.5 points for 2012 in a difficult economic context. The details of this accomplishment are explained in the following pages.

Mario Guevara
Historically a family-owned company, BIC has established governance bodies to handle the Group’s management and administration in keeping with its values.

→ **THE BOARD OF DIRECTORS**

Conforming to recommendations on good corporate governance, at least one-third of our Board members are Independent Directors (in fact, four out of ten). "Independent" means a Director who has no relationship of any kind with the Company, the BIC Group or with its management that could affect his or her independence of judgment.

Additionally, since 2006 the powers of Chairman of the Board and CEO have been separated. Two members of the Board are women. This number would be increased to three with the election of Elizabeth Bastoni at the Shareholders’ Meeting of May 15, 2013. Furthermore, four different nationalities are represented, which empowers BIC to benefit from a true diversity and from an international vision.

→ **BIC AND GOOD GOVERNANCE STANDARDS**

<table>
<thead>
<tr>
<th>GOVERNANCE</th>
<th>BIC PERFORMANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of Directors</strong></td>
<td>Audit Committee</td>
</tr>
<tr>
<td>One-third Independent Directors (having no relationship with the Company, the BIC Group or its management that could affect his or her independence of judgment)</td>
<td>4/10</td>
</tr>
<tr>
<td>Number of women on the Board of Directors</td>
<td>2/10</td>
</tr>
<tr>
<td>Number of Board meetings during the year</td>
<td>6</td>
</tr>
<tr>
<td>Attendance rate</td>
<td>100%</td>
</tr>
<tr>
<td>Existence of standing committees</td>
<td>2 committees</td>
</tr>
<tr>
<td>Number of standing committee meetings during the year</td>
<td>5</td>
</tr>
<tr>
<td>Attendance rate</td>
<td>100%</td>
</tr>
<tr>
<td>Evaluation of Board performance once every three years</td>
<td>Evaluation conducted at the beginning of 2013 through an internal questionnaire</td>
</tr>
<tr>
<td>Length of Board members’ mandates</td>
<td>Three years, renewable</td>
</tr>
<tr>
<td>Multiple mandates</td>
<td>All members conform to rules concerning multiple mandates</td>
</tr>
<tr>
<td>Board members emoluments</td>
<td>See the registration document</td>
</tr>
</tbody>
</table>

**Directors**

(1/4) AFEP/MEDEF Code of Good Governance.

(2/4) Excepting shorter mandates to allow for a smoother renewal process.


**Shareholders**

Quorum for Shareholders’ Meetings

Ordinary and Extraordinary Shareholders’ Meeting - May 10, 2012: 71.37% at the first call.
Governance

THE LEADERSHIP TEAM

The Leadership Team, chaired by Mario Guevara, SOCIÉTÉ BIC’s CEO comprised of nine members whose primary objective is to implement the corporate strategy defined by the Board of Directors. The Leadership Team is also responsible for the definition, the implementation and supervision of means allocated to reach the objectives.

Alongside Mario Guevara, François Bich, Executive Vice-President and General Manager Lighters, and Marie-Aimée Bich-Dufour, Executive Vice-President and General Counsel, the Leadership Team includes the following members: three operational representatives responsible for continents, three representatives of product categories and one representative of transverse functions. Four different nationalities are represented, and the average age is of 52. The Committee has one female member.

The Leadership Team also oversees the quality of internal inspections, ensures the proper coverage of risks, and regularly reviews the progress of the Group’s Sustainable Development Program.

FINANCIAL TRANSPARENCY

BIC Group has always strived to maintain transparency. To this end, the company makes available to all stakeholders, in the registration document, and in a comprehensive and exhaustive way, financial information as well as information on the remuneration of its executives, on its administrators’ profiles and criteria of independence, on their accumulation of mandates, and on the actions carried out by both the Board and its committees. A risk map is also provided. Specifically concerning sustainable development, the BIC Group maintains a close and ongoing dialog with the financial community (page 18). This is the purpose of the reference document and Sustainable Development Report, which are published each year, as well as the section of the BIC website devoted to sustainable development.
THE BIC SUSTAINABLE DEVELOPMENT PROGRAM

1.1. Our vision of sustainable development 8

1.2. The issues for the Group 8

1.3. Our structure for sustainable development 9
   1.3.1. Our operational structure 9
   1.3.2. Our management: the BIC Sustainable Development Barometer 10
   1.3.3. Our policies 12
   1.3.4. Our employees’ awareness and involvement in the approach 13

1.4. Interaction with our stakeholders 14
   1.4.1. Sharing value with our stakeholders 14
   1.4.2. Our customers and consumers’ expectations 14
   1.4.3. Purchasing and sustainable relations with suppliers 16
   1.4.4. The BIC panel 16
   1.4.5. Responsible lobbying and participation in sector working groups and dialogs 17
   1.4.6. Dialoging with the financial community 18
1. The BIC Sustainable Development Program

1.1. OUR VISION OF SUSTAINABLE DEVELOPMENT

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

For more than 60 years, BIC has been building on the fundamentals that constitute the strength of its economic model:
- classic products with a focus on continuous improvement in quality;
- innovations that keep pace with the changing needs of consumers, some of whom seek products with greater added value;
- a worldwide presence that becomes more firmly established every year in developing markets like Latin America, Africa, the Middle East and Asia;
- a constant effort to control manufacturing costs, backed by a highly efficient industrial tool.

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

Simplicity, pragmatism and ambition were also the bywords for the definition in 2003 of the Group’s sustainable development approach – an important aspect of corporate responsibility. The pursuit of that approach since then has enabled BIC to exert better risk control and seize opportunities as they arise.

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

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

Lastly, BIC pilots and evaluates the progress of its Sustainable Development Program with the BIC Barometer, which defines ten sustainable development commitments associated with ten performance indicators and is updated every three years (pages 10 & 11).

1.2. THE ISSUES FOR THE GROUP

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

### Purchasing

- The supply of raw materials that are used to make BIC® products
  - 43.5% of the Group’s purchasing concern plastics

### Production

- The manufacture of BIC® products in the Group’s factories or by contract manufacturers
  - 46 million products sold every day worldwide

### Distribution

- The shipping of BIC® products by transport service providers
  - 0.559 teqCO₂ per tonne of freight

### Usage

- The use of BIC® products (writing instruments, lighters, shavers, etc.)
  - Up to 2 km for a BIC® Cristal pen
  - Up to 3,000 flames for a BIC® Maxi lighter
  - Up to 17 shaves for a BIC® Flex 3

### End of life

- The elimination of BIC® products
  - Weight of a BIC® Cristal pen: 5.9 g
  - Weight of a BIC® Maxi lighter: 21.8 g
  - Weight of a BIC® 3 shaver: 8.8 g

- Reduce consumption of non-renewable raw materials
- Promote the use of alternative materials (recycled or plant-derived)
- Ensure suppliers’ compliance with environmental, social and governance standards
- Reduce water and energy consumption
- Reduce CO₂ emissions and wastes
- Reduce our impact on biodiversity
- Maintain good working conditions for our employees
- Ensure respect for Human Rights
- Strive to develop employees’ skills
- Promote diversity in the company
- Optimize shipments and distribution routes
- Ensure responsible distribution adapted to local conditions
- Guarantee long lasting products (stationery, lighters, shavers, promotional products)
- Ensure the quality and safety of products
- Promote responsible consumption
- Anticipate customers’ and consumers’ needs
- Reduce packaging waste
- Help reduce the overall quantity of waste produced
- Investigate possible recovery and recycling solutions
1 - The BIC Sustainable Development Program

1.3. OUR STRUCTURE FOR SUSTAINABLE DEVELOPMENT

1.3.1. Our operational structure
Managing sustainable development is based on a continuous improvement approach deployed across the entire BIC Group, and this approach benefits from a dedicated structure. This structure includes a Sustainable Development Team made up of 25 members of different nationalities representing major Group functions; the team meets twice a year and is chaired by the Group’s CEO. Taking action at the decision-making and operational levels, this team’s role is to propose strategies and corresponding action plans to the BIC Group Executive Committee. It then reports on the implementation of programs. The team also has the mission of mobilizing internal resources.
Since it began in 2004, BIC’s cross-organizational approach has worked its way deeper and deeper into the hearts of each department. Marketing teams, for example, try to consider the environmental stakes right from the design stage for each new product. The operational approach is implemented through local correspondents all around the world, as well as a Sustainable Development Director in Europe. The Sustainable Development Director coordinates these missions and reports to one of the Group’s two Executive Vice-Presidents.

The 2012 BIC Sustainable Development Forum was held in Clichy (France) on June 26 and 27, bringing together all 25 members of the Sustainable Development Team and chaired by CEO Mario Guevara. This key meeting was an opportunity to conduct an annual review of the Group’s Program, including achievements, goals and perspectives, whether in the factories, in logistics or concerning the products and their packaging, as well as the actions undertaken to reinforce the Group’s social and societal commitment. Two workshops were held to review past accomplishments and potential projects, which provide direction for future endeavors of the BIC Sustainable Development Program.
In addition, the Forum opened with a discussion of various experiences with Social Business. Organized by BIC University and open to the managers at the Clichy headquarters, this event gave added impetus to the subsequent dialog on sustainable development.
1.3.2. Our management: the BIC Sustainable Development Barometer

Since 2008, the Group has based the application of its approach on a management tool: the BIC Sustainable Development Barometer. This Barometer defines ten commitments addressing the key challenges: the environmental performance of BIC’s products and packaging, the environmental performance of its factories, the impact of its transport operations on climate change, safety in the workplace, its employees’ personal development, compliance with the Code of Conduct and the Group’s commitment to local communities. This approach is implemented on a worldwide scale (except for BIC APP in certain cases). The Barometer’s objectives are set for three years, and progress in each area is measured annually.


At the end of 2012, the overall score on the Barometer stood at 7.5/10, up by 1.5 point. In particular, this progress can be attributed to progresses made on the environmental performance of BIC® products, to the environmental certification of three new factories, and to the efforts made to limit the use of air transport.

How is performance measured by the BIC Sustainable Development Barometer?

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

Additional methodological information can be found in section 6.3.3. (page 63).
PRODUCTS

Environment

1. Measure the environmental performance of BIC® products*
   - In 2013, 90% of BIC® products will have been ecomeasured
     (Values Jan.2011: 86.5% – Dec.2012: 89%)

2. Offer BIC® products with environmental benefits*
   - In 2013, 50% of BIC® products will have at least one environmental benefit
     (Values Jan.2011: 47.4% – Dec.2012: 49.9%)

3. Offer eco-optimized packaging*
   - In 2013, the average weight of the packaging per product unit will be 4.38 g, i.e. a 2% reduction

INDUSTRY

Management systems

4. Deploy and maintain management systems in BIC factories
   - In 2013, 100% of BIC factories will have environmental and health & safety management systems
   - In 2013, 80% of the BIC employees will work in ISO 14001 certified factories

Energy, water, waste

5. Improve the environmental performance of BIC factories
   - In 2013, energy consumption will be 12.99 GJ per tonne of production, i.e. a 3% reduction
   - In 2013, water consumption will be 7.96 m³ per tonne of production, i.e. a 3% reduction
   - In 2013, non recycled waste production will be 0.0903 tonne per tonne of production, i.e. a 1% reduction

Transportation

6. Reduce GreenHouse Gas emissions (GHG) from our transport operations
   - In 2013, GHG emissions will be 1.135 tons CO₂-e per tonne of products for intracompany transport, i.e. a 4% reduction*
   - In 2013, the reduction of GHG emissions will be a selection criterion for at least 75% of the Group’s call for tender for transportation operations

SOCIAL

Working conditions

7. Reduce workers’ accidents
   - In 2013, the Group accident incidence rate will be 8.65, i.e. a 5% reduction
   - In 2013, the Group accident severity rate will be 0.37, i.e. a 5% reduction

8. Deploy and maintain the BIC Group Code of Conduct
   - In 2013, 100% of BIC Consumer Products factories and contract manufacturers will have signed the BIC Group Code of Conduct, will have been audited and monitored on a regular schedule
   - In 2013, 100% of BIC APP factories and contract manufacturers will have signed the BIC Group Code of Conduct, will have been audited (if located in a high risk country) and monitored on a regular schedule

Employability

9. Develop employees’ training
   - In 2013, 80% of employees will have received one training
     (Values Jan.2011: 70% – Dec.2012: 90.4%)

Donation

10. Maintain our commitment toward our communities
    - In 2013, contribution toward our communities will be more than 0.5% of pretax profit.
      (Values Jan.2011: 0.5% – Dec.2012: 0.6%)

* BIC APP (Advertising and Promotional Products).
1.3.3. Our policies
BIC Group’s sustainable development approach is based on a set of documents that define our vision and gives a name to each employee’s everyday activities in order to ensure compliance with the principles of sustainable development.

The Five values. The Group’s philosophy “Honor the past, Invent the future” symbolizes for BIC a respect for its heritage, which is one of the keys to its success, as well as the way in which its employees build the future of the Group together. BIC’s heritage encompasses many aspects: an entrepreneurial spirit, products that have become icons within their markets, irreplaceable 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: we conduct our daily business with Honesty, Trustworthiness and Respect;
- Responsibility: we deliver our commitments to consumers, customers and colleagues; and we hold ourselves accountable for our work and our decisions;
- Teamwork: we believe that a diversity of people from different cultures keeps our minds open to new opportunities; and that working in teams allows us to take advantage of these opportunities;
- Simplicity: we believe that simple solutions are often the best solutions. When faced with complexity, we respond with clarity;
- Ingenuity: we find clever, practical and efficient solutions to the challenges that confront us.

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

- 11 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 corruption;
- 12 principles governing the behavior of BIC employees in order to control risks arising from conflicts of interest, the protection of the Group’s assets, professional commitment, and our relationship with our stakeholders;
- a Guide listing the questions that all BIC employees must ask themselves in order to assess their level of compliance with the Code of Ethics and facilitate its understanding and implementation.

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

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

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

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

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

BIC carries out regular inspections to ensure the proper implementation of this Code of Conduct throughout the Group (page 55).

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

BIC has adopted seven specific commitments to ensure the quality and safety of its lighters (page 24).

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

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

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

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

- make diversity and anti-discrimination priorities for all of our business leaders and employees through a shared Group objective worldwide;
- respect and promote anti-discrimination principles in our processes (i.e. recruitment, promotion, training, salary, etc.), thus encouraging diversity at all levels of the organization;
- educate our managers on the importance of diversity to the business;
- encourage local actions and policies to promote diversity in all its aspects;
- inform employees of our commitment to diversity and antidiscrimination, and communicate our local actions and results.

The Responsible Purchasing Charter, defined in 2012, is based on the three “Golden Rules,” on the Purchasing Guidelines that govern the Group’s relations with its suppliers around the world, and on the BIC Group Code of Conduct. BIC is committed to complying with this Charter in all of its dealings with its partners, and asks them to sign it as well in order to ensure that they uphold BIC’s values in terms of sustainable development.

In an effort to cover all aspects of sustainable development, the Group also relies on a body of framework documents:

- a follow-up procedure for consumer inquiries and complaints, ensures in particular that all complaints are recorded in the dedicated database, that the technical teams are informed of the nature of the problem, and that an appropriate response is provided;
- a worldwide moratorium on all animal testing was declared by BIC in 1997. The company is committed to using reliable alternatives to animal testing made possible by the latest technological breakthroughs;
- a specific process that combines a local Code of Ethics as well as a Policy to pursue non-discriminatory hiring practices and to combat harassment in the workplace was instituted BIC Group’s U.S. subsidiary (BIC CORPORATION). These two documents are given to new hires, who are asked to sign them, attesting that they have received and read them. A copy of the Code of Ethics is periodically sent to all employees along with a questionnaire that allows them to detect possible violations. These policies are backed by an alert procedure, indicating the person to contact.

1.3.4. Our employees’ awareness and involvement in the approach

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

The Group has instituted a biennial survey on the BIC Sustainable Development Program. Carried out by a third party company, it sheds light on the perceptions and expectations of BIC’s 5,500 employees worldwide concerning sustainable development in the BIC Group. The initial consultation in December 2011 achieved a good participation rate (39%). According to the results, the employees who responded to the survey feel that the issue of sustainable development concerns them (85%), they are aware of the BIC Sustainable Development Program (89%) and they deem this program important for the Group (94%). The survey also revealed high expectations in terms of information and involvement in sustainable development. The Group is incorporating these conclusions in the development of its future action plans. In particular, a dedicated sustainable development newsletter was launched in 2012 for all employees around the world.

All around the world, all new employees attend a presentation of the Sustainable Development Program as part of their “Welcome to BIC” orientation day.

In Europe, Middle East and Africa (MEA), training modules have been offered in recent years on the various issues involved in sustainable development including energy, climate change, biodiversity and social issues. Simple and informative, with engaging methods and materials, these sessions of about 30 minutes on each issue have improved the employees’ understanding of the challenges that lie ahead. In 2012 the training focused primarily on familiarizing employees with the BIC Sustainable Development Program.

In France, as part of National Sustainable Development Week, an employee awareness operation was carried out at the Clichy headquarters, including a special offer on the BIC Ecolutions® line and products with the NF Environnement ecolabel, the launch of the sustainable development newsletter and the hosting of a conference to present the Group’s Social Business initiative in Bangladesh, attended by the NGO CARE.

In North America, “Green Teams” have been formed at several BIC subsidiaries. Their role is to get their co-workers involved in sustainable development, in particular by limiting the environmental impact of their office activities. The Green Team in Milford and Shelton (USA) has hosted several events, including an initiative to clean up Eisenhower Park in Milford, Connecticut and an employee awareness day to encourage recycling, the reduction of paper wastes, the use of online electronic document sharing and collaboration, etc.

The Canadian Green Team has asked each department of the subsidiary to define its own sustainable development objectives so that each employee can be proactive. In 2011 a “Sustainability Board” was set up to follow up activities undertaken by volunteers. In four months, 32 employees took part in the campaign. Co-workers were also encouraged to take part in various events to promote social and environmental responsibility: planting trees in Toronto, participating in the World Wildlife Fund’s “Earth Hour” operation, etc.

In Latin America, BIC subsidiaries or gain local awareness and training operations. BIC Amazonia sponsors an annual “Environment, Health & Safety Week” to help employ ees assimilate the integrated management system concept. They are encouraged to consider quality environment, health, safety and social issues as a whole rather than as separate topics. Every year a different relevant topic is chosen as the focus of the week. In 2012 the featured topic was waste sorting.
1.4. INTERACTION WITH OUR STAKEHOLDERS

1.4.1. Sharing value with our stakeholders

**Challenges**

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

**Performances**

The following diagram shows the main cash flow transfers between BIC and its stakeholders for 2012. It gives an overview of how the turnover generated by the Group, through sales to its customers and consumers, is used and redistributed.

**Distribution to stakeholders in 2012**

<table>
<thead>
<tr>
<th><strong>Customers</strong></th>
<th><strong>Turnover:</strong> 1,898.7 million euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>492.8 million euros. Corresponding to payroll, bonuses and other payments to employees, as well as 8.8 million euros paid as a special bonus to employees who do not benefit from free share allocation plans linked to performance criteria.</td>
</tr>
<tr>
<td>Suppliers</td>
<td>962.4 million euros. Corresponding to purchasing of raw materials, consumables and bought-in services.</td>
</tr>
<tr>
<td>Shareholders</td>
<td>189.5 million euros, including 104.2 million euros paid as ordinary dividends, 85.3 million euros paid as special dividends.</td>
</tr>
<tr>
<td>Banks</td>
<td>7.1 million euros of net interests received.</td>
</tr>
<tr>
<td>Governments</td>
<td>123.5 million euros, including 111.3 million euros paid around the world as corporate income tax and 12.2 million euros in other taxes.</td>
</tr>
<tr>
<td>Net investments</td>
<td>115.7 million euros, including 125.4 million euros for the acquisition of tangible and intangible fixed assets, 8.4 million euros received from the disposal of assets and 1.3 million euros received from the disposal of activities.</td>
</tr>
<tr>
<td>Communities</td>
<td>2 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.
(2) The Group paid an exceptional bonus to more than 8,200 employees around the world in parallel with the Board of Directors’ decision to propose the payment of an exceptional dividend to Shareholders.

1.4.2. Our customers and consumers’ expectations

**Challenges**

Since its founding, BIC Group has strived to develop and offer simple, affordable products leaving out anything superfluous that meet the expectations of consumers and customers in developed countries as well as the needs of developing countries.

- In the past few years, the demand for “responsible” products has been steadily growing in developed countries. It is natural for customer and consumer expectations to change along with demographic and sociological evolutions, and BIC seeks to anticipate those changes. BIC’s core products comply as much as possible with the principles of minimum environmental impact and best social practices. BIC also strives to enhance its position through the development of product ranges based on alternative materials.

- Also, distributors of office supplies, government agencies and companies are more and more demanding on sustainability matters and savvy as well. In fact, they all want products whose environmental performance is acknowledged and can be proven. They evaluate sustainable development policies as well and expect, for example, certification by independent ecocertifiers, “responsible” products (in terms of percentage of recycled materials, country of production, etc.) and social audits.

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

**Approach to developed countries**

**Integrating sustainable development into our customer relations**

By favoring direct exchanges with these customers, BIC is better able to understand their demands.

To this end, in Europe, the Group has appointed an operational Sustainable Development Director, who engages in frequent discussion with customers, presenting the BIC approach, relating customer expectations to internal management, training the sales force and providing support to subsidiaries for the implementation of local initiatives and specific operations.

In parallel, the marketing and communication departments, as well as the sales teams, are trained to enable them to transmit the Sustainable Development Program in a responsible way, no matter what communication method is used: meetings with customers, notices on the packaging, advertising.
In addition, on each continent, the environmental claims associated with BIC® products are the result of collaboration between the marketing, legal and sustainable development departments in order to combat “greenwashing” (false or exaggerated ecological selling points).

Promoting responsible consumption at the consumer level

BIC offers a range of responsible products that everyone can afford (see below) and supplies information on their environmental and social qualities (eco-values) in order to help consumers choose products that meet their expectations. To help consumers make well-informed decisions, BIC strives every year to improve the clarity and reliability of the communication used for its range of responsible products. In Europe the ecovalues will thus be gradually replaced by more easily legible, more precise information concerning, for example, the share of recycled materials in a given product, its writing length, its eco-labelling certification, or where it was manufactured.

The Group has developed icons to let consumers know that the BIC® products sold in Europe are also manufactured in Europe. In 2012 BIC launched a campaign in France to inform the public on its products manufactured in France.

Progress made in 2012 and perspectives in developed countries

BIC’s experience in sustainable development has allowed the Group to build up exchanges and partner with numerous customers in Europe, the U.S. and Brazil, in particular concerning packaging, shipping and the environmental performance of the products. At the conferences hosted by BIC for French buyers representing major corporations and government agencies, sustainable development was in every case a key topic of discussion.

Eager to play a proactive role in initiatives on the posting of products’ environmental impact scores, BIC has been working on a “sustainable shaving” campaign in France outside of the official experimental framework defined by the Ministry of Ecology. This score posting test, launched in 2012, takes the form of a dedicated website that shows the ecological footprint of the BIC® Flex 3 and BIC® Flexi Lady shavers. An interactive function proposes eco-habits that allow consumers to help reduce the footprint. This comprehensive analysis, covering the shaver’s entire life cycle, reveals that the use of water during shaving has a major impact.

In 2013 BIC will continue integrating its responsible products into the Group’s strategy, while giving them greater visibility by pursuing the efforts undertaken to improve the communication and codification of its range of responsible products.

Approach in emerging countries

Affordable and adapted products

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

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

- the launch in 2011 of a BIC® 1 Lady women’s shaver in two-unit pouches in Nigeria and single-unit pouches in Kenya and Madagascar has expanded the BIC® 1 range of single-unit shavers on the African market;
- in South America, the BIC® Comfort 3 shaver was redesigned in 2011 to suit the buying power of developing countries while meeting the basic need for high-quality shaving.

Offer the best functionality at the best price

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

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

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

Innovative distribution models

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

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

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

Progress made in 2012 and perspectives in emerging countries

The Social Business initiative in Bangladesh took on a new dimension in 2012 (page 57).

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

- 138 writing items meet BIC’s criteria for ecovalues.
- Of the 22 NF Environnement (NF400) writing items on the market, 20 are products of the BIC Group.

1.4.3. Purchasing and sustainable relations with suppliers

Challenges

The BIC Group maintains high standards in purchasing and outsourcing in order to guarantee the quality and performance of its products. Its demands encompass factors like compliance with deadlines, cost control, quality and innovation, but also include adherence to the Group’s values and commitments in terms of sustainable development. The Group is committed to cultivating long-term commercial relationships with its suppliers founded on responsible behavior, in keeping with its Responsible Purchasing Charter. The issues and challenges concerning subcontracting are discussed in section 5.2 “Ensuring respect for Human Rights in the workplace” page 55.

Approach

Cooperation between the Purchasing Department and the Group’s various operational units

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

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

Increasingly stringent demands in relation to suppliers

In 2012 BIC defined a Responsible Purchasing Charter based on the three “Golden Rules,” on the Purchasing Guidelines that govern the Group’s relations with its suppliers around the world, and on the BIC Group Code of Conduct.

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

In the area of transport, for the past several years BIC has made the reduction of greenhouse gas emissions a selection criterion in its calls for tenders for transport operations.

Progress made in 2012 and performances

The pilot operation launched in 2011 involving 81 plastics suppliers was continued in 2012 and extended to include other types of suppliers. As a result:

- among the plastics suppliers that participated, representing 72% of the total, five were identified as needing to make an effort in sustainable development. BIC has verified that the corrective actions defined in cooperation with those suppliers have indeed been implemented, and that the Group’s required minimum performance level will be met by the time of the next evaluation;
- 44 metal suppliers have been included in the evaluation approach, for a response rate that currently stands at 55%;
- 36 packaging suppliers for the French market were included in the evaluation approach in Q4 2012, for a response rate that currently stands at 33%.

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

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

Perspectives

2013 will be the first year of application of the BIC Group’s Responsible Purchasing Charter. The first phase will be to ask all of the Group’s suppliers to sign the charter. For the evaluations conducted in collaboration with Ecovadis, BIC will continue to monitor its suppliers’ implementation of the necessary corrective actions.

1.4.4. The BIC panel

Challenges and approach

In order to have an outside point of view on its sustainable development approach, BIC has organized a panel of four stakeholders: two customers, one investor analyst and one supplier. The panel is consulted once a year during individual reviews that enable each member to:

- comment on the company’s policies and practices;
- suggest improvements that can be integrated into action plans;
- outline future needs and expectations;
- formulate an opinion on the Group’s Sustainable Development Program.
Three members of the panel offer their point of view on BIC’s Sustainable Development Program and the progress made in 2012:

**BIC’S COMMITMENT AS SEEN BY LYRECO**

“2012 confirms that BIC has successfully implemented a clear and compressive sustainable development strategy, with a wide range of programs covering the different challenges involved, good practices, for example in social audits, and the promotion of sustainable development among its employees through the creation of a simple, effective newsletter. The performance indicators of the Barometer are not too numerous, making it easy to monitor this strategy.

BIC could now make an effort in an area that’s important for all the stakeholders: setting up a corporate foundation to unify its actions in local communities. This is what our foundation Lyreco For Education does, exerting a positive effect around the world.”

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

**BIC’S COMMITMENT AS SEEN BY MAROC STYLO**

“In 2012, we were impressed with the increased number of ‘responsible’ products, for example with the BIC® Easy/Hybrid range, an intelligent launch that has met with well-deserved success. BIC should continue to involve the consumer, for example by building on its experience in environmental information posting to communicate on ecologically responsible shaving habits.

Worldwide programs like BIC Ideas Challenge and BIC Citizens in Action demonstrate both the company’s commitment and the involvement of its employees, as much in participatory innovation to develop the products of tomorrow, as in societal responsibility. But BIC could go even farther and integrate its stakeholders, for example its customers, in its participatory programs.

We would like to see BIC make an even greater effort to share with consumers its accomplishments in sustainable development, and in particular BIC’s Vision. This is an opportunity to explain that sustainable development is both beneficial and profitable for the Group.”

*Salwa Ghallab and Amine Oulahiane, Maroc Stylo, a licensed BIC manufacturer*

**BIC’S COMMITMENT AS SEEN BY ODDO SECURITIES**

“Once again this year, we would like to congratulate BIC for its consistent performance on ESG issues, its communication to its stakeholders and the superb quality of its reporting.

Concerning the latter, BIC’s proactive efforts toward an integrated report give the process real meaning and allow the Group to make a clear link between the extra-financial indicators and the information needed by investors. Its habit of thinking ahead has made it easier for BIC to integrate the requirements of the new French regulations (the Grenelle de l’Environnement).

We approve of the business logic behind the development of responsible products, and even beyond BIC’s participation in the Carbon Disclosure Project, which is of interest to more and more stakeholders, especially the biggest customers. We think that this type of ground-level effort, carried out with a client-oriented vision, is the best way to build the Group’s image with investors.

BIC’s approach consists of first establishing experience curves through pilot projects — for example in complex undertakings like the JIT A program in Bangladesh or environmental labeling in France — that give it the keys to prepare for the future and spread innovation. What interests us most in this pilot project approach is the series of initiatives to develop sustainable industrial alternatives (green chemistry) to the current fossil sourcing methods.

We appreciate BIC’s pragmatism, measuring its performance against its Barometer, and making manager training a central part of its “Quality of Life at Work” program.

Among the directions for improvement, extending the reporting system to include workers’ accidents of subcontractors and temporary employees would give BIC an even better overview of its field of responsibility. Lastly, linking a portion of the variable component of the manager’s compensation to the achievement of goals selected according to the company’s culture could be a very valuable experiment for the Group.”

*Jean-Philippe Desmartin, ESG (Environment, Social, Governance) Research Manager, Oddo Securities*

### 1.4.5. Responsible lobbying and participation in sector working groups and dialogs

**Challenges**

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

**Approach**

**Participation in sector dialogs**

The BIC Group pursues its lobbying activities in a responsible, ethical way in order to ensure that the legal and regulatory decisions, as well as the actions undertaken to enforce the rules, have realistic technical and economic consequences, maintaining or restoring fair and honest relations among all the market players.
Consequently, BIC has no tradition of making public statements on major industrial or societal topics. However, the Group does participate in sector dialogs and seeks to exert its influence in four key areas that are directly related to its commitments as a responsible corporation: product safety, the fight against counterfeiting, the fight against unfair trading and environmental protection.

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

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

BIC’s subsidiaries also cultivate direct relations with the authorities in their countries of operation.

Clearly identified lobbying responsibilities

At the highest level of the Group, Executive Vice-President and General Manager Lighters François Bich, Executive Vice-President and General Counsel Marie-Aimée Bich-Dufour and SOCIÉTÉ BIC CEO Mario Guevara are in charge of supervising all lobbying actions, which are also subject to regular approval by the Executive Committee and Board of Directors. Consequently, the agenda of the Board of Directors meeting from April 24, 2012 included the approval of the positions upheld and actions undertaken by BIC concerning lighter safety.

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

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

Perspectives

Starting in 2013, the managers involved will be specially trained to conduct their lobbying activities in keeping with the Group’s values and commitments.

1.4.6. Dialoging with the financial community

Challenges

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

Progress made in 2012

Shareholders and the financial community are updated on BIC’s progress in sustainable development at various events throughout the year. In 2012 these included:

- the Annual Shareholders’ Meeting on May 10, 2012, at which the topic was presented to the Shareholders;
- the Oddo Mid-Cap Forum in January in Lyon, France, where BIC met, upon their request, with fund managers and financial and extra-financial analysts in individual or group meetings;
- meetings organized with various socially responsible investment actors.

12 discussions with investors and investment funds on sustainable development in 2012.

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\(^{(1)}\) EWIMA – European Writing Instrument Manufacturer’s Association.
\(^{(2)}\) EPMA – European Pencil Manufacturers Association.
\(^{(3)}\) EFLM – European Federation of Lighters Manufacturers.
\(^{(4)}\) WIMA – Writing Instrument Manufacturers Association.
\(^{(5)}\) ORSE – Observatoire de la Responsabilité Sociétale des Entreprises (the French advisory group on Corporate Social Responsibility).
ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR PRODUCTS

2.1. Our products' environmental performance 20

2.2. Safe products 24

2.3. Eco-optimized packaging 25
2. Environmental responsibility concerning our products

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. BIC produces and markets consumer products that are lightweight, have a long performance life, and that are affordable by everyone. BIC Group constantly seeks to offer products that anticipate the needs of its consumers and its stakeholders. The Group meets these challenges through an approach based on innovation: analysis of product life cycles, a product range using alternative materials, refillable products, materials research, and a strategy of ecolabeling.

2.1. OUR PRODUCTS’ ENVIRONMENTAL PERFORMANCE

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

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

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

Challenges

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

Breakdown of raw material purchases in 2012

- Plastics: 43.5%
- Metals: 18%
- Packaging: 15.5%
- Others: 23%

Approach

BIC’S THREE ECODESIGN SOLUTIONS

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

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

Measuring the products’ environmental performance

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

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

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Environmental performance measurements for three main BIC® products

| LIFE CYCLE ASSESSMENT APPROACH — METHOD RECIPE END POINT (H/H) EUROPE |
|-------------------------------------------------|-------|---|---|---|---|
| BIC® Cristal® ballpoint pen                      | 86%   | 7% | 4% | -  | 1% |
| BIC® Maxi flint lighter                         | 87%   | 6% | 5% | -  | 2% |
| BIC® Classic Single-blade shaver                 | 83%   | 11%| 4% | -  | 2% |
| Shaver including usage                          | -     | -  | -  | 78%| -  |

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

→ OVERCOMING THE DISPOSABLE/SUSTAINABLE CONTRADICTION

BIC® products are very often stigmatized as “disposable.” Although not all of them are refillable, neither are they used just once. On the contrary, most of them offer long-lasting performance: up to 2 km of writing for a pen, 3,000 flames produced for a lighter; 17 shaves for a shaver. In addition, most of them are designed with no superfluous parts or features, using a minimum of raw materials, and BIC makes an ongoing effort to reduce their environmental impact in daily use. Each of the various products on the market, whether refillable or not, meets a specific consumer need. BIC® products are recognized for their very good quality-price-performance ratio, their simple, practical nature and the fact that they are available in numerous points of sale all over the world.

- the Sustainable Development Department, for building its internal, scientific expertise, needed for the realization of normalized LCAs (ISO 14040);
- product managers and Corporate Communications can use the results of the studies in communication targeting customers and consumers.

→ LCA AT BIC

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

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

Our LCA and ecodesign tools

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

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

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

At BIC, the users of SimaPro in combination with the e-DEA® interface are:
- R&D design teams in conjunction with Manufacturing Departments;
- the Sustainable Development Department, for building its internal, scientific expertise, needed for the realization of normalized LCAs (ISO 14040);
- product managers and Corporate Communications can use the results of the studies in communication targeting customers and consumers.

Ecodesign applied to product ranges

The Group concentrates its efforts on three points:
- minimizing the quantity of materials used in its products;
- a responsible product range based on alternative materials (recycled or of vegetable origin);
- the development of refillable products.

BIC® Ecolutions® stationery products are manufactured using recycled materials in compliance with the standard ISO 14021. The BIC® Ecolutions™ Clic Stic™ ballpoint pen is made with 62% recycled materials (by total product weight) and the BIC® Matic mechanical pencil 65%.

More and more of BIC’s writing products are refillable. On the U.S. market, refills are available on the dedicated website www.bicrefills.com.

(1) Everybody can Design with Environmental Awareness.
In Europe, they are available on the website www.bicworld.com, which links to an e-tail site offering the BIC® refill range.

In the field of shavers, in 2009 BIC launched the BIC® Ecolutions® shaver, an ecodesigned product made from bioplastics with minimal packaging sold at an affordable price. Even though it has not been a huge success with consumers, the project has proven very informative for the BIC Group in several areas, such as raw materials research, the industrial processing of plant-derived materials, and building the sales teams’ awareness of sustainable development.

The R&D teams also applied the principles of ecodesign to develop the BIC® Easy “hybrid” shaver, whose handle is sold with four to six refills (not sold separately) for a total of at least 40 days of shaving. The underside of the handle is ribbed in order to reduce the use of plastic by 20% without altering the shaver’s ergonomic characteristics. The product’s performance life is at least four times that of a standard non-refillable shaver. Over its entire life cycle and for one year of shaving, the environmental impact of the BIC® Easy/BIC® Hybrid shaver is 59% less than a similar non-refillable BIC® model, like the BIC® Comfort 3® Advance™.

BIC® WRITING PRODUCTS EARN THE NF ENVIRONNEMENT ECOLABEL

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

In the case of BIC® writing products, the main criteria for receiving the ecolabel are limited quantities of raw materials or the use of recycled materials, a long performance life and the strength of the pencil leads. BIC was the first manufacturer of writing instruments to earn NF Environnement certification. Today, a full range of 20 BIC® products has been granted this ecolabel, including historical products like the BIC® Cristal® sold in boxes of 50 and the BIC®-4 Couleurs™ ballpoint pen, as well as the pens of the BIC® Ecolutions® line.

Consumer information and awareness
See section 1.4.2 “Our customers and consumers’ expectations” (page 14).

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

- the use of existing innovative materials. An inventory of innovative materials available for industrial use is kept up to date. From this list, engineers select materials that correspond to industrial and economic requirements with the objective of conducting feasibility tests. In the absence of a simple, economical solution to develop a material based on biological material from a plant, recycled materials might be chosen;

- collaborative research with suppliers to identify new materials (plant-based or recycled), new concepts or hybrid materials. Many materials are considered and then analyzed. These have included potato starch, sugar cane, plant fibers, woodchips and other materials. Once a formulation is ready, it is tested to ensure that it meets industrial specifications for quality and safety, sometimes going all the way to the final qualification stage.

30 alternative materials have been tested since 2010.

BIC JOINS THE MAUD COMPETITIVENESS CLUSTER

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

Performances
In 2011, BIC Group set a goal for the completion of environmental evaluations of its products between now and 2013.

Measure the environmental performance of BIC® products*

In 2013, 90% of BIC® products will have been eco-measured (values: Jan. 2011: 86.5% – Dec. 2012: 89%)

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

2012 results: target has been achieved for lighters and shavers, and nearly achieved for stationery products. Their eco-measurement will continue in 2013, with a priority given to the more selling products.

* Except BIC APP (Advertising and Promotional Products).
Progress made in 2012

In 2012 BIC continued to expand its range of responsible products:

**In stationery products**, the BIC® Ecolutions® line, made of recycled materials, has expanded to include two new products: the BIC® ReActionTM gel pen and the BIC® Ecolutions® Matic.

The “BIC Ideas Challenge,” a Group-wide participatory innovation program, gave employees an opportunity to contribute to various projects on the future of writing instruments. Over a period of three weeks, more than 670 ideas were submitted by nearly 170 participants. Six ideas were selected, three of which were associated with sustainable development.

From 2009 to 2012, the number of NF400-certified BIC stationery products grew from 9 to 20.

**In the shaver category,** once again the extended BIC® Easy/BIC® Hybrid range of hybrid shavers sold very well in 2012, especially in the United States and Europe, which are historically the two most demanding markets. The Group continued its expansion of the range with three new products: the BIC® Flex & Easy in Europe and the BIC® Hybrid Advance® and Soleil Savvy in the United-States.

As part of the continuation of the TerraCycle operation, in 2012 BIC worked in France with teachers and a firm specializing in interactive educational content to develop a teaching module on recycling for primary school teachers, combining all of the necessary theoretical pedagogical equipment. The “practical assignments” section mobilizes students to collect used pens in their classroom. The module is available on the TerraCycle website, EDD-Primaire.fr and www.bicworld.com.

**Perspectives**

In stationery products, the BIC® Ecolutions® range will be further expanded in Europe in 2013, in particular with the addition of glues and two launches are planned: the Velleda® 1701 and Velleda® 1751 dry erase markers.

The writing instruments category will continue its participatory innovation program.

In the shavers category, two product launches are also planned:

* A new women’s product in North America: the BIC® Soleil® Shave & Trim™, offering consumers a 2-in-1 product for shaving and trimming;
* A BIC® System shaver in Latin America.

The Research & Development teams will continue their research on new alternative materials with the aim of further extending the range.
2.2. SAFE PRODUCTS

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

Approach
A team in charge of compliance
In order to ensure the safety of its customer and consumers, BIC Group has implemented stringent organization and processes in its factories. In addition, the Group has a dedicated full-time product safety team of four members who follow and implement industry standards, regulations and internal rules.

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

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

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

1. All BIC® lighter plants are ISO 9001 certified production plants. BIC® lighter products meet or exceed the ISO 9994 international safety standard requirements;
2. BIC is an active member of various associations (such as the European Federation of Lighter Manufactures, ISO, AFNOR, etc.) in order to provide the latest and most reliable quality and safety information to its customers;
3. Each BIC® lighter undergoes more than 50 separate automatic quality checks. Additionally, BIC conducts regular post-market product tests;
4. BIC continuously develops exclusive technology to ensure the quality and safety of all BIC® lighter s, e.g. a very stable flame and a reservoir which can resist extreme drop tests and elevated temperatures;
5. BIC has an integrated production process, designs and develops much of its own machinery and master s all the latest manufacturing technologies, from basic materials right down to the packaged product;
6. The BIC professionals are all guided by three principles: Method-Precision-Discipline. Each employee in the lighter plants spends nearly 25% of his or her time checking product conformity and proper operation of the control equipment;
7. BIC has been committed to sustainable, long-term safety programs for over 30 years.

BIC Group faces competition from several low-cost lighters that too often do not comply with international safety standards. According to tests conducted by an independent accredited laboratory, more than three-quarters of the lighter models in the European market fail to meet standards. The Group has initiated communication campaigns to raise awareness among the various parties involved (customers, government market monitoring agencies, etc.) and also participates in the European Commission working group in charge of coordinating member states’ actions for the enforcement of regulations on lighters.

COMPLIANCE WITH THE REACH REGULATION

The European regulation REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) establishes the regulatory framework for chemical substances and places responsibility on manufacturers to demonstrate the safety of the chemicals they use. To address these requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At a Group level, an expert administrator was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the company and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has in particular pre-registered 70 substances for five of its legal entities. Registration of those substances with the European Chemicals Agency (ECHA) will take place in 2013 and 2018. In compliance with the 2013 deadline, two of these 70 substances will need to be registered.
Progress made in 2012
In 2012, in stationery products alone, more than 290 items were tested for their heavy metal concentrations.

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

Perspectives
The regulatory requirements on all markets become more stringent and numerous every year. The Group is aware of the scope of this challenge and, starting in 2013, plans to adapt its working methods and means in order to maintain its own standards and level of compliance.

⇒ 2.3. ECO-OPTIMIZED PACKAGING

Challenges
Packaging is needed at several stages in the life cycle of BIC® products: for their protection, shipping, storage and sale, and for promotional supports. BIC’s packaging consists primarily of boxes and cases made of plastic, paper and cardboard. This packaging has an environmental impact during its manufacturing and shipping, and at its end of life.

Approach
Historically, BIC promotes selling products without consumer packaging or in value packs. Thus in Europe 73.2% of writing products are packaged in boxes, trays or pouches of at least ten products (71.5% in North America), 78.9% of its lighters are sold in trays of at least 50 (59.7% in North America) and 74% of the shavers are marketed in pouches of five, ten and more (54.7% in North America).

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

Three priorities for reducing the impact of our packaging

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

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

REACHING THE GOAL OF “ZERO PVC” AND INCREASING THE PROPORTION OF RECYCLED MATERIALS
Following up on the elimination of PVC packaging in Europe (1), BIC decided to extend this good practice throughout the Group. Today, Mexico has totally eliminated the use of PVC in its packaging, and the United States and Brazil are actively making progress toward that same goal.

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

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

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

Performances

A number of initiatives undertaken in 2012 illustrate the BIC Group’s drive for progress in this area:

Reducing the quantity of packaging per product sold
In the United States, the company has achieved reductions of 7 to 25% in packaging formats for lighters and writing products. This represents a savings of 120 tons of paper, 15 tons of wood and 3 tons of plastic, which in turn reduces the need for storage space and optimizes transport operations.

(1) Except for four items.
2 - Environmental responsibility concerning our products

Progress toward the goal of zero PVC

In the United States, the Charlotte site installed a new machine in November 2012 that produces blister packs and plastic boxes from PET, as part of the effort to phase out PVC. In 2013, 35% of the packaging produced in Charlotte should be PVC-free, with the goal of reaching 100% by 2016.

In Brazil, BIC Amazonia reduced the use of PVC in its packaging by an average of 10% compared with 2010. The goal is to replace all PVC with PET by the end of 2013.

Actions to reduce packaging waste

In the United States, the Charlotte site has sustained its performance of zero landfilled packaging waste (compared with 26% in 2006). This result has been achieved through a combination of several actions: encouraging suppliers to limit the amount of packaging entering the site; recycling used lighter trays (42 tons recycled in 2012); sending mixed plastic wastes to be recycled; and lastly using non-recyclable wastes for energy recuperation (3%).

In Europe, the ECP site (Slovakia) quickly achieved good results in 2012, with a recycling rate of 75% (compared with 59% in 2011) due to increased vigilance in routine waste sorting.

In Brazil, BIC Amazonia has continued its efforts to reduce wastes by setting up a return circuit to encourage suppliers to reuse their packaging and by making use of more recycling services. The site has now achieved a packaging recycling rate of 85% (compared with 79% in 2011).

Perspectives

The goal of zero PVC has been set for 2013 in Brazil and 2016 in the United States.

Progress in all of these areas is measured using indicators that will continue to be consolidated every quarter, making it possible to closely monitor the actual situation, fine-tune the Group’s knowledge of its environmental impact, and improve the management of the actions to be undertaken.
ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS

3.1. Our factories

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

3.1.2. Reducing water consumption

3.1.3. Reducing energy consumption and greenhouse gas emissions

3.1.4. Reducing waste production

3.1.5. Reducing the impact on biodiversity

3.2. Limiting the environmental impact of shipping

3.3. Limiting the environmental impact of our sales and support activities
3. Environmental responsibility concerning our operations

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

BIC is able to exert good environmental control over its entire manufacturing chain due to two factors: first of all, its choices between in-house production and contract manufacturing (84% of the Group’s net sales are generated with products manufactured in its own factories; 88% in the Consumer Goods business and 62% in the Advertising and Promotional Products business of BIC APP) and, secondly, the geographic distribution of its factories: in the Consumer business, the products sold on a given continent are also manufactured on that continent (91% in Europe and 63% in the Americas).

3.1. OUR FACTORIES

Challenges
To manufacture its products, BIC uses raw materials (plastics, ink, paperboard, metals, etc.), consumes resources (water, energy) and produces waste. The Group is aware of the environmental impact of its production activity and is committed to minimizing it. While the need in terms of raw materials is determined mainly by the design of the products (see section 2.1. “Our product’s environmental performance,” page 20), the factories that manufacture BIC® products assume the important responsibility of optimizing their water and energy consumption, and of reducing GreenHouse Gas (GHG) emissions and waste production.

Approach
In its Environment, Health & Safety (EH&S) Policy (page 12), BIC confirms its responsibility to minimize its environmental impact. This policy codifies the Group’s commitment to improving its industrial activity, from production to distribution, in order to protect the environment as much as possible. It applies to all of the Group’s factories, including since 2010 the BIC APP (Advertising and Promotional Products) sites acquired in 2009.

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

The Group’s industrial Policy on Environment, Health & Safety (EH&S) (page 12) is based on the implementation of pragmatic management systems to ensure that everyone gets involved, as well as the ongoing improvement of operational performances. In order to help the production sites deploy these management systems, BIC has a team of three EH&S experts representing the factories in Europe, North America and Latin America. This team ensures that these facilities comply with the Group’s policy and objectives, and monitors their performance by consolidating, analyzing and communicating the results achieved.

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

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

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

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

In particular in France, our two SEVESO plants have an emergency procedure protocol (“Plan d’opération Interne”). Our two high-threshold SEVESO plants have a major hazard prevention policy and have implemented a safety management system to prevent major accidents, in conformity with the ministerial decree of May 10, 2000, transposition in French law of the European Council directive 96/82/EC.
Outside of France, some plants have equivalent emergency plans that address risks with potential off-site consequences. For example, all plants in the US and our factory of New Zealand maintain an “Emergency Response Plan” that includes planning and prevention for off-site scenarios.

**Air, water and soil release that seriously affect the environment**

The nature of our manufacturing operations, primarily molding and the assembly of plastic products and printing of products, should result in a relatively low local environmental impact as compared with other manufacturing sectors. Nevertheless, in keeping with the Group’s EH&S policy (page 12, our Sustainable Development Program requires all BIC plants to measure, assess and reduce any potentially significant environmental impacts.

A breakdown of the plants’ water and energy consumption, greenhouse gas emissions and waste production is given on pages 30 to 34 along with the actions undertaken by the Group and its sites to control and reduce their environmental impact.

**Conditions for use of soils**

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

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

**Noise and odor impact**

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

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

**Expenses for preventing consequences on the environment**

Investments in short and long-term improvement programs to prevent or minimize environmental consequences are an integral part of the factories’ budgets. In 2012, 6.5 million euros were invested in environmental improvement programs.

**Provisions and guarantees for environmental risks**

No provision.

The received guarantees regarding the environment are listed in Note 26 of the consolidated financial statements for the year “Off-balance sheet avalds and guarantees” (page 182 of the registration document).

**Compensation paid during the fiscal year under court order**

None.

**Progress made in 2012**

The factory in Athens (Greece) renewed its ISO 14001 certification in 2012, thus maintaining its triple certification in quality, safety and the environment (ISO 9001, OHSAS 18001 and ISO 14001), just like the two other BIC shaver factories.

In 2012, the three BIC APP factories in the United States were certified by the Quality Certification Alliance (QCA), whose audits cover five areas: quality, product safety and regulatory compliance, environmental stewardship, supply chain security and social compliance.

Once again this year, the management systems of BIC Sport (France) have been identified as a good practice and the subsidiary has earned the renewal of its Ecoride label, an initiative of EuroSIMA Cluster, the European Board Sports Industry Manufacturers Association (in partnership with ADEME Aquitaine).

In 2012, the Group tested a pilot operation for incorporating subcontractors in the BIC environmental reporting system.

**Performances**

In 2012, the implementation of BIC’s management systems is 95% complete for the environment and 97% complete for health and safety

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**Deploy and maintain management systems in BIC factories**

- In 2013, 100% of BIC factories will have Environmental and Health & Safety management systems
  
  (Jan. 2011 value: 92% - Dec. 2012 value: 95% *)

- In 2013, 80% of the employees will work in ISO 14001 certified factories
  
  (Jan. 2011 value: 66% - Dec. 2012 value: 74%)

---

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

**2012 results: a global advance of three points thanks to the ISO 14001 certification of three new factories. A new certification is planned for 2013.**

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

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(1) For more information on Ecoride, see http://www.eurosima.com/environnement/Demarche-Ecoride-218-0.html.
3 - Environmental responsibility concerning our operations

Perspectives
Certification efforts are continuing with two certifications in the USA and one in Europe within the next two years.

3.1.2. Reducing water consumption

Progress made in 2012 and performances
Water consumption per ton of production decreased by 6.7% between 2011 and 2012. Total water consumption fell by 11.1% during a period when production decreased by only 4.7%. This result continues a multi-year trend of continuous improvement in water-use efficiency by the BIC Group factories.

11 sites reduced their ratio of water consumption per ton of production. BIC Rasoirs (France) which represents 47% of the Group’s water consumption reported a ratio decrease of 1%. The efforts of this French shaver facility included a modification to a furnace that substituted a groundwater cooling system with an air system, in addition to intensive weekly monitoring of cooling water use for injection molding machines. BIC Mexico (Mexico) also significantly decreased its ratio of water consumption per ton of production (-34%) as a result of a program to identify and repair leaks, the use of water-efficient restroom equipment, and the installation of a “hybrid” cooling tower that takes advantage of air cooling. As a matter of fact, it is notable that replacement or modification of older cooling tower systems with more water-efficient cooling processes has become widespread at many sites within the Group, most recently including Pimaco (Brazil) or BIC New Zealand (New Zealand). Significant improvements in water efficiency were also achieved by BIC Technologies (France), Conté (France), BIC APP Sleepy Eye (USA) and BIC Iberia (Spain) with respective ratio reductions of 30%, 28%, 15% and 5%. In a few notable examples, BIC Technologies (France) implemented a program of leak detection and repair, while BIC APP Sleepy Eye (USA) made some operational improvements to its reverse osmosis system which increased its efficiency.

BIC plants completed or implemented 14 projects targeted specifically at water savings during 2012.

3.1.3. Reducing energy consumption and greenhouse gas emissions

Progress made in 2012 and performances

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

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

Lastly, BIC is constantly striving to strike a balance in its factories between optimal productivity and the associated energy needs. For example, the Group has implemented a program to replace hydraulic injection machines with more energy-efficient electrical machines. Energy consumption per ton of production decreased very slightly between 2011 and 2012 (-0.8%), continuing a record of continuous improvement in energy efficiency for the BIC Group factories. It is notable that during the same period, production decreased by 4.7%.

By normalizing energy consumption with the ratio to production, we get a measure of energy efficiency that is less dependent on small fluctuations in production volumes. For large decreases in production, fixed consumption like building heating and lighting typically become more noticeable and may dilute efficiency improvements achieved in manufacturing processes.

Ten sites improved their ratio of energy consumption per ton of production in 2012. BIC Mexico (Mexico) and BIC CORPORATION Milford (USA), respectively the fourth and sixth largest energy users in the Group, reported ratio decreases of 5% and 4%. BIC Mexico (Mexico) refitted lighting in the building with energy-saving bulbs. BIC CORPORATION Milford (USA) installed two energy-efficient electric molding machines to replace two hydraulic machines. Significant improvements of energy efficiency per ton of production were also achieved for BIC APP Red Wing (USA), Conté (France) and BIC Iberia (Spain) with respective decreases of 25%, 6% and 4%. BIC Iberia (Spain) reported a decreased ratio while its production slightly increased thanks to several actions in energy efficiency, including heat recovery in an industrial process, use of natural light and LED lighting. Finally, the BIC Shavers Mexico packaging facility (Mexico) substantially decreased its energy consumption while increasing its activity, the result of comprehensive programs to improve production line efficiency (reduction of machine stop and go) and global management of the building needs of energy.

BIC plants completed or implemented 24 projects targeted specifically at energy savings during 2012.

Annual water consumption normalized to BIC factories production – in m3/tonne

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumption</td>
<td>8.03</td>
<td>8.01</td>
<td>7.48</td>
</tr>
</tbody>
</table>

- BIC Group - 2012 Sustainable Development Report
3 - Environmental responsibility concerning our operations

### Annual energy consumption normalized to BIC factories production – In gigajoule/tonne

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13.10</td>
<td>12.92</td>
<td>12.82</td>
</tr>
</tbody>
</table>

### Categorization of the BIC factories energy consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Electricity</th>
<th>Fuel Gas</th>
<th>Fuel Oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>80%</td>
<td>18%</td>
<td>2%</td>
</tr>
<tr>
<td>2011</td>
<td>83%</td>
<td>14%</td>
<td>3%</td>
</tr>
<tr>
<td>2012</td>
<td>84%</td>
<td>14%</td>
<td>2%</td>
</tr>
</tbody>
</table>

### The use of renewable energy

The BIC Group is constantly seeking and seizing opportunities to use renewable energy sources, depending on local contexts and feasibility. To this end, BIC has entered a two year agreement (2012-2013) to purchase Renewable Energy Certificates (RECs) for 100% of the grid electricity used by BIC’s three Connecticut (USA) locations: headquarters, a factory and an R&D center. BIC has made this commitment to help support the development and production of renewable wind-generated electricity. Constellation NewEnergy, the supplier, estimates that based on BIC’s projected consumption over two years, these RECs represent the avoidance of approximately 18,000 metric tons of indirect carbon dioxide emissions that would otherwise be produced by the electricity grid (estimate is based on U.S. EPA eGRID2010 Version 1.0).

A portion of this REC purchase concerns 6,135 metric tonnes of carbon dioxide corresponding to emissions attributable to the grid electricity consumption of BIC CORPORATION in Milford (USA). Since this site is included in the Group’s environmental reporting perimeter, this represents 7.4% of all greenhouse gases emitted by the Group’s factories.

### Greenhouse gas emissions and actions to fight climate change

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

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

For its transport operations, BIC has developed an approach to reduce its GHG emissions (page 34).

In year 2006, a carbon footprint was conducted in the BIC headquarters in Clichy (France) and in 2007, in two factories, BIC Amazonia (Brazil) and BIC Rasoirs (France), with the Bilan Carbone® ADEME methodology. The studies in factories showed that the indirect GHG emissions (issued by suppliers during production of materials, components and energy production purchased by the factories) account for most emissions. Priority areas for improvement identified by the Group are the reduction of electricity consumption and use of recycled plastic.

For 2012, the BIC Group quantified the direct and indirect emissions of greenhouse gases from its manufacturing plants (scope 1 and 2):

- **the direct emissions** (scope 1) are GHG emissions resulting from the combustion of fossil fuels, primarily natural gas and fuel oil, mainly used to heat buildings. The total amount of direct GHG emissions in 2012 was estimated to 9,131 tonnes of CO₂ equivalent, i.e. a 8.3% decrease compared to 2011;

- **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 2012 was estimated to 82,910 tons of CO₂ equivalent, i.e. a 3.4% decrease compared to 2011.

The total amount of direct and indirect GHG emissions was thus estimated to 92,041 tonnes of CO₂ equivalent, representing a decrease of 3,730 tons of CO₂ equivalent compared with 2011 emissions. Given that production decreased by 4.7% over this same period, the ratio of direct to indirect GHG normalized to the Group’s production rose very slightly (+0.9%), while the ratio of energy consumption normalized to production dropped by a similar amount (-0.8%). These apparently contradictory variations can be explained by the evolution of the conversion factors (CO₂ equivalent per kWh consumed) for electricity mixes at the national level (in keeping with International Energy Agency data (CO₂ Emissions From Fuel Combustion Highlights – I.E.A Statistics – 2012 edition – p111 – National averages 2010)).
For the past five years, BIC has been providing information to the Carbon Disclosure Project (CDP). In 2012, the Group was again included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI), with an even better score than in 2011, making BIC one of the eight highest-scoring French companies for transparency in carbon emissions (page 62).

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

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

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

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

3.1.4. Reducing waste production

Progress made in 2012 and performances

In 2012, the BIC Group achieved a 1.5% decrease in the amount of waste generated per tonne of production compared with 2011. This results from a decrease in hazardous waste (-14.5%) and a stagnation in non-hazardous waste (+0.4%), both measured on a per tonne of production basis. Waste production from plant closures is included.

In 2012, BIC Group updated its hazardous and non-hazardous waste classification with all its sites, in reference to the European regulations.

BIC plants completed or implemented 18 programs targeted specifically at waste reduction during 2012.

Hazardous waste

In 2012, the BIC Group registered a 14.5% decrease in hazardous waste generated per tonne of production compared with 2011. Nine sites improved their ratio of hazardous waste generated per tonne of production. BIC Violex (Greece) decreased its ratio by 3%, mainly through a process improvement that limits the oil changes. The ratio for BIC South Africa (South Africa) also decreased by 46% thanks to implementation of strict controls to reduce waste contaminated by ink. Significant improvements were reported by Conté (France), BIMA (France), BIC Ecuador (Ecuador) and BIC APPTampa (USA) with respective decreases of 25%, 24%, 21% and 3% in hazardous waste generated per tonne of production. BIC Ecuador (Ecuador) achieved their result via employee education to limit waste contamination and the use of bigger ink tanks making less waste of contaminated plastic tanks.
3 - Environmental responsibility concerning our operations

BIC factories hazardous waste categorization in 2011 and 2012 – % of total expressed in tonnes

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>Incinerated with energy recovery</td>
<td>41%</td>
<td>40%</td>
</tr>
<tr>
<td>Sent to land disposal</td>
<td>17%</td>
<td>13%</td>
</tr>
<tr>
<td>Other form of treatment / disposal (a)</td>
<td>31%</td>
<td>32%</td>
</tr>
</tbody>
</table>

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

Non-hazardous waste

In 2012, the BIC Group’s ratio was relatively flat for non-hazardous waste generated per tonne of production, compared with 2011 (+0.4%). 12 factories improved their ratio of non-hazardous waste per tonne of production. BIC APP Red Wing (USA) decreased its ratio by 37% following a quality improvement program that significantly reduced scrap and customer returns. BIC Ecriture 2000 (France) and BIC APP Europe (Spain) reported ratio decreases of 7% and 3%, respectively, mainly due to the reduction and re-use of plastic waste in their molding activities. BIC APP Europe (Spain) achieved this result due to a review of its procedures and training of employees. Finally, it is notable that BIC Charlotte (USA) packaging facility decreased its wood waste as the result of sourcing a more robust pallet that reduces breakage, along with a new procedure to carefully control and evaluate the reuse and disposal of pallets.

This year, there was no significant change of the ratio non-hazardous waste per tonne of production, despite exceptional events such as the destruction of obsolete stocks and factory clean-ups.

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

2012 BIC factories non-hazardous waste treatment – % of total expressed in tonnes

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled</td>
<td>78%</td>
</tr>
<tr>
<td>Incinerated with energy recovery</td>
<td>8%</td>
</tr>
<tr>
<td>Sent to land disposal</td>
<td>11%</td>
</tr>
<tr>
<td>Other form of treatment / disposal (a)</td>
<td>3%</td>
</tr>
</tbody>
</table>

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

BIC factories non-hazardous waste categorization in 2011 and 2012 – % of total expressed in tonnes

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled</td>
<td>75%</td>
<td>78%</td>
</tr>
<tr>
<td>Incinerated with energy recovery</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Sent to land disposal</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Other form of treatment / disposal (a)</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

(a) “Other treatments/disposal” represents all other forms of waste treatment, including incineration without energy recovery.
5 - Improve the environmental performance of BIC factories

In 2013, energy consumption will be 12.99 GJ per tonne of production, i.e. a 3% reduction

In 2013, water consumption will be 7.96 m³ per tonne of production, i.e. a 3% reduction

In 2013, non-recycled waste production will be 0.0903 tonne per tonne of production, i.e. a 1% reduction
(Values: Jan. 2011: 0.0913 – Dec. 2012: 0.0746)

Since 2002, BIC has implemented an environmental reporting with its factories. 2012 results: the deployment of environmental management systems and the increase of investments have allowed to carry on with the energy, water and waste reduction efforts.

Perspectives
For 2013, the BIC Group has set quantified objectives for the environmental performance of its production facilities. Commitment number five of the BIC Sustainable Development Barometer measures the Group’s progress in terms of energy, water and waste between 2011 and 2013.

3.1.5. Reducing the impact on biodiversity

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

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

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

Progress made in 2012
For the second year in 2012, BIC centralized its production sites’ regulatory obligations concerning the protection of biodiversity and conducted a survey of the actions undertaken.

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

Perspectives
A more in-depth analysis, in particular, taking each site’s specific activity into account, will be carried out in 2013 for sites that are located near a protected area, in cooperation with the sites in question. The results will allow BIC to evaluate the need for the implementation of specific actions to protect local biodiversity.

⇒ 3.2. LIMITING THE ENVIRONMENTAL IMPACT OF SHIPPING

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

BIC engages in two types of transport for its products:
• “Intersite shipping” which refers to factory-factory and factory-warehouse shipments (inter- and intra-continental);
• “Distribution shipping” which refers to shipments from the factories or warehouses to the end customer.

In the consumer business:
91% of BIC® products sold in Europe are also manufactured on this continent;
63% of BIC® products sold in Americas are also manufactured on these continents.

Approach and progress made in 2012
BIC Group has factories all over the world, which tends to limit the need for shipping its products. In fact, in average, in the Consumer business, 73% of products sold in a continent are manufactured in this continent (91% in Europe and 63% in America).

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

Led by the ‘Transport Community,’ which unites the shipping managers on each continent, the Group’s approach comprises three main points:
• raising awareness and controlling emissions;
• optimizing shipments and routes;
• selecting responsible carriers.
Raising awareness and controlling emissions

Like any function involving the supply chain, the optimization of shipping is a responsibility shared by a number of different teams within the BIC Group, from production to transport, sales and warehouse management. In 2012, the Transport Community increased the number of its consultations with experts, expanded its cooperation with the Group’s customers and played a greater role in working groups. For example, BIC has actively contributed to the implementation of a CO₂ emissions calculator shared by several consumer goods manufacturers in France. Through these actions, the Transport Community is able to enrich its expertise and benefit from the sharing of other companies’ experience. Participation in the annual “Transport Community” seminar was opened to include key internal stakeholders (scheduling, categories) in order to extend and enrich the discussions. Lastly, in order to raise its employees’ everyday awareness, BIC is gradually integrating the measurement of GreenHouse Gas (GHG) emissions into its shipping management tools.

Everywhere around the world, the impact on GHG emissions is always taken into account in the evaluation of logistical networks. During 2012 in Europe, BIC implemented a system for measuring the fill rate of the trucks operating between its factories and warehouses.

On the Group scale, commitment number six of the BIC Sustainable Development Barometer is devoted to this issue: “Reduce GHG emissions from our transport operations.” One of the secondary objectives specifically measures GHG emissions per tonne of products, in order to work together to identify the challenges, leverage points and action plans.

In parallel, BIC encourages its service providers to submit their own reports on the emissions resulting from the transport of the Group’s products, in order to work together to identify the challenges, leverage points and action plans.

Optimizing shipments and routes

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

A great many actions were undertaken in 2012 to optimize shipping and routing, some of which achieved especially good results:

- the Manaus factory in Brazil increased its production capacity, which enabled the site to reduce its transport-related emissions by 97% through the elimination of air transport;
- in Europe, the Group modified its storage strategy, generating a 75% cut in emissions due to the reduced use of air transport;
- shipments between the Greek factory and the co-packing site in Mexico were completely reorganized, with a combination of sea and rail transport, a new route, shipment batching, etc., saving 180,000 km in eight months;
- Mexico was also able to cut its emissions by 500 tons by routing deliveries directly from its co-packer to its end customers, bypassing the distribution center.

Lastly, BIC is also working closely with its customers to consolidate orders, maximize shipments and reduce the distances traveled. For example, in Canada, consolidating the orders for two of its customers generated a 40% saving in transport costs while reducing GHG emissions.

Selecting responsible carriers

Ultimately, these logistical operations are carried out by the transport companies chosen by BIC. Therefore, their equipment, methods and management systems are determining factors in the level of GHG emissions: the condition of the vehicles, training in the techniques of eco-driving, the use of speed governors, tire technology, emission measurement capacities, etc. BIC selects carriers that allow the Group to reduce the ecological footprint of its shipping operations. In the United Kingdom, for example, a change of carrier in 2012 resulted in reduced delivery times for certain customers without affecting the trucks’ fill rate. In Argentina, BIC chose a carrier whose proposal included optimized routing.

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

In one of the sessions at the annual Responsible Transport seminar, BIC’s representatives worked with a carrier to specify criteria for evaluating transport companies’ performance in sustainable development. These criteria were then shared within the Group to help all units select the best carriers.

Performances

### Breakdown of Tonnage Shipped – In % of the Total

- **Sea**: 54.7%
- **Road**: 44.3%
- **Air**: 1%

### Breakdown of GHG Emissions – In % of the Total

- **Sea**: 25.7%
- **Road**: 31.7%
- **Air**: 42.6%
Environmental responsibility concerning our operations

Reduce GreenHouse Gas emissions (GHG) from our transport operations

In 2013, GHG emissions will be 1.135 teqCO2 per ton of production for intra company transport, i.e. a 4% reduction (Values: Jan. 2011: 1.182 – Dec. 2012: 0.559)*

In 2013, the reduction of GHG emissions will be a selection criterion for at least 75% of the Group’s calls for tenders for transport operations (Values: Jan. 2011: 10% – Dec. 2012: 69%)

Perspectives

In 2013, the analysis of the use of air transport will be shared throughout the Group.

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

- extension of the Code of Conduct to include carriers;
- continued integration of the “reduction of GHG emissions” criterion in calls for tenders;
- reorganization of the supply from a supplier in Germany to the Manaus factory in Brazil, with specially-designed containers and a more direct route that will enable the shipping of more product while reducing costs;
- an intermodality study for the flows between Mexico, the United States and Canada;
- continued integration of the measurement of GHG emissions in transport management tools. This will concern 40% of the sales in Europe.

Approach and progress made in 2012

The carbon footprint of our sales and support activities

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

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

BIC has entered a two year agreement (2012-2013) to purchase Renewable Energy Certificates (RECs) for 100% of the grid electricity used by BIC’s three Connecticut (US A) locations: headquarters, a factory and an R&D center (page 31).

Company vehicles

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

In France during 2012, the accident rate for company vehicles continued to decrease: -11% since 2011.

In 2012 the average level of CO2 emissions per km dropped from 122 g to 118g for the sales force vehicles, and from 144 g to 135 g for the European business account Directors’ vehicles. In addition, members of the BIC sales force took a training course in eco-driving.

Waste management

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

Eco-performance of the buildings

Designed in compliance with LEED (Leadership in Energy and Environmental Design) standards, the headquarters of BIC CORPORATION in Shelton (USA) was certified as a “sustainable building” by the US Green Building Council in May 2009. This national certification acknowledges that the structure meets the highest standards for environmental design and construction. In January 2010, the Shelton facility also received the Connecticut Green Business Award, given in recognition of initiatives to reduce a building’s carbon footprint in its daily operations (electrical consumption, choice of furniture and interior materials, etc.).
The headquarters in Clichy (France) has succeeded in steadily reducing its energy consumption through a number of actions to improve its installations: changing light bulbs, replacing electronic devices (computers, printers) with energy-saving models, reducing the need for cooling in the machine room, etc. Due to these initiatives, the site’s electrical expenses have remained stable despite higher charging rates.

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

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

Throughout BIC subsidiaries, various Green IT initiatives were implemented in the last few years. The number of servers used worldwide has been significantly reduced using virtualization: this leads to important energy savings while providing similar IT performances and services. In 2012, the Group continued the effort to virtualize its servers. For Europe, the Middle East and Africa, for example, centralizing the messaging services in Clichy (France) made it possible to reduce the number of machines by 75%. In addition, the use of increasingly efficient machines reduced the amount of energy needed for cooling. Since 2012, new applications shared by users Group-wide are installed in the “cloud,” i.e. on virtual servers that are externalized and therefore mutualized. Similarly, BIC is working on the mutualization of its own servers. The sales planning system for the Europe zone is now hosted on a single server in the United States and studies are underway for mutualizations between the U.S. and Latin America. The printing services have been outsourced to reduce the number of printers, and virtual archiving and sharing of documents, using centralized drives, has replaced photocopies in some offices.

The “Lync” tools, formerly called “OCS,” offer internal chat, videoconferencing and a Live Meeting function that allow several co-workers to view a document on their own screens as it is being discussed or modified by the meeting administrator. The system enables employees who work in multiple locations to reduce their travel and to work quicker. In 2012, Lync registered 500 new users in the Europe and Middle East-Africa zones. Nearly half of the co-workers are now Lync users. For example, the Group’s Sustainable Development Team has been using multi-site Live Meetings: in January 2012, all the continents participated via telepresence. Since 2009 the Group’s Sustainable Development Team has used multi-site Live Meetings to unite its 25 members at seven sites (Clichy, Verberie and Redon in France, Shelton in the U.S., Athens in Greece and Sao Paulo and Manaus in Brazil). Since 2011, this innovative solution has also been used for periodic project review meetings by the Finance Departments, which are spread out over more than five different locations.

Perspectives
In France, the teams that operate vehicles will continue to receive training in eco-driving. The effort to virtualize and reduce the number of servers will continue throughout the Group.
Environmental responsibility concerning our operations
OUR SOCIAL RESPONSIBILITY TO THE EMPLOYEES

4.1. The workforce
4.1.1. Breakdown of the workforce by region and activity
4.1.2. Age and seniority
4.1.3. Breakdown of the workforce by category
4.1.4. Recruitment and terminations

4.2. Sharing values

4.3. Ensuring Health and safety and well-being in the workplace
4.3.1. Health and safety in the workplace
4.3.2. Organization and quality of life in the workplace

4.4. Employee development
4.4.1. Career management
4.4.2. Training

4.5. The remuneration system

4.6. Promoting diversity

4.7. Social dialog
4. Our social responsibility to the employees

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

4.1. THE WORKFORCE

The following sections describe the profile and evolution of BIC’s workforce in 2012.

For the year ending December 31, 2012, the BIC workforce totaled 9,256 permanent and 1,227 temporary employees located in 53 countries around the world.

4.1.1. Breakdown of the workforce by region and activity

Changes in staff numbers by region are shown below:

<table>
<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>3,650</td>
<td>3,661</td>
<td>3,724</td>
<td>+ 63</td>
</tr>
<tr>
<td>North America and Oceania</td>
<td>2,714</td>
<td>2,595</td>
<td>2,466</td>
<td>(129)</td>
</tr>
<tr>
<td>Latin America</td>
<td>2,452</td>
<td>2,486</td>
<td>2,517</td>
<td>+ 31</td>
</tr>
<tr>
<td>Middle-East, Africa and Asia</td>
<td>497</td>
<td>456</td>
<td>549</td>
<td>+ 93</td>
</tr>
<tr>
<td>TOTAL PERMANENT STAFF</td>
<td>9,313</td>
<td>9,198</td>
<td>9,256</td>
<td>+ 58</td>
</tr>
<tr>
<td>Temporary</td>
<td>1,192</td>
<td>1,257</td>
<td>1,227</td>
<td>(30)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>10,505</td>
<td>10,455</td>
<td>10,483</td>
<td>+ 28</td>
</tr>
</tbody>
</table>

In 2012, permanent employees increased by 58.

This essentially reflects the headcount increase in Mexico (+88 in the Stationery plant and +21 in the Shavers plant) and in Greece (+76 in the Shavers plant) while the headcount of the Advertising and Promotional Products sector continues decreasing (-142 of which -29 in Europe and -73 in the United States).
Our social responsibility to the employees

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

### 4.1.2. Age and seniority

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

### 4.1.3. Breakdown of the workforce by category

#### Permanent headcount by category

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>2,258 (24%)</td>
<td>2,353 (26%)</td>
<td>2,398 (26%)</td>
<td>+45</td>
</tr>
<tr>
<td>Non-Managers</td>
<td>7,055 (76%)</td>
<td>6,845 (74%)</td>
<td>6,858 (74%)</td>
<td>+13</td>
</tr>
</tbody>
</table>

Managers accounted for around 26% of permanent Group employees in 2012. For the BIC group, the main characteristic of a manager is that he/she coordinates a range of resources for which he/she is responsible, with a degree of autonomy and responsibility necessary for achievement of objectives on at least an annual basis. Management might refer to a team, a project, a process, a technique, a customer or a supplier portfolio.
4 - Our social responsibility to the employees

**Total staff-on full-time equivalent**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent employees</td>
<td>9,313</td>
<td>9,198</td>
<td>9,256</td>
</tr>
<tr>
<td>Temporary employees</td>
<td>1,192</td>
<td>1,257</td>
<td>1,227</td>
</tr>
</tbody>
</table>

Permanent employees (with a permanent employment contract) accounted for 88% of the total workforce. Temporary workers account for 12% of the workforce, split across temporary staff, fixed-period contracts and school and university interns. On December 31, 2012, the number of temporary workers was less important than on December 31, 2011: -30 (1,227 versus 1,257).

As last year, temporary workers are employed in production (78% of temporary staff), sales support (8%) and distribution/administration (14%), essentially due to the highly seasonal nature of BIC's activities.

### 4.1.4. Recruitment and terminations

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

In addition, the Group recruited some 220 external candidates for entry-level or middle management positions, and some 600 for factory and staff positions. In 2012, the external recruitment rate for managers was 10% while it was 9% for other employees.

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

**Voluntary turnover** in the Group workforce reached 6% in 2012. It represents 525 resignations and 67 voluntary retirements. In 2012, the highest voluntary turnover rate took place in Asia (19%), slightly up from 2011 (17%) and much lower than in 2010 (34%). Oceania is the continent with the largest increase with a rate of 18% in 2012 (8% in 2011). Europe has the lowest voluntary turnover (4%) due to staff stability in factories.

The Group has carried out more than 480 terminations of which half took place in Latin America, specifically in Brazil and Mexico.

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

### 4.2. SHARING VALUES

**Challenges**

The Group's philosophy “Honor the past, Invent the future” symbolizes for BIC a respect for its heritage, which is one of the keys to its success, as well as the way in which its employees build the future of the Group together. BIC’s heritage encompasses many aspects: an entrepreneurial spirit, products that have become icons within their markets, irreproachable quality, attention to detail, and the commitment of the employees who have built the BIC® brand.

This philosophy constitutes a central element of BIC’s culture and arises from the following five shared Values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity (page 12).

**Approach**

Every two years, since 2005, BIC carries out a values survey. This survey is part of the “Values in Action” program and it measures the difference between the values as they are defined in the communication tools and as they are truly experienced by employees in their workplace. Another part of the “Values in Action” program is the “Values in Action Awards”. Every year, these awards are conferred on those who embody and excel in certain BIC values in the workplace. To date, over 600 employees have been recognized within this program which started in 2006.

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

**Performances and progress made in 2012**

**The engagement survey**

This survey, conducted every two years, measures key parameters concerning employee engagement. It offers an opportunity for them to express their point of view and for the Group to launch internal improvement projects.
In 2012, the scope of the survey was widened to include more than 7,000 employees, compared with 2,442 in 2010. With 87% responding, the results show a very high participation rate, and an overall engagement of 73%, which places BIC alongside the best employers. The survey revealed four key points that help build a strong sense of belonging at the company:

- more than 90% of the employees have a good understanding of the goals at both the Group and the department level;
- 85% of the employees are proud of the BIC® brand and 87% believe that BIC enjoys a very good reputation among both its customers and the general public;
- more than 8 out of 10 employees see BIC as a "customer-oriented" company that is able to respond to its customers' needs and that excels at offering new products;
- 75% of the employees have confidence in the management team's decisions.

However, some points for improvement were also revealed, in particular concerning development opportunities, the coaching and communication skills of direct management, wage competitiveness and cooperation between departments within the Group.

The adherence to values survey

The findings of the survey conducted in 2011 rated overall adherence to the Group's values at 81%, with a participation rate of 75%. The most strongly shared values were Responsibility (87% adherence) and Ethics (86%). The Group will continue to implement the action plans subsequent to this survey.

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

Perspectives

BIC will continue its program of employee surveys. The next adherence to values survey will take place in 2013 and the next engagement survey in 2014.

#### 4.3. ENSURING HEALTH AND SAFETY AND WELL-BEING IN THE WORKPLACE

**Challenges**

Safety in the workplace is a fundamental priority for the BIC Group. Guaranteeing safe working conditions implies the deployment of safety management systems at the production sites. For BIC, the challenge is also to adapt the organization of working hours to the company's needs while protecting the employees' health and the balance between their private and professional lives as much as possible, in accordance with laws and regulations. Consequently, the BIC Group, convinced of the close link between its employees' well-being and the company's economic performance, promotes and coordinates an array of actions to raise its employees' awareness of the issues of safety, health and well-being in the workplace.

**4.3.1. Health and safety in the workplace**

**Approach**

In keeping with its Environment, Health & Safety (EH&S) Policy, BIC Group strives to prevent or at least reduce health and safety risks for its employees, subcontractors and people who live or work near its production sites. This policy is permanently posted at the production sites.

BIC pursues this objective by deploying and implementing health and safety management systems, which are implemented in the supply, production and distribution phases to cover the risks inherent in the Group’s various activities. In addition, a team of three EH&S experts assists the sites in the deployment and follow-up of programs for reducing their employees’ health and safety risks.

The self-evaluations of compliance with the Code of Conduct in the factories bolster the management systems implemented to promote health and safety.

Since 2011, the three shaver factories have been triple certified for Safety, Quality and Environmental Protection.

In 2012, the work accidents are mainly caused by manual handling (26%).

Occupational diseases are closely monitored in France. Most are related to musculoskeletal disorders.
Performances

In 2012, health and safety management systems were operational at 94% of BIC’s sites.

Reduce workers’ accidents

- In 2013, the Group’s accident incidence rate will be 8.65, for a reduction of 5% (Values Jan. 2011: 9.11 – Dec. 2012: 7.13)
- In 2013, the Group’s accident severity rate will be 0.37, for a reduction of 5% (Values Jan. 2011: 0.39 – Dec. 2012: 0.19)

Both indicators are calculated for the BIC factories by using European legal definitions.

2012 results: the objective had been achieved for both indicators in 2011, and has been maintained in 2012 thanks to the deployment of health and safety management systems and related programs.

In order to further improve the reliability of the indicators for the incidence and severity rates of workers’ accidents reported by the Group, the methods for calculating the number of hours worked were standardized in 2012 in cooperation with the factories. A reporting process has been defined and its proper application verified internally with each site. Sites still have to go through a process of appropriation of this new method during 2013.

In 2012, BIC recorded 35 recognized cases of occupational diseases, and six occupational disease recognition requests were pending as of December 31, 2012.

Progress made in 2012

Agreements on health and safety were signed with labor unions or employee representatives in 2012.

BIC Graphic Europe (Spain) signed a number of agreements, in particular concerning:
- the 2012 Safety Training Plan: training in electrical hazards and the use of first aid and other safety equipment; implementation of new protection mechanisms on the production lines, etc.;
- risk evaluation and the resulting action plans: noise reduction, investment in a new ventilation system, reduction of the weight of packages received from subcontractors, etc.;
- the new procedure for investigating workers’ accidents and a new communication procedure for occupational hazards.

Also worthy of mention are the awareness campaigns undertaken by BIC Iberia (Spain) to promote employee health in the workplace.

In France, all sites have conducted a review of the issue of physical stress on the job in partnership with employee representatives. Jobs have been characterized according to legally-defined strenuousness factors (criteria and their critical thresholds) and the employees concerned have been identified. Given that approximately 50% of the employees perform jobs that are considered strenuous according to the legal criteria, the sites then implemented an action plan (or negotiated and signed a collective agreement) to reduce exposure to these stress factors, especially in cases of multiple exposure. Commitments have been made, including training and awareness in movement and posture, investments (to reduce noise or improve workstation ergonomics), and arrangements to avoid the necessity of alternating work teams or reduce the physical stress endured by employees who are nearing retirement.

Incidence rate: Number of accidents leading to loss of time – BIC plants – Per million of hours worked

<table>
<thead>
<tr>
<th>Year</th>
<th>Incidence Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>9.11</td>
</tr>
<tr>
<td>2011</td>
<td>7.74</td>
</tr>
<tr>
<td>2012</td>
<td>7.13</td>
</tr>
</tbody>
</table>

Severity rate: Number of calendar days lost as a result of accidents – BIC plants – Per thousand of hours worked

<table>
<thead>
<tr>
<th>Year</th>
<th>Severity Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>0.39</td>
</tr>
<tr>
<td>2011</td>
<td>0.35</td>
</tr>
<tr>
<td>2012</td>
<td>0.19</td>
</tr>
</tbody>
</table>

Perspectives

Commitment number seven of the BIC Sustainable Development Barometer defines objectives for 2013 in terms of the incidence and severity rates of workers’ accidents. The Barometer calls for a 5% reduction by 2013 in both incidence and severity in comparison with the values for January 2011.
4.3.2. Organization and quality of life in the workplace

Approach and progress made in 2012

The organization of work in BIC’s factories complies with local laws and the Group’s Code of Conduct, which is modeled on the standards of the International Labor Organization. Overtime is strictly controlled and scrupulously recorded in all of the units concerned.

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

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

This program promotes both short- and long-term initiatives and action plans based on a combination of reactive and preventive approaches. It includes a separate section on the “Role of Managers,” concerning their capacity to acquire and apply new managerial skills as well as their fundamental role in stress management and prevention. “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 and ergonomics, physical exercise, nutrition;
- the manager’s role: stress management and prevention as well as the new skills required for team leaders;
- workspace and workstations: configuration of workspaces and common areas;
- employee services to make everyday life easier: Employment Assistance Programs (“PASS” in France and “EAP” in the United States), concierge services, etc.

France

In May 2012, an employee assistance program called “PASS” was launched for all of the Group’s sites and sales teams in France. This external service is available free of charge to all employees and their families.

The purpose of the program is to help employees and/or their families through difficult periods, whether job-related or personal: family or financial problems, depression, loneliness, stress, addictions, violence, nutritional issues, sleep disorders, etc. An external service has been set up offering advice and help in two forms. The first is a dedicated, confidential low toll telephone helpline, available seven days a week and 24 hours a day, to give callers an immediate initial contact with a professional counselor. In addition to the helpline, PASS offers employees a second level of support through face-to-face meetings with specialists from outside the company (in series of five interviews), selected according to the problems that need to be addressed.

This system was set up in cooperation with the Médecine du Travail, France’s national occupational medical service, and employee representatives in the departments concerned.

United States

With the Wellness in Action (WIN) program, which promotes physical activity, BIC encourages its employees to adopt active, healthy lifestyles. The program consists of various elements to improve employee and family health, enhance employee productivity, and instill a culture of wellness within the company.

During company sponsored Health Fairs, employees can receive various types of medical tests (cholesterol and blood sugar levels, blood pressure, mammograms), seasonal flu vaccinations and information on a wide range of topics like Alzheimer’s disease, the importance of nutrition, sleep disorders, cancer screening, etc. These semiannual events, held at the Charlotte, Shelton and Milford factories in the U.S., have been a tremendous success. Health education and awareness are also promoted through monthly e-mail campaigns, seminars and conferences.

An Employee Assistance Program (EAP) has been in operation in the United States for several years. Set up by the BIC CORPORATION for the benefit of its employees and their families, it offers a 24-hour helpline plus the possibility of face-to-face meetings with professionals. This initiative inspired a similar program introduced in France in 2012, which is described in detail above.

South Africa

Since 2000, BIC South Africa has implemented a program to fight against HIV and AIDS in a country where the virus is taking an especially heavy toll. This initiative is managed by an in-house clinic and a group of peer educators composed of company employees who receive annual training. The program consists of three parts: education of employees using numerous and varied media, voluntary counseling and testing for anyone, permanent and temporary employees alike, and a health program. BIC South Africa pays the vast majority of medical expenses for HIV-positive employees: 100% of the employees who ask for antiretroviral medication receive it. Two new initiatives were added to the program in 2012: a vitamin D3 deficiency test for all HIV-positive employees and prophylactic treatments against tuberculosis, the single biggest killer of persons living with the virus, and osteoporosis, another common HIV-related disorder.

In 2012, this program and periodic “Wellness Days” held throughout the year enabled 69 people to be tested for HIV.

Since 2009, the peer educators have been working on two key challenges for the program’s success: the fight against the social stigma of being HIV-positive and fear of the test results, which still all too often discourage people from getting tested. In 2012, the educators focused their group education efforts on the transmission of the virus, and in particular the contr overial question of breastfeeding.

As an extension of the annual Anti-AIDS Day, awareness days were organized with the simple but ambitious goal of “Getting to Zero”: zero infection, zero discrimination, and zero deaths from AIDS.
BIC Amazonia has created an employee association that promotes social and sporting events with, for example, competitions (football, volleyball, billiards, chess, checkers, dominoes, ping-pong, etc.), Christmas gifts for employees and their children, raffles, etc.

One of the most appreciated events is the sports competition in which four teams uniting employees from different departments (stationery lighters, shavers and support) compete against each other. The event fosters good health and team work while strengthening the bonds among co-workers. Every two years, the employees elect a new representative.

**Progress made in 2012 and performances**

**Absenteeism – BIC Group (excluding on-site accidents and maternity)**

![Absenteeism graph]

Absenteeism excluding on-site accidents and maternity remained low for a Group average at 1.5%, compared with 1.4% in 2011 and 2010, 1.5% in 2009, 1.6% in 2008, 1.8% in 2007, 1.9% in 2006, 1.7% in 2005 and 1.9% in 2004.

The absenteeism rate including on-site accidents and maternity is also low and stable, at 2.2% as in 2011.

**Perspectives**

The Group intends to make the “Quality of Life at Work” approach permanent by continuing to broadcast and share its vision based on the four main areas of endeavor, working on both the short and long term, both curatively and preventively, with a particular emphasis on stress management and prevention. Action plans will continue to be defined and implemented on the local level.

In 2013, BIC will launch a pilot program called “Managing Tomorrow at BIC” designed to help mid-level managers meet their new challenges as team leaders. In its first year the program will involve approximately 200 managers across a range of functions and units, enabling them to develop their skills in eight new fields, such as better managing matrix organizations and transversal projects, the overabundance of data and information, the different generations of employees and cross-cultural relations, as well as being better equipped to deal with stress, both for oneself and for the team.

### 4.4. Employee Development

**Challenges**

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

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

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

For managers, career management and training are handled at the Group level. For other employees, these aspects are managed by the local units depending on their specific needs and expectations.

#### 4.4.1. Career management

**Approach and progress made in 2012**

The BIC Group considers that all of its employees should have the opportunity to grow their professional skills during their time with the company, not only through training programs, but also by taking on new tasks and responsibilities, or even by changing jobs in the course of their careers.

The Group’s 2,000 managers participate in annual performance and development interviews in which they review their professional aspirations.

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

More recently, a new process is helping to generalize skill development through “People Acceleration Plans,” which is based on employees’ strengths and areas for improvement, as identified with their managers. Each employee can benefit from a specific development plan for the following year, combining three options:

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

Regarding the allotment of time to be devoted to each employee’s development, BIC plans to generalize the use of the 10/20/70 model that is now commonly used by many international corporations. The Group firmly believes that combining the three above-mentioned development options is the most effective way to improve one’s economic performance as well as one’s employability and engagement levels.
This approach enables BIC to continue favoring internal promotion to fill key positions.

The Group’s talents, whose role is crucial for its development, are the subject of special attention and of tailored development plans. In 2012, as in every year, a Succession Plan, based on a detailed analysis of BIC’s organization and resources, was approved by the Chairman and the CEO.

In France, since 2009, several agreements have been negotiated and signed with employee representatives. The aim of these agreements is to ensure the professional development of all employees, in particular for those who are seniors (agreement on Seniors) or have a disability and also to facilitate functional and geographic mobility and employability (agreement on SWP).

These agreements have led to the successful implementation of various action plans between 2010 and 2012, in particular regarding the sharing of knowledge between generations in order to better prepare succession and retirement.

**Performances**

**Rate of internal promotion among managers (levels 3, 4, 5 and 6) – BIC Group**

In 2012, 76% of the four top manager levels were internal promotions. In 2011, the rate was 63%; in 2010 and 2009, the rate was 70% and the preceding three years the rate was superior to 80%. In 2012, 46% of all the managers were promoted internally and 47% in 2011.

**4.4.2. Training**

**Approach and progress made in 2012**

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

Established in 1998, BIC University is a company training center whose purpose is to develop strong management skills within the Group in order to facilitate teamwork and the sharing of team culture across many job functions and countries. Its curriculum offers local and international training on four continents. In 2012, more than 26,000 training days were logged.

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

- the Mini-MBA is an actual certification program created in collaboration with the MIP (Management Institute of Paris) whose objective is to provide the most up-to-date level of knowledge across different key business functions (strategy, finance, sales, marketing, HR, supply chain, production) to young managers. More than 150 managers have already participated in this program in the USA, Latin America and Europe;
- the Masters at BIC University (MBU) is a three-year program for each of the three above-mentioned continents for developing leadership capacity. It is conducted by several coach-consultants who personally supervise the participants in numerous simulation exercises;
- the “Hiring for Tomorrow at BIC” program was launched in late 2010 to help the Group’s managers improve their ability to select and recruit outside candidates who are right for BIC and have good potential for professional development. So far the program has been deployed in some 15 European countries and South Africa, and 220 managers of all levels and functions have been trained in these recruitment techniques. The Group plans to launch the program in Latin America in 2013;
- in 2010, BIC University launched a new program: the Executive Management Program. The objective is to prepare the future top managers of BIC subsidiaries in Europe. The participants – all with high potential – will be trained three days per quarter during two years on technical and management skills which are necessary for a leader. BIC University has innovated by introducing co-development groups and by proposing individual coaching to participants. This program was extended in 2011 through an Executive Management Program in the developing countries where BIC is active, uniting 20 participants from Latin America, the Middle East, Africa and Oceania. The first session was held in Brazil in September 2011. The program continued in 2012 in Argentina and Mexico, and will conclude in 2013.
BIC University is a key holder of BIC’s culture, values and skills. It has been a crucial tool for the integration of new employees (managers and non-managers), in particular following the acquisition of Norwood and Antalis. In 2010, in cooperation with the Eur ope Consumer Products business teams, BIC University developed a new integration program called ‘Welcome to BIC’ for newly-hired managers from one of the Group’s 12 European subsidiaries. This one-week program is offered an average of three times per year, bringing together new managers from all countries and all departments.

Similarly, each year BIC’s Asian subsidiaries send a dozen managers from different countries in the region (whose head office is in Singapore) on a “BIC Discovery Trip” to Europe to improve their knowledge of the Group: its values and culture, the brand and its history, BIC’s organization and industrial processes, the products and their differentiating characteristics, etc. This 10-day learning expedition which was first organized in 2010 has been offered every year since. It starts at the Clichy headquarters in France and continues with visits to French outlets and factories, ending in Greece with a tour of the shaver factory in Athens.

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

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

Performances

In 2013, 80% of employees will have received one training.

(Values Jan. 2011: 70% – Dec. 2012: 90.4%)

This indicator measures the rate of employees who actually received at least one training on the basis of the Group’s permanent employees.

2012 results: BIC commitment towards training continues. Progress has been made thanks to various trainings programs focusing on BIC culture held in Mexico. In Greece, the shavers factory BIC Violex has increased the Health and Safety and technical trainings, to provide support to BIC Shavers Mexico (Mexico) and BIC Amazonia (Brazil) factories.

Challenges and approach

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

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

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

An essential element in the BIC Group’s remuneration policy is the acknowledgement of the performance of individuals and work teams. Thus, for managers, salary increases reflect individual merit (except in certain countries with legal obligations regarding general increases). 90% of the managers present on December 31, 2012 have received a base salary increase during 2012.
In 2012, variable remuneration relating to performance represents an average of 16% of fixed remuneration salaries.

For non-managers, BIC guarantees an appropriate remuneration and respects minimum salaries determined by local laws. Human Resources Teams are responsible for implementing BIC Group’s remuneration policy and for ensuring that it is adhered to.

In 2011, a complete analysis of the external competitiveness of managers’ base salaries was commissioned. For the 51 countries in which BIC has some managers, Hay Group supplied market median data 2011 for each BIC level.

Performances

Within the Group, the average annual cost (including payroll taxes) of each employee totaled 51,857 euros in 2012, or a 6.4% increase at actual exchange rates from 2011.

Analysis using constant exchange rates shows a +2.9% increase compared with 2011. Overall, this slight rise reflects:

- a +4.0% increase in average fixed remuneration;
- a +29% increase in variable remuneration compared to 2011. In 2012, the good results led to the payment of good bonuses and to the payment of an exceptional premium to all employees non-eligible for stock options or shares;
- a 3.2% decrease in payroll taxes and other perquisites.

Information on managers’ remuneration is provided in the registration document pages 94 to 103 in the registration document.

Comparison of managers’ salary with the market

<table>
<thead>
<tr>
<th>Quartile 1</th>
<th>Median</th>
<th>Quartile 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>88</td>
<td>92</td>
</tr>
<tr>
<td>Men</td>
<td>91</td>
<td>101</td>
</tr>
<tr>
<td>Total BIC</td>
<td>100</td>
<td>112</td>
</tr>
</tbody>
</table>

Results showed that, on average, BIC managers, men or women, are positioned at their local market median including men and women. Globally, the 4 point difference between men and women at BIC is explained by the structure of the population: women, who are 36% of managers, are younger than men (40% of women are less than 35 years old while 40% of men are more than 45 years old). Differing remuneration levels between employees are justifiable. They reflect responsibilities, experience, performance, and potential, and take the specificities of local markets into account.

Given the excellent results achieved by the Group throughout the 2011 fiscal year, and confident in BIC’s perspectives and financial longevity, in 2012 the Group decided to award a special bonus to BIC employees who do not benefit from free share allocation plans linked to performance criteria (about 92% of the workforce). The bonus allows BIC to share the Group’s performance with all of its employees around the world, and regardless of their level of responsibility. In France during 2012, the bonus has been included in the negotiations on the Profit-sharing Bonus paid for the 2011 fiscal year. More globally, the bonus can vary from site to site and/or country to country but the same amount is paid to all eligible employees of a given site or country.

4.6. PROMOTING DIVERSITY

Challenges

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

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

Approach

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

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

As part of this approach, BIC highlights a different diversity-oriented theme each year: gender diversity, disabled employees, minorities, seniors, etc. For each theme, actions are initiated locally and coordinated by the Diversity Team, then extended and shared throughout the Group in the subsequent years.

Gender diversity

The theme of gender diversity was in the spotlight in 2010. Local initiatives were undertaken in the Group and continued in 2011 and 2012, in particular a pilot project in France focused on male/female equality to encourage the appointment of more women to positions of executive responsibility. Other action plans now in progress concern training and awareness-raising for BIC managers, the development of leadership by women, non-linear career management and increased follow-up of performance indicators.
**Disabled employees**

The BIC Group is committed to promoting employment for the disabled. In France, a series of corporate agreements were negotiated and signed with employee representatives in 2009 and 2010, and an employment assistance program for the disabled has been deployed at each site. The Group’s job openings are listed by Cap Emploi, the national employment agency for disabled workers, and a dedicated contact person has been appointed at each BIC site in France. The objective is to improve communication on available positions, raise managers’ awareness of hiring opportunities, the advantages of working with disabled persons, and strengthen BIC’s partnerships with public-interest associations. The Human Resources teams receive specific training in legislation on disabled workers and methods for their recruitment and integration.

In various countries, especially in Oceania, BIC is working with companies and workshops that employ disabled workers.

**Priority in 2012: promoting the professional integration of minorities**

The theme of minorities in the workplace was BIC’s top diversity priority in 2012. For example, in France, BIC became a member of the association *Nos Quartiers ont des Talents* (“Our Neighborhoods Have Talent”) and its mentorship program in April 2012. Founded in 2005, this non-profit organization helps young professional and technical school graduates from disadvantaged neighborhoods find work. Its mentorship program mobilizes managers of member companies to coach young people during their job search. The launch operation was very well received by all the employees at the Clichy site who want to become more personally involved in the Group’s diversity actions. More than 30 managers volunteered to become mentors, and so far have coached and advised 53 young job-seekers, 14 of whom had found employment by the end of 2012.

**Male/Female equality**

The issue of male/female equality has been addressed in bargaining agreements in various BIC units, for example in France and Spain. In order to improve gender parity, the management of the Tarragona factory (Spain) carried out an assessment of the current situation and, with the approval of its social partners, made a commitment to implement appropriate corrective actions to reduce the disparity (a process that will continue through the end of 2013). Similarly, BIC France has signed a central agreement on professional equality within the Group. This agreement comprises various commitments and indicators covering aspects like hiring, effective remuneration policy, salary equality and professional development, as well as the balance between private and professional life and meeting family responsibilities.

**Performances**

In 2012, women accounted for 45% of permanent employees of the Group excluding acquisitions. They accounted for 39% of the workforce in Europe, 53% in North America, 45% in Latin America, and 48% in Middle East, Africa, and Asia.
In 2012, such as in 2011, 26% of senior executive are women.

In 2012, disabled workers at the Group’s largest sites totalled 160 (excluding indirect jobs associated with outsourcing). They numbered 50 in Europe, 59 in North America/Oceania, 46 in Latin America and 5 in Asia/Middle East/Africa. The commitment of BIC made in favour of diversity is reflected particularly by local trainings and employment assistance for disabled workers.

Perspectives

The Diversity team will continue to pursue the development of local initiatives. New initiatives will be undertaken in awareness, communication, training and the deployment of mechanisms for compliance with legal requirements. After spotlighting the theme of gender diversity in France in 2010, disabilities in 2011 and minorities in the workplace in 2012, the priority in 2013 will be generational diversity.

In addition, the Group is examining the possibility of systematically integrating diversity concepts in its future management training programs.

4.7. SOCIAL DIALOG

Challenges

In order to maintain its employees’ engagement and remain attentive to their expectations, the Group strives to cultivate a high-quality social dialog with its personnel everywhere in the world, either directly with the management or with the employees themselves, their representatives, or labor union representatives at unionized sites.

Approach

In every country where the Group has operations, it complies with all applicable collective agreements. In addition, each subsidiary strives, insofar as its resources allow, to improve working conditions by offering wages higher than the legal minimums, through superior employee benefits, or through investments to improve the working environment.

These types of social progress are always a subject of dialog, and the employees and their representatives are kept informed to ensure optimal communication.
Progress made in 2012
All of BIC’s subsidiaries and factories seek to apply this approach locally. Examples of the results achieved through social dialogue are mentioned in previous sections of this report concerning specific issues (diversity, safety, etc.). Selected examples are given in the following table, which provides a non-exhaustive overview.

<table>
<thead>
<tr>
<th>PERIMETER</th>
<th>TOPIC OF DIALOG</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>Renegotiation of the Collective Bargaining Agreement for the Milford unit. Result: innovative solutions for taking both the employees’ desires and the Group’s business needs (current and future) into account.</td>
</tr>
<tr>
<td>France – All units combined</td>
<td>Continued implementation of the agreements signed in 2009, 2010 and 2011: career security and work assignments for disabled employees and those in the second half of their careers.</td>
</tr>
</tbody>
</table>
| France – Local negotiations, all units combined | Examples of agreements signed in 2012:  
• profit-sharing with employees at the site level;  
• physical stress on the job. |
| France – Centralized negotiations, all units combined | Examples of agreements signed in 2012:  
• profit-sharing bonus for the 2011 fiscal year;  
• profit-sharing for the factories;  
• professional male/female equality. |
| Greece             | In parallel with the Group’s engagement survey, BIC Violex asked all of its personnel for suggestions of actions to be taken to improve their working conditions. Examples of actions implemented:  
• management training for team leaders;  
• a new orientation program for new hires taking employees’ recommendations into account;  
• monthly meetings between employees and management;  
• a semiannual newsletter;  
• installation of an employee complaints/suggestion box;  
• the development of a performance evaluation process for non-managers;  
• investments to improve certain spaces used by the employees. |
| Spain – Promotional Products category | Examples of agreements signed in 2012:  
• a Safety Training Plan: training in electrical hazards and the use of first aid and other safety equipment, implementation of new protection mechanisms on the production lines, etc.;  
• risk evaluation and the resulting action plans: noise reduction, investment in a new ventilation system, reduction of the weight of packages received from subcontractors, etc.;  
• a new procedure for investigating workers’ accidents;  
• a new communication procedure for occupational hazards;  
• the formalization of job descriptions for certain positions, plus the introduction of an objective performance evaluation process.  
An assessment of male/female equality and a commitment by the management, with the approval of its social partners, to implement appropriate corrective actions to reduce the disparity (a process that will continue through the end of 2013). |

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 2013 through contacts with both labor union and employee representatives. Highly diversified initiatives will be carried out at the local level in order to offer the best responses to local situations and needs.

For example, three years ago the pen factory in China organized a chapter of the national general labor union, and various programs are under consideration for 2013 to improve health and safety at the site.
## OUR SOCIETAL RESPONSIBILITY

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>Ethics and the fight against corruption</td>
<td>54</td>
</tr>
<tr>
<td>5.2</td>
<td>Ensuring respect for Human Rights in the workplace</td>
<td>55</td>
</tr>
<tr>
<td>5.3</td>
<td>Acting as a local economic force</td>
<td>57</td>
</tr>
<tr>
<td>5.4</td>
<td>A Social Business initiative</td>
<td>57</td>
</tr>
<tr>
<td>5.5</td>
<td>Access to education</td>
<td>58</td>
</tr>
<tr>
<td>5.6</td>
<td>Promoting philanthropic actions</td>
<td>58</td>
</tr>
<tr>
<td>5.6.1</td>
<td>BIC Citizens in Action</td>
<td>58</td>
</tr>
<tr>
<td>5.6.2</td>
<td>Product donations and financial aid by BIC Group and its subsidiaries</td>
<td>58</td>
</tr>
</tbody>
</table>
5. Our societal responsibility

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

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

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

BIC’s commitment to offer affordable and adapted products is discussed in detail in the section “Our customers and consumers’ expectations” (page 14).

5.1. ETHICS AND THE FIGHT AGAINST CORRUPTION

Challenges

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

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

The organization of BIC’s subsidiaries is designed to limit the risk of corruption within the Group (see below). For its distributors, BIC seeks to do everything necessary to counter the most serious risk in terms of customer relations, public contracts and customs.

Approach

The need to fight all forms of corruption, both active and passive, is included in the 11 standards of the BIC Group Code of Ethics, which formalizes the ethical principles that apply in all circumstances, for all employees in all countries. This document has been approved by the CEO and the Board of Directors and is available to all employees on the company intranet. It includes a Guide that enables all employees to formulate pertinent questions for evaluating their level of compliance in their relations with the stakeholders.

In order to limit the risk of corruption, the Group and its subsidiaries are organized so that the Executive Committee, Category managements, Continents and central services like Legal, Human Resources and Finance are all interconnected. The BIC Group has a protocol for reporting cases of fraud, including aspects of corruption and the subsidiaries are subjected to regular internal and external audits. In particular, these audit campaigns and the verifications carried out by the Group’s different departments include aspects concerning customer relations and taxes.

Progress made in 2012

The above-mentioned fraud reporting protocol was introduced in mid-2012.

In September 2012, the Leadership Team and the Directors of the Developing Countries zone received specific training from an independent firm on the fight against corruption.

A member of the Leadership Team issued a reminder on the Code of Ethics and its application to the manager at headquarters and throughout Europe. This reminder also clarified the issue of gifts.

Perspectives

Starting in 2013, specific training programs on corruption will be developed and implemented more widely within the Group.
5.2. ENSURING RESPECT FOR HUMAN RIGHTS IN THE WORKPLACE

Challenges

BIC makes 84% of its net sales by manufacturing its products in its own factories: 88% for the Consumer business, 62% in the Advertising and Promotional Products business of BIC APP. 84% of these factories are located in countries with no Human Rights risk according to Freedom House (1).

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

BIC’s workforce by country in relation to Human Rights risk (1) in 2012 – BIC Group

- 80.5% Free countries
- 18% Partially free countries
- 1.5% Not free countries

Global contract manufacturers by country in relation to Human Rights risk (1) in 2012 – BIC Group

- 67% Not free countries
- 30% Partially free countries
- 3% Free countries

Approach

Consequently, to ensure respect for Human Rights in the workplace, BIC has implemented the necessary tools: a Code of Conduct derived from the standards of the International Labor Organization (ILO) and an audit program covering all factories that produce BIC® products (page 12). This Code of Conduct applies to BIC factories, which are mainly located in South Africa, Brazil, Spain, the U.S., France, Greece and Mexico. It also applies to contract manufacturers which are primarily located in China, the United States and South Korea.

Checks and corrective actions

Compliance with the Code of Conduct is verified by an audit program, as described below:

- since 2000, BIC has had a program in place to ensure worldwide compliance with its Code of Conduct by contract manufacturers. In 2005, the program was expanded to include manufacturers under local and regional contracts that make BIC® products for local markets. Today, this program is applied to all of BIC’s Consumer Products and Advertising and Promotional Products businesses. Ongoing audits are conducted every two years to verify that standards are maintained at a satisfactory level. For contract manufacturers producing Consumer Products for BIC, these audits are carried out by third party Auditors. For the Advertising and Promotional Products business, due to the large number of contract manufacturers, the audit process involves a combination of external audits by third party Auditors and audits by specially trained BIC APP employees;
- Self-Assessments have been conducted by all BIC factories since 2006. The responses are analyzed by independent Auditors. If needed, the factory Director is required to implement a corrective action plan (CAP) in collaboration with the Human Resources Department;
- a training manual facilitates the implementation of the CAP with the help of local teams.

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

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 APP a specially trained employee) conducts an initial assessment of the contract manufacturer.
3. The contract manufacturer presents a corrective action plan (CAP) to BIC.
4. The contract manufacturer implements the CAP within an agreed, reasonable time frame.
5. Follow-up assessment(s) to confirm implementation of the CAP.
6. Ongoing assessments (every two years).

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

5 - Our societal responsibility

**Performances**

**Deploy and maintain the BIC Group Code of Conduct**

- In 2013, 100% of BIC Consumer Products factories and contract manufacturers will have signed the BIC Group Code of Conduct, been audited and be monitored on a regular schedule. (Values Jan. 2011: 75% – Dec. 2012: 81%)
- In 2013, 100% of BIC APP factories and contract manufacturers will have signed the BIC Group Code of Conduct, been audited (if located in a high risk country) and be monitored on a regular schedule. (Values Jan. 2011: 32% – Dec. 2012: 75%)

Since 2000, BIC has been committed to a process of social audits. 2012 results: progress is carrying on for both objectives, especially for the second one, for which significant progress has been achieved thanks to the dedicated resource.

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

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

**Main issues encountered in the assessment of contract manufacturers**

In 2012, the main issue encountered during the audit process concerned the limit of 60 working hours per week. Contract manufacturers continue to resist this limit on working hours. In addition, it was observed that many contract manufacturers that achieve compliance with the BIC Group Code of Conduct after implementing a corrective action plan do not sustain compliance through their next audit cycle, especially in the areas of working hours and health and safety.

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

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

**Progress made in 2012**

**Updates in the Code of Conduct**

In 2012, the application of the Code of Conduct was extended to all of BIC's partners, including suppliers, subcontractors and service providers, and specifies commitments concerning forced labor and human trafficking. The auditing protocols have been updated and the new procedures will be implemented for all external audits beginning in 2013.

**Social audits of BIC APP contract manufacturers**

One of the most important priorities for BIC APP is to ensure that its contract manufacturers respect their employees’ Human Rights, comply with all applicable labor laws, and meet all terms and conditions of the BIC Group Code of Conduct. The goal of BIC APP is to have audited 100% of these factories by the end of 2013. In 2012, BIC APP audited 26% of the factories of its contract manufacturers in Asia and India. In 2012, BIC APP simultaneously reduced the number of its Asian and Indian contract manufacturers by 5%.

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

In Europe, BIC APP joined the SEDEX platform in 2012. SEDEX, the Supplier Ethical Data Exchange, is a non-profit membership organization dedicated to driving improvements in responsible and ethical business practices in global supply chains. Being a member of SEDEX provides the added benefit of having a confidential platform for sharing social compliance audit reports and related information and to participate in working groups. In April 2012, the BIC Tarragona factory (Spain) and La Granada (Spain) warehouse audited against SEDEX Members Ethical Trade Audits (SMETA) standards, which combines several reputable programs including the ILO Convention, E1T, and ISO 14001. Both sites passed the audit with high scores and will be audited again in 2014.

**SA 8000 certification for the Manaus factory (Brazil)**

BIC Amazonia has been certified for two years under the terms of international social responsibility standard SA8000. Examples of the results obtained:

- improved relations between management and employees;
- greater transparency in the HR process, focusing on internal recruitment, training and development;
- best practices have been successfully extended to subcontractors working on-site at the factory.

**Perspectives**

Commitment number eight of the BIC Sustainable Development Barometer calls for 100% of BIC factories and contract manufacturers to be integrated in the program as of 2013. Consequently, the number of audits will continue to rise, according to a schedule determined by the requirements stipulated in the Barometer.

Changes in the Code of Conduct will effectively be implemented as of 2013.

BIC APP will continue to implement QCA certification and SMETA audits.
5.3. ACTING AS A LOCAL ECONOMIC FORCE

**Approach**

The BIC Group participates directly and indirectly in the local economy in every region where it has operations. Every time it starts operations in a new region, the Group’s policy is to favor local hiring over expatriation. As a result, the Group has a total of only 41 expatriated employees today. BIC thus contributes directly to local economies by generating jobs.

BIC highly values the local manufacturing of its products in order to contribute to local economic development and include the local communities in the value chain. The Group has strongly localized its manufacturing operations, especially via a network of 12 licensed factories only for the Middle East-African zone. This local partnership approach has kept brought BIC® products closer to its consumers, as well as hurndreds of jobs in sales relations and trade. Initiatives like the retail kiosks in remote Nigerian areas have also generated income for more than 50 families from impoverished backgrounds.

- **local job creation:** more than 500 jobs have been created with our licensed manufacturing partners, thanks to BIC’s direct operations in the Middle East and Africa, as well as hundreds of jobs in sales relations and trade. Initiatives like the retail kiosks in remote Nigerian areas have also generated income for more than 50 families from impoverished backgrounds;

- **technology sharing and transfers:** licensed local production of BIC’s pen and shaver products essentially requires molding and product assembly operations. As they acquired BIC skills and expertise in plastic molding technology, many licensed manufacturers now produce other plastic products of their own. As evidence of their quality standards, the partnerships between the BIC Group and our local partners enable the latter to diversify their business activities and to attract other large corporations;

- **enhanced product competitiveness** and strong local positioning help maintain BIC’s quality standards at an affordable price for the greater number.

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

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

In terms of employment, the study showed that each direct job at BIC Amazonia generated up to three local jobs and indirectly supported as many as ten people just in the city of Manaus. Since 2004, Brazil has opened its economy to more foreign investment and improved its economic and transportation infrastructures. As a result, the findings of this study would no doubt be somewhat different today, but it nonetheless remains valid for a site operating in a developing country.

5.4. A SOCIAL BUSINESS INITIATIVE

**Challenges and approach**

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

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

**Progress made in 2012**

In 2012, the JITA program broadened its scope, with the development of marketing operations, shaving demonstrations with village barbers and women-only meetings to raise awareness on questions of hygiene, health and shaving.

As of the end of 2012, this initiative involved more than 3,000 Aparajitas, compared with 900 at the end of 2011, working through more than 100 hubs (the small local distributor s that supply the Aparajitas), up from 30 in 2011. The program now has an estimated 15,000 direct beneficiaries (vendors and their families) and 43,000 indirect beneficiaries.

**Perspectives**

BIC estimates that by the end of 2013, 170 hubs will be supplying products to more than 5,100 women. The ultimate goal is to expand the network to 12,000 Aparajitas served by 400 hubs and to reach areas that are still inaccessible today. In addition, the range of products offered for sale will be expanded with the addition of the BIC® Evolution™ pencil and the RS2 ballpoint pen, two products that are well suited to the market.

BIC’s commitment to the program is ongoing, and preliminary investigations are underway for another similar initiative.
5.5. ACCESS TO EDUCATION
In the area of education and promoting literacy, pens for learning to write are just as important as books for learning to read. In the learning process, writing by hand is a basic skill that helps structure the thought process. For this reason, pens and pencils are indispensable tools for advancing education.

In 2012, BIC formed a partnership with Intel, the leading manufacturer of microprocessors, for the launch of BIC® Education, an innovative educational solution for primary schools that combines writing by hand and digital technology. Its basic components are a digital tablet activated by an ergonomic stylus and a pedagogical software program developed especially to help children learn to write. The entire system is manufactured in France.

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

In 2012, BIC South Africa launched a large-scale campaign called “Choose BIC and Change a Future.” South Africa is a country that faces enormous educational challenges: 4.7 million of its citizens are illiterate and its unemployment rate of 24% is among the highest in the world. For the campaign, BIC South Africa donated one pen for each product purchased to the NGO READ Educational Trust, which distributed them to underprivileged children. The operation was a huge success, with one million pens donated in just three months.

5.6. PROMOTING PHILANTHROPIST ACTIONS

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

At the global level, this commitment takes the form of matching fund campaigns: the employees are mobilized through fundraising drives in all subsidiaries worldwide, and the Group matches the amount of money collected. In 2012, 152,036 euros were raised in this way.

As in 2010, BIC joined forces with Planète Urgence in 2012 to continue offering assistance to Haitian families. The main goal of the “A School, A Future” program is to improve the quality of education in the country by building and equipping three classrooms that will be used by 15 schools (450 children, 15 teachers) and by developing local commercial activities, in particular through the provision of additional funding for a local rural center.

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

5.6.2. Product donations and financial aid by BIC Group and its subsidiaries
In addition to the “BIC Citizens in Action” program, the Group and its subsidiaries also donate products and financial aid.

Local philanthropic activities, managed by the Group’s local subsidiaries, might be at the initiative of a subsidiary, employees or other stakeholders in the community who become aware of a need. These operations address local as well as global needs. Because of its historical core products, BIC’s community activities are mainly focused on the fields of education and health. Depending on local needs, the Group also participates in projects for the environment, emergency humanitarian aid and sports.

The following table gives a few examples of these local operations.

<table>
<thead>
<tr>
<th>PROGRAM TYPE</th>
<th>EXAMPLES OF VOLUNTEER ACTIVITIES AMONG BIC GROUP SUBSIDIARIES</th>
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<tbody>
<tr>
<td>Employee volunteer work</td>
<td>France: Employees and members of their families participated in a charitable race organized by the association “Odyssea”. The registration fees are donated to the Gustave Roussy Institute specialized in treatment for cancer.</td>
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<tr>
<td></td>
<td>USA: Through annual collection campaigns, the Community Service Volunteer committee distributed food and winter clothing to neighbors in need through various organizations.</td>
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<tr>
<td></td>
<td>USA: BIC APP employees from Red Wing and Sleepy Eye have mobilized to offer products to local food banks and gifts to children and families in local communities.</td>
</tr>
<tr>
<td></td>
<td>Canada: BIC employees organized events (barbecues, raffles…) to raise funds to help the local food bank: “North York Harvest Food Bank”.</td>
</tr>
<tr>
<td></td>
<td>Argentina: Employees participated in the painting and in renovating the “Open Hands” foundation premises to improve the quality of services provided to mothers and children.</td>
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<tr>
<td></td>
<td>Uruguay: Participation in the annual fundraising dinner organized by Unicef, international organization that works for children rights.</td>
</tr>
<tr>
<td></td>
<td>Oceania: Fundraising organized by subsidiaries in Australia and New-Zealand through several events (barbecue, raffles…) to support associations such as the “Breast Cancer Foundation”.</td>
</tr>
</tbody>
</table>
In 2012, a total of 181 philanthropic projects involving volunteer work, product donations and financial aid were carried out worldwide, representing more than 0.5% of the Group’s pretax profits, primarily in education and health. These two sectors account for 71% of BIC’s community activities, and represent 74% of their total estimated financial value.

Examples of local actions by BIC subsidiaries

In 2012, a total of 181 philanthropic projects involving volunteer work, product donations and financial aid were carried out worldwide, representing more than 0.5% of the Group’s pretax profits, primarily in education and health. These two sectors account for 71% of BIC’s community activities, and represent 74% of their total estimated financial value.

In Europe, for the third consecutive year, the “Kit R entrée 2012” operation, to which BIC contributes through the French NGO Dons Solidaires, met with great success. More than 40 associations received shipments of school supplies and hygiene products and distributed them to thousands of underprivileged children at the start of the school year. The kits are very much appreciated for the quality and variety of the items they contain. BIC also supports “AFEV,” an association to help prevent student failure in schools. Funded in part by the French national education system, this association promotes scholastic tutoring through a network of volunteer students working in lower class neighborhoods. BIC supports “AFEV” through both financial and material donations.

In France, BIC participates and finances, among other companies, the project “Les écoles du désert.” The objective of this project, born in 1992 and managed by CORA, is to help African countries by delivering school supplies, often too expensive for most families. A contest is held to select about 70 French children from 11 to 13 years old and the winners then travel to the country selected to bring the supplies. Each year this project allows giving three years of school supplies to about 10 schools.

In the USA, BIC Consumer Products has renewed its support to “Susan G. Komen for the Cure” to participate in the fight against breast cancer with a donation of more than 76,000 euros from the sales of stationery products. Employees of BIC APP Clearwater have also supported this foundation by taking part in a team race.

In Spain, since 2009, BIC joined the “Talita Foundation,” an organization that promotes the social and educational integration of children with from physical or intellectual disabilities like trisomy 21 (Down’s syndrome). Each year, a solidarity calendar with the pictures of children and famous people is published in order to raise money for the foundation. In 2012, BIC, sponsor of September, has organized a painting workshop for the presentation of the annual Talita calendar, and also donated coloring products for children.

In Brazil, BIC supports students hosted by the Veracruz University Foundation. Its efforts are focused to leverage the improvement of education levels in poor communities in Veracruz state.
5 - Our societal responsibility

**Breakdown of actions by field – BIC Group 2012**

- 29% Others (environment, sport, emergency aid...)
- 20% Health
- 51% Education

**Financial breakdown of activities – BIC Group 2012**

- 26% Others (environment, sport, emergency aid...)
- 17% Health
- 57% Education

**Distribution of activities by country according to the United Nations Human Development Index (HDI) – 2012**

- 8% Low development
- 8% Medium development
- 84% High and very high development
- 8% Low development
# MILESTONES

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1. Extrafinancial ratings</td>
<td>62</td>
</tr>
<tr>
<td>6.2. Prizes</td>
<td>62</td>
</tr>
<tr>
<td>6.3. Perimeter and selection of indicators</td>
<td>62</td>
</tr>
<tr>
<td>6.3.1. Perimeter</td>
<td>62</td>
</tr>
<tr>
<td>6.3.2. Indicators</td>
<td>62</td>
</tr>
<tr>
<td>6.3.3. Methodological information concerning the BIC Sustainable Development Barometer</td>
<td>63</td>
</tr>
<tr>
<td>6.4. Indicators table</td>
<td>64</td>
</tr>
<tr>
<td>6.5. Attestation of presentation and Independent verifier’s assurance report on social, environmental and societal information</td>
<td>67</td>
</tr>
<tr>
<td>6.6. Cross reference table for environmental and social indicators</td>
<td>68</td>
</tr>
</tbody>
</table>
6. Milestones

6.1. EXTRAFINANCIAL RATINGS

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

- **FTSE4Good Europe Index.** Since 2005, BIC has been in the FTSE4Good Europe index, comprised of 284 companies, including 46 French companies, which show best performance according to social, environmental and governance criteria. The listings are selected on the basis of ratings by the Ethical Investment Research and Information Service (EIRIS), in compliance with FTSE4Good Europe rules.

- **ASPI Eurozone® Index.** BIC is in the ASPI Eurozone® index of 120 listed Eurozone companies (from DJ Euro Stoxx) showing best performance according to social and environmental criteria. The selection is based on the opinions of CSR rating agency Vigeo.

- **Ethibel Excellence Index® Europe.** BIC is in the Ethibel Excellence Index® of 200 European listed companies (from DJ Stoxx 600 Europe). Component companies are chosen based on the opinions of CSR rating agency Vigeo for their above-average performance in matters of social and environmental issues, and according to ethics criteria set by the independent body Forum Ethibel.

- **Gaia Index.** In 2012, BIC held its place in the Top 3 of the Gaia Index for the Industry sector. The Gaia Index, founded in 2008, rates mid-cap stocks based on extra-financial data. Its purpose is to determine the listed corporations’ degree of involvement in the issues of sustainable development, thus allowing their valuation to be impacted by factors like the environment, social issues and governance.

- **Stoxx Global ESG Index.** In 2012, BIC held its place in the Stoxx Global ESG Index, a set of three specialized indexes covering the three ESG criteria (Environmental, Social, and Governance), plus a general index based on data and research by the ESG specialist Sustainalytics. This new index, officially founded in April 2011, is characterized by great transparency: both the companies’ scores and the methodology used are made public on the Stoxx website.

- **BIC’s improved Carbon Disclosure Project (CDP) score.** The Carbon Disclosure Project collects corporate climate change strategies and greenhouse gas emissions data on behalf of 655 institutional investors who have over $78 billion in assets under management. In 2012, more than 2,400 organizations provided information through the CDP system. In recognition of BIC’s actions to reduce and manage carbon emissions, the Group has been included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI) since 2010. BIC improved its score once again in 2012 with 93 points, up from 84 points in 2011, 78 in 2010 and 66 in 2009, making BIC one of the eight highest-scoring companies for transparency in carbon emissions (pages 30 to 32).

6.2. PRIZES

On September 26, 2012, the French trade journal AGEFI awarded BIC its “Grand Prix du Gouvernement d’Entreprise” corporate governance prize as well as its “Responsabilité Sociétale” societal responsibility prize for 2012. Each year the AGEFI corporate governance prize honors the corporations that best meet their investors’ expectations in terms of good governance rules and practices.

At its annual meeting on March 15-16, 2012, Staples Europe awarded BIC its prize for best supplier.

6.3. PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1, 2012 to December 31, 2012.

6.3.1. Perimeter

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

6.3.2. Indicators

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

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

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

Concerning environmental reporting only, to ensure that the published data is more reliable, information from previous years may be corrected or fine-tuned when necessary.
Concerning the reporting on greenhouse gas emissions, the conversion factors have been normalized based on those annually proposed by the International Energy Agency. Since 2010, BIC commissions a review of its procedures and data in order to obtain a statutory report in the aim of providing a limited assurance. This work has resulted in recommendations, shared internally, which will also serve as a basis for improvement during the coming financial year.

The attestation resulting from this review is included in the present document (page 67).

The present report follows the methodological recommendations of the Global Reporting Initiative (GRI). The GRI indicators used in the report are referenced in the correspondence table for environmental and social indicators (page 68).

6.3.3. Methodological information concerning the BIC Sustainable Development Barometer

Definitions

Products

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

This indicator is calculated with the net sales.

OFFER BIC® PRODUCTS WITH ENVIRONMENTAL BENEFITS
BIC has defined the environmental benefits for its products as follows:
- light and long lasting (writing instrument ≤ 3 g per km; lighter ≤ 8 g per 1000 flames; shaver ≤ 1 g per shaving);
- made from alternative materials (recycled, vegetable origin, etc.);
- refillable;
- ecolabelled (NF Environnement, etc.).

This indicator is calculated with the net sales.

OFFER ECO-OPTIMIZED PACKAGING
This indicator includes all packaging with the BIC® products when delivered to the Group’s customers all over the world (except pallets): consumer packaging (pouch, blister, cardboard box), outer/inner, shrink-wrap, lighter displays, etc. By unit of product, we mean that for a 10 shavers’ pouch, there are 10 units of products.

Industry

DEPLOY AND MAINTAIN MANAGEMENT SYSTEMS IN BIC FACTORIES
BIC environmental and health & safety management systems are specific to the Group, modeled on the corresponding international standards. The figure disclosed is not the average of EMS and H&S SMS but the lowest implementation rate.

ISO 14001 certification is based on the ISO 14001 international standard that defines the environmental management of the organization for continuous improvement of the environmental performance. This objective concerns BIC factories of finished products.

IMPROVE THE ENVIRONMENTAL PERFORMANCE OF BIC FACTORIES
Since 2002, BIC has introduced an environmental reporting for its factories, to monitor their energy and water consumption as well as their production of hazardous and non hazardous waste. Deployment and maintenance of EMS ensures the regular implementation of programs designed to improve the performance of these indicators.

REDUCE GREENHOUSE GAS EMISSIONS (GHG) FROM OUR TRANSPORT OPERATIONS
BIC outsources 100% of its transport operations. The reduction of GHG emissions from products transportation therefore requires two types of actions corresponding to the two objectives selected.

Optimization of shipments: transport mode, consolidation of shipments, anticipation of orders, etc.

The scope of this objective is the inter-site shipping, i.e. all the factory-factory and factory-warehouse shipments (BIC factories and warehouses, contract manufacturers; inter and intra-continental).

Selection of responsible carriers: eco-driving, fleet renewal...

The scope of this objective is the inter-site shipping (see above) and distribution shipping (warehouse-customer routes).

Social

REDUCE WORKERS’ ACCIDENTS
The two indicators, Incidence Rate (IR) and Severity Rate (SR) of accidents are calculated for BIC Group’s factories with the European definitions. IR is expressed in number of accidents with temporary or permanent disability per million hours worked and SR is expressed in days of temporary disability per thousand hours worked.

DEPLOY AND MAINTAIN THE BIC GROUP CODE OF CONDUCT
The two businesses, BIC Consumer Products and BIC APP, are distinct because of their different scope. BIC APP’s business includes a larger number of subcontractors: priority is given to sites located in countries with “Human Rights” risks (not free and partly free, source: www.freedomhouse.org).

DEVELOP EMPLOYEES’ TRAINING
This indicator measures the rate of Group’s employees who actually received at least one training (on the basis of the permanent employees).

MAINTAIN OUR COMMITMENT TOWARD OUR COMMUNITIES
The valued contribution in this indicator concerns the Group products and financial donations and its subsidiaries and does not include employees’ volunteer work. The pretax profit is the one of the previous year.
### 6.4. INDICATORS TABLE

<table>
<thead>
<tr>
<th>ENVIRONMENT</th>
<th>BAROMETER</th>
<th>UNIT</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management systems of factories</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factories with environmental and health &amp; safety</td>
<td>Barometer</td>
<td>%</td>
<td>92</td>
<td>94</td>
<td>95</td>
</tr>
<tr>
<td>management systems (or with implementation under</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>way)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIC employees working in ISO 14001 certified</td>
<td>Barometer</td>
<td>%</td>
<td>66</td>
<td>66</td>
<td>74</td>
</tr>
<tr>
<td>factories</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIC employees working in ISO 9001 certified</td>
<td>Barometer</td>
<td>%</td>
<td>83</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>factories</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Energy consumption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual energy consumption</td>
<td>Barometer</td>
<td>Gigajoule</td>
<td>1,142,756</td>
<td>1,109,157</td>
<td>1,048,594</td>
</tr>
<tr>
<td>management systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factory with environmental and health &amp; safety</td>
<td>Barometer</td>
<td>%</td>
<td>92</td>
<td>94</td>
<td>95</td>
</tr>
<tr>
<td>management (or with implementation under way)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIC employees working in ISO 14001 certified</td>
<td>Barometer</td>
<td>%</td>
<td>66</td>
<td>66</td>
<td>74</td>
</tr>
<tr>
<td>factories</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIC employees working in ISO 9001 certified</td>
<td>Barometer</td>
<td>%</td>
<td>83</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>factories</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Environmental Barometer Unit 2010 2011 2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GreenHouse Gas (GHG) emissions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total amount of annual GHG emissions</td>
<td>tCO2-e</td>
<td>97,547</td>
<td>95,722</td>
<td>92,041</td>
<td></td>
</tr>
<tr>
<td>Direct GHG emissions</td>
<td>tCO2-e</td>
<td>11,887</td>
<td>9,913</td>
<td>9,131</td>
<td></td>
</tr>
<tr>
<td>Indirect GHG emissions</td>
<td>tCO2-e</td>
<td>85,660</td>
<td>85,808</td>
<td>82,910</td>
<td></td>
</tr>
<tr>
<td><strong>Total amount of annual GHG emissions normalized</strong></td>
<td>tCO2-e/tonne</td>
<td>1.12</td>
<td>1.12</td>
<td>1.13</td>
<td></td>
</tr>
<tr>
<td>to production</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Water consumption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual water consumption</td>
<td>m³</td>
<td>701,046</td>
<td>687,911</td>
<td>611,742</td>
<td></td>
</tr>
<tr>
<td>Annual water consumption normalized to production</td>
<td>Barometer</td>
<td>m³ per tonne</td>
<td>8.03</td>
<td>8.01</td>
<td>7.48</td>
</tr>
<tr>
<td><strong>Waste production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual waste production</td>
<td>Tonnes</td>
<td>20,978</td>
<td>23,080</td>
<td>21,704</td>
<td></td>
</tr>
<tr>
<td>Non hazardous waste</td>
<td>Tonnes</td>
<td>17,838</td>
<td>20,421</td>
<td>19,539</td>
<td></td>
</tr>
<tr>
<td>Hazardous waste</td>
<td>Tonnes</td>
<td>3,140</td>
<td>2,659</td>
<td>2,165</td>
<td></td>
</tr>
<tr>
<td>Annual production of waste normalized to</td>
<td>Tonnes/tonnes</td>
<td>0.240</td>
<td>0.269</td>
<td>0.265</td>
<td></td>
</tr>
<tr>
<td>production</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovered waste</td>
<td>%</td>
<td>75</td>
<td>79</td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>Annual production of non-recycled waste</td>
<td>Barometer</td>
<td>Tonnes/tonnes</td>
<td>0.0913</td>
<td>0.0866</td>
<td>0.0746</td>
</tr>
<tr>
<td>normalized to production</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GHG emissions related to intra-company transport*</td>
<td>Barometer</td>
<td>tCO2-e</td>
<td>1.182</td>
<td>0.796</td>
<td>0.559</td>
</tr>
<tr>
<td>Calls for tenders for transportation that include</td>
<td>Barometer</td>
<td>%</td>
<td>10</td>
<td>28</td>
<td>69</td>
</tr>
<tr>
<td>a criterion on GHG emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products certified with the French NF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment ecolabel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products that have been environmentally</td>
<td>Barometer</td>
<td>%</td>
<td>86.5</td>
<td>87.9</td>
<td>89.00</td>
</tr>
<tr>
<td>measured*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products that have at least one</td>
<td>Barometer</td>
<td>%</td>
<td>47.4</td>
<td>48.5</td>
<td>49.9</td>
</tr>
<tr>
<td>environmental benefit*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Packaging</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average packaging weight per product unit*</td>
<td>Grammes</td>
<td>4.47</td>
<td>4.49</td>
<td>4.66</td>
<td></td>
</tr>
</tbody>
</table>

* Except BIC APP (Advertising and Promotional Products)
### SOCIAL INDICATORS

#### Group workforce

<table>
<thead>
<tr>
<th></th>
<th>BAROMETER</th>
<th>UNIT</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total workforce (full-time equivalent) – BIC Group</td>
<td>10,505</td>
<td>10,455</td>
<td>10,483</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent employees</td>
<td>9,313</td>
<td>9,198</td>
<td>9,256</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary workers</td>
<td>1,192</td>
<td>1,257</td>
<td>1,227</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary turnover</td>
<td>%</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

#### Workforce by region

<table>
<thead>
<tr>
<th></th>
<th>Europe</th>
<th>North America and Oceania</th>
<th>Latin America</th>
<th>Middle East, Africa and Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce by region by geographical area</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Permanent workforce</td>
<td>40</td>
<td>29</td>
<td>26</td>
<td>5</td>
</tr>
<tr>
<td>Temporary workers</td>
<td>40</td>
<td>28</td>
<td>27</td>
<td>6</td>
</tr>
<tr>
<td>Voluntary turnover</td>
<td>40</td>
<td>27</td>
<td>27</td>
<td>6</td>
</tr>
</tbody>
</table>

#### Workforce by activity

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing and R&amp;D</th>
<th>Distribution, marketing et G&amp;A</th>
<th>Sales force and customer service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent workforce by activity</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Manufacturing and R&amp;D</td>
<td>60</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Distribution, marketing et G&amp;A</td>
<td>61</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Sales force and customer service</td>
<td>61</td>
<td>20</td>
<td>19</td>
</tr>
</tbody>
</table>

#### Training and career management

<table>
<thead>
<tr>
<th></th>
<th>Employees that have received one training</th>
<th>Barometer</th>
<th>%</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of training days</td>
<td>days</td>
<td>20,384</td>
<td>22,915</td>
<td>26,015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of training days per employee</td>
<td>days</td>
<td>2.18</td>
<td>2.49</td>
<td>2.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of training hours per theme</td>
<td>hours</td>
<td>163,071</td>
<td>184,867</td>
<td>182,107</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical training</td>
<td>hours</td>
<td>121,347</td>
<td>133,791</td>
<td>138,731</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership skills</td>
<td>hours</td>
<td>22,462</td>
<td>24,889</td>
<td>20,618</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIC culture</td>
<td>hours</td>
<td>19,262</td>
<td>26,187</td>
<td>22,758</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal promotion rate among managers (levels 3, 4, 5 and 6)</td>
<td>%</td>
<td>30</td>
<td>37</td>
<td>24</td>
<td>76</td>
<td></td>
</tr>
</tbody>
</table>
| Diversity

<table>
<thead>
<tr>
<th></th>
<th>Women’s share in management and workforce</th>
<th>%</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>%</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Leadership Team</td>
<td>%</td>
<td>9</td>
<td>9</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Managers (levels 3 to 6)</td>
<td>%</td>
<td>25</td>
<td>26</td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>

#### Safety

<table>
<thead>
<tr>
<th></th>
<th>Incidence rate of workers’ accidents in the factories</th>
<th>Number per millions of hours worked</th>
<th>Barometer</th>
<th>9.11</th>
<th>7.74</th>
<th>7.13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severity rate of workers’ accidents in the factories</td>
<td>Number per thousands of hours worked</td>
<td>0.39</td>
<td>0.35</td>
<td>0.19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Absenteeism

<table>
<thead>
<tr>
<th></th>
<th>Absenteeism rate (excluding on-site accidents and maternity)</th>
<th>%</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absenteeism</td>
<td>%</td>
<td>1.4</td>
<td>1.4</td>
<td>1.5</td>
<td></td>
</tr>
</tbody>
</table>
### Societal Indicators

<table>
<thead>
<tr>
<th></th>
<th>Barometer</th>
<th>Unit</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Respect for Human Right in the workplace</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales from BIC® products manufactured in its own factories</td>
<td>%</td>
<td></td>
<td>80.5</td>
<td>79.0</td>
<td>84.0</td>
</tr>
<tr>
<td>BIC permanent employees working in countries with no Human Rights risk (1)</td>
<td>%</td>
<td></td>
<td>94</td>
<td>82</td>
<td>80.5</td>
</tr>
<tr>
<td>BIC factories located in countries with no Human Rights risk (1)</td>
<td>%</td>
<td></td>
<td>92</td>
<td>87</td>
<td>84</td>
</tr>
<tr>
<td>Contract manufacturers located in countries with no Human Rights risk (1)</td>
<td>%</td>
<td></td>
<td>34</td>
<td>26</td>
<td>30</td>
</tr>
<tr>
<td>Factories’ share (contract manufacturers included) that have signed the Code of Conduct and have been audited and monitored on a regular schedule</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factories of BIC Consumer Products activity</td>
<td>Barometer</td>
<td>%</td>
<td>75</td>
<td>77</td>
<td>81</td>
</tr>
<tr>
<td>Factories of the BIC APP activity</td>
<td>Barometer</td>
<td>%</td>
<td>32</td>
<td>69</td>
<td>75</td>
</tr>
<tr>
<td>Net sales in countries with no Human Right risks (1)</td>
<td>%</td>
<td></td>
<td>93.7</td>
<td>88.2</td>
<td>86.6</td>
</tr>
</tbody>
</table>

**Sponsorship**

<table>
<thead>
<tr>
<th>Contribution to the communities (percentage of the Group’s pretax profit)</th>
<th>Barometer</th>
<th>%</th>
<th>&gt; 0.5</th>
<th>&gt; 0.5</th>
<th>&gt; 0.5</th>
</tr>
</thead>
</table>

(1) Source: Freedom House.
This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

6.5. ATTESTATION OF PRESENTATION AND INDEPENDENT VERIFIER’S ASSURANCE REPORT ON SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

ERNST & YOUNG et Associés
SOCIÉTÉ BIC
Year ended December 31, 2012
To Chief Executive Officer,

Pursuant to your request and in our capacity as independent verifier of SOCIÉTÉ BIC, we hereby report to you on the consolidated social, environmental and societal information presented in the management report of the Board issued for the year ended December 31, 2012 in accordance with the requirements of Article L 225-102-1 of the French Commercial Code (Code de commerce).

Management’s Responsibility

The Executive Board is responsible for the preparation of the management report of the Board including the consolidated social, environmental and societal information (the “Information”) in accordance with the requirements of Article R. 225-105-1 of the French Commercial Code (Code de commerce), presented as required by the entity’s internal reporting standards (the “Guidelines”) and a summary of which is provided in this registration document page 62 and 63 (“Perimeter and selection of indicators”).

Our Independence and Quality Control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (Code de déontologie) and Article L 822-11 of the French Commercial Code (Code de commerce). In addition, we maintain a comprehensive system of quality control including documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent verifier’s responsibility

It is our role, on the basis of our work:

• to attest whether the required Information is presented in the management report of the Board or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Code de commerce) and Decree no. 2012-557 dated April 24, 2012 (Attestation of presentation);

• to provide limited assurance on whether the other Information is fairly presented, in all material respects, in accordance with the Guidelines (limited assurance).

(1) Professional standards of the Ordre des Experts Comptables.

(2) Here is the list of analyzed stakes: Employment, work organization and management, health & safety, training, overall environmental policy, sustainable use of resources, suppliers and subcontractors.

(3) BIC APP Red Wing (USA), BIC APP Sleepy Eye (USA), BIC Conté (France), BIC Ibéria (Spain), PIMACO (Brazil), BIC Rasoirs (France) and BIC Violex (Greece).

1. Attestation of presentation

Our engagement was performed in accordance with professional standards applicable in France (1):

• We compared the Information presented in the management report of the Board with the list as provided in Article R. 225-105-1 of the French Commercial Code (Code de commerce).

• We verified that the Information covers the consolidated perimeter namely SOCIÉTÉ BIC and its subsidiaries within the meaning of Article L. 233-1 and the controlled entities within the meaning of Article L. 233-3 of the French Commercial Code (Code de commerce).

• In the event of the omission of certain consolidated Information we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated April 24, 2012.

On the basis of our work, we attest that the required Information is presented in the management report of the Board.

2. Limited assurance report

Nature and scope of the work

We conducted our engagement in accordance with IS AE 3000 (International Standard on Assurance Engagements) and French professional guidance. We performed the following procedures to obtain a limited assurance that nothing has come to our attention that causes us to believe that the other Information presented is not fairly presented, in all material respects, in accordance with the Guidelines. A higher level of assurance (reasonable) would have required more extensive review.

Our work consisted in the following:

• We assessed the appropriateness of the Guidelines as regards their relevance, completeness, neutrality, clarity and reliability, taking into consideration, where applicable, the good practices in the sector.

• We verified that SOCIÉTÉ BIC had set up a process for the collection, compilation, processing and control of the Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the Information. We conducted interviews with those responsible for social and environmental reporting.

• We selected the consolidated Information to be tested (2) and determined the nature and scope of the tests, taking into consideration their importance with respect to the social and environmental consequences related to the Group’s business and characteristics, as well as its societal commitments.

• Concerning the quantitative consolidated information that we deemed to be the most important:

• at the level of the consolidating entity and the controlled entities, we implemented analytical procedures and, based on sampling, verified the calculations and the consolidation of this information;

• at the level of the sites that we selected (3) based on their business, their contribution to the consolidated indicators and a risk analysis:

• we conducted interviews to verify that the procedures were correctly applied to identify any omissions,

• an appropriate explanation was given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Code de commerce) and Decree no. 2012-557 dated April 24, 2012.

Administrative and societal integration • BIC and its subsidiary BIC Ibéria (Spain) have been included in the scope of the consolidated financial statements in accordance with the provisions of Decree no. 2012-557 dated April 24, 2012.

Objectives • We refer to the list of analyzed stakes: Employment, work organization and management, health & safety, training, overall environmental policy, sustainable use of resources, suppliers and subcontractors, and risk management procedures relating to the preparation of the Information.

Auditor’s responsibilities • The auditor’s responsibilities are defined in the French Commercial Code (Code de commerce), in particular in Articles R. 225-101.1 to 101.4 and 225-105.1 to 105.2. The auditor is responsible for the management report, the independent verification report and the audit report on the Financial Statements. The auditor is responsible for the process of governance and the establishment of the group’s annual report, in accordance with Articles R. 225-310, R. 225-314.2 and 225-314.3.

We conducted our engagement in accordance with professional standards applicable in France (1):
we performed tests of detail based on sampling, consisting in verifying the calculations made and reconciling the data with the supporting documents.

The sample thus selected represents on average 29% of the workforce and between 28% and 60% of the quantitative environmental information tested.

Concerning the qualitative consolidated information that we deemed to be the most important, we conducted interviews and reviewed the related documentary sources in order to corroborate this information and assess its fairness.

As regards the other consolidated information published, we assessed its fairness and consistency in relation to our knowledge of SOCIÉTÉ BIC and, where applicable, through interviews or the consultation of documentary sources.

Finally, we assessed the relevance of the explanations given in the event of the absence of certain information.

Comments on the Information
The safety reporting guideline has been revised to clarify the number of hours worked calculation method. Increased sites information should avoid any misunderstanding on the calculation of hours worked between the indicators “Frequency rate of accidents” and the “absenteeism rate”.

Conclusion
Based on our work described in this report, nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Paris La Défense, February 12, 2013
The Independent Verifier
Ernst & Young et Associés
Environment and Sustainable Development Department
Eric Mugnier

6.6. CROSS REFERENCE TABLE FOR ENVIRONMENTAL AND SOCIAL INDICATORS

For each section of the Sustainable Development Report, the following table gives the corresponding GRI (1) indicators and principles of the United Nation Global Compact and the general policies from the OECD Guidelines (2).

<table>
<thead>
<tr>
<th>CONTENT OF SUSTAINABLE DEVELOPMENT REPORT</th>
<th>ARTICLE 225 ALS OF THE COMMERCIAL CODE</th>
<th>GRI (3)</th>
<th>PRINCIPLES OF THE GLOBAL COMPACT</th>
<th>OECD (2) GENERAL POLICIES</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profile of the BIC Group</td>
<td>2.1, 2.2</td>
<td></td>
<td>6, 10</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Message from Bruno Bich, Chairman of the Board, and Mario Guevara, CEO</td>
<td>1.1</td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Governance</td>
<td>4.1, 4.2, 4.3</td>
<td></td>
<td>1 to 10</td>
<td>1, 5</td>
<td>8</td>
</tr>
<tr>
<td>1. The BIC Sustainable Development Program</td>
<td>3.b, c</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.2, 4.9, 4.8, 4.12, 4.14, 4.16, 4.17, PR5, EC1, 2.7, 4.17, PR5, 4.13, SO5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 to 10</td>
<td></td>
<td></td>
<td></td>
<td>1, 5</td>
</tr>
<tr>
<td>2. Environmental responsibility concerning our products</td>
<td>3.d</td>
<td>PR1, EN26</td>
<td>8 and 9</td>
<td>2, 3, 7, 8, 10, 12, 13, 14</td>
<td>19</td>
</tr>
<tr>
<td>3. Environmental responsibility concerning our operations</td>
<td>2.a, b, c, d, e</td>
<td>EC2, EN1, EN3, EN4, EN6, EN7, EN8, EN12, EN14, EN16, EN18, EN22, EN28, EN29, EN30</td>
<td>7, 8 and 9</td>
<td>12</td>
<td>27</td>
</tr>
<tr>
<td>4. Our social responsibility to the employees</td>
<td>1.a, b, c, d, e, f, g</td>
<td>LA1, LA2, LA7, LA8, LA9, LA10, LA 11, LA12, LA13</td>
<td>1, 3 and 6</td>
<td>2, 10</td>
<td>39</td>
</tr>
<tr>
<td>5. Our societal responsibility</td>
<td>3.a, c, d, e</td>
<td>SO2, HR2, HR6, HR7, EC9</td>
<td>1, 2, 4, 5, 10</td>
<td>4, 8, 14</td>
<td>53</td>
</tr>
<tr>
<td>6. Milestones</td>
<td>2.9, 2.10, 3.1, 3.3, 3.4, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13</td>
<td></td>
<td></td>
<td></td>
<td>61</td>
</tr>
</tbody>
</table>

(1) GRI: Global Reporting Initiative GRI 3.1 version.
(2) OECD: Organisation for Economic Co-operation and Development.