



L'Art de la Table  
1825

# Arc International Sustainable Development Report 2010

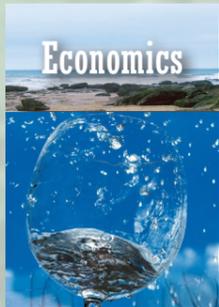


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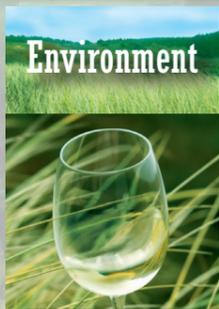
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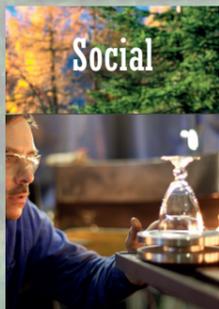
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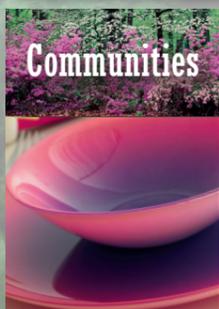
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## Profile 2010

Arc International, l'Art de la Table 1825

Arc International employs 11,700 people worldwide, including about 7200 in France. The Group, which was founded in Arques in the Pas-de-Calais region, achieved a turnover of 1.1 billion Euros in 2010. With its know-how in glassware, it has grown internationally and today distributes a complete range of tableware concepts in over 160 countries.

The Group operates in consumer and hotel and restaurant markets through its portfolio of brands, Luminarc®, Arcoroc®, Cristal d'Arques® Paris, Pyrex®<sup>1</sup>, Chef & Sommelier. For over 40 years, the Group has also served professional customers - industrialists, traders, manufacturers of semi-finished and finished products, service providers – with a range of solutions tailored to meet their specific requirements (for industry, advertising, premiums and loyalty programs).

Arc International is active on five continents with production sites (France, United States, China, United Arab Emirates), distribution subsidiaries (France, United States, Spain, Australia, Mexico, Brazil, Japan, South Africa) and liaison offices.

The Group has adopted a sustainable development approach to balance economic requirements, social responsibility and respect for the environment in all its activities, in particular, by joining the United Nations Global Compact initiative in 2003.

<sup>1</sup> Pyrex®, a trademark of Corning Inc. is exploited by Arc International Cookware SAS under exclusive license in Europe, the Middle East and Africa.

## Key figures

€1.1 billion in turnover in 2010

€41 million in operating income

11,700 employees, of whom 7200 are in France

More than 70 Research and Development engineers

About 5 million items produced every day

Three markets: consumer goods, hotel & restaurant and BtoB

Five brands: Luminarc®, Arcoroc®, Cristal d'Arques® Paris, Pyrex®<sup>1</sup>, Chef & Sommelier

A sales presence in over 160 countries on five continents

Five production sites in France, the United States, China and the United Arab Emirates



Chef & Sommelier

Pyrex® is a trademark of Corning Incorporated, used by permission.

By joining the United Nations Global Compact initiative in 2003, the Group has adopted a sustainable development policy

« Thanks to our continual efforts we have every reason to be confident about our overall performance »



Interview with Guillaume de Fougères, Chairman of the Board

Does the improvement in the 2010 results mean that the Group has now overcome its difficulties?

The Group has been through an unfavorable period related to a genuine industrial transformation. It has also been heavily affected by the global crisis. Thanks to the commitment of our teams, we have resolutely implemented our strategy to enable us to keep up with the development of world markets. In a difficult economic context, we have strengthened our positions in emerging countries, where we obtained very encouraging results this past year. We also fulfilled our local commitments, particularly to the long-term future of our Arques site.

Has your transformation strategy paid off?

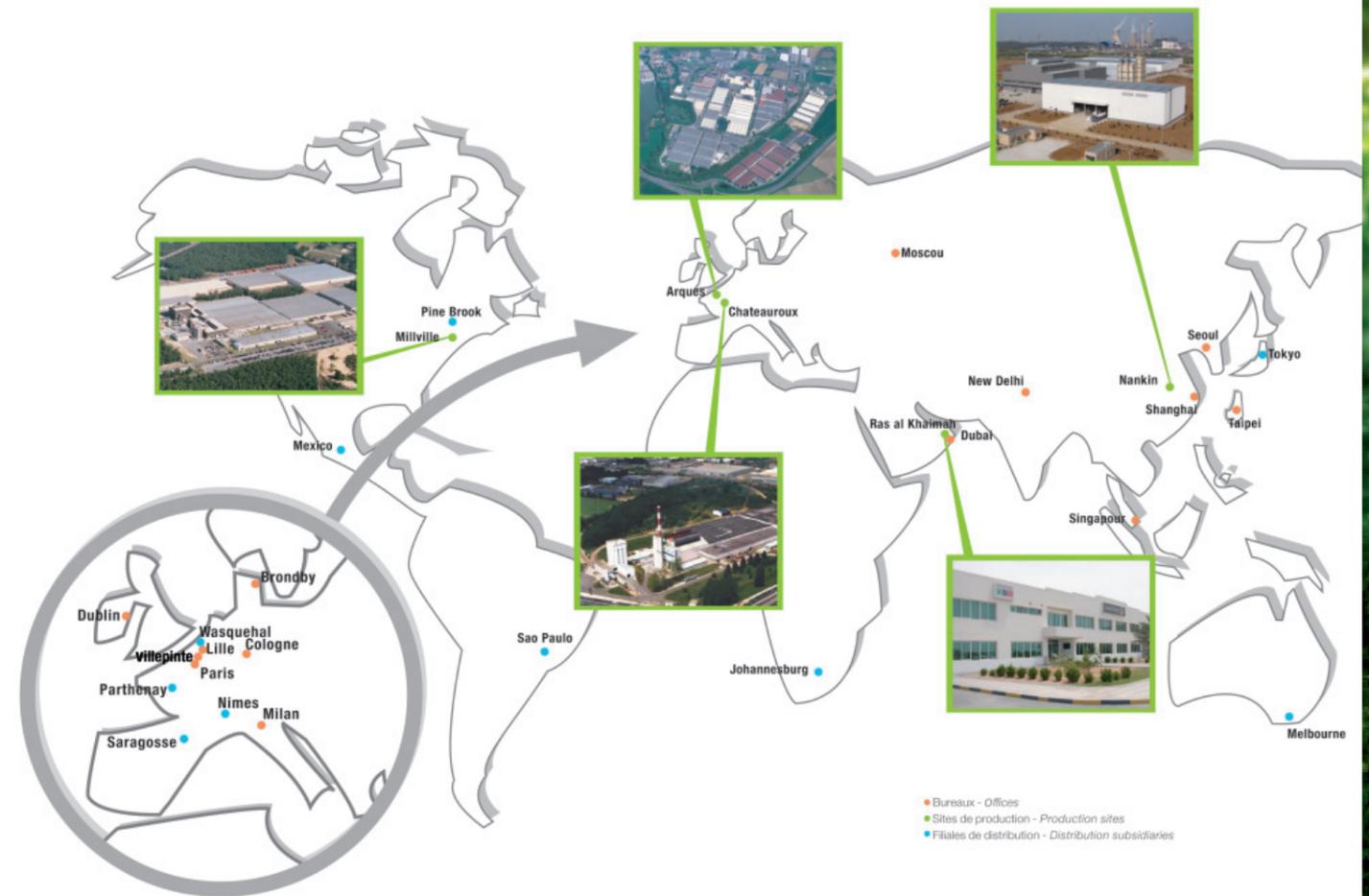
Yes, we have strengthened the influence of our brands (Luminarc®, Pyrex®, Cristal d'Arques® Paris, Arcoroc®, Chef & Sommelier), ramped up our presence in emerging, high-growth countries and continued with our major development initiative which is essential to our progress. Thanks to the continuous efforts of each of our employees over the past few years, the Group has established a solid foundation that means we can be confident about our future. This year we demonstrated our ability to take advantage of market upswings. Improved industrial competitiveness, an ability to innovate and a portfolio of strong brands are our key assets.

Why did you choose to include sustainable development as a key principle for all the company's major decisions?

Our social, societal and environmental performance has become increasingly important, resonating with our economic activity, with respect for our employees, customers, suppliers, partners, associations, communities, etc. We are in the process of laying the foundations for a far-reaching strategy with the objective of deploying tailored initiatives in all our business units on the five continents. We will measure the effectiveness of each one, in order to report back to groups such as the Global Compact and to all our stakeholders.

What role do your products play in your sustainable development policy?

They are central to our work in that they unify it and make it visible! Conveying French values in tableware, Arc International's products are designed to make a lasting contribution to the quality of life of millions of families worldwide. Our new range of tableware decorated with organic-based inks is entirely consistent with our approach. It not only offers innovative colors with increased resistance to washing, but also avoids the use of heavy metals and consumes less energy during manufacturing. This new product line went down very well with our customers, since it met their high expectations for products respecting a natural balance.



“Our products are central to our work in that they unify it and make it visible!”

Guillaume de Fougères



# Governance

## Sharing the vision of a balanced future

Arc International draws on a tradition of human values with continual innovation to ensure that its future is built on a sustainable basis. The Group considers the welfare of its employees, the environment in which its industrial facilities are set and the quality of life of its customers as of paramount importance.

Since its creation, Arc International has sought to balance economic requirements, social responsibility and respect for the environment, through its commitment to sustainable development.

In 2003, and despite a difficult economic context, it joined the UN Global Compact. This commitment triggered many initiatives on the part of employees in the Group's various departments and units. These have led to environmental and social progress, but have also heightened awareness throughout the company.

Arc International now wants to go further in formalizing its commitment, by introducing a structured master plan to be deployed with specific goals and indicators to be monitored. Over time this will enable sustainable development to become more deeply entrenched in the corporate culture, as is already the case with the focus on

individuals and the search for energy savings.

To successfully carry out this mission and strengthen its commitment, Arc International appointed Caroline Barbier as Sustainable Development Manager in early 2011. Caroline Barbier, who has been with the Group since 2006, brought to this position her knowledge of the company and an effective methodology that will combine the Group's historical values with the need for a formal framework, both internally and externally. This action is part of the policy defined by José-María Aulotte, Director of Human Resources, Communication and Sustainable Development.



*Caroline Barbier, Corporate Sustainable Development Manager Arc International*

«Establishing sustainable development in the corporate culture and shaping a policy for the entire Group is an exciting and full-time activity. Whereas we still need to reflect about which actions and decisions to implement in favor of sustainable development, they will no doubt be natural reflexes tomorrow. I know I can count on each Group employee's sense of responsibility and commitment to achieve this. »

### Glass, a sustainable product



Resulting from the alchemy of materials such as sand and the heat of fire, glass is a natural and easily recyclable material. It has many properties:

- Pure and clean, it is suitable for food containers,
- Resistant, it is ideal for industrial uses such as washing machine windows,
- Transparent or opaque, all styles are possible,
- Resistant to both heat for cooking foods, then cold for preserving them.

Arc International designs and manufactures a wide range of products made of white glass, opal glass, borosilicate, vitrocement and even Kwarx, Zenix and Diamax, new materials developed by the Group's R&D teams. Some of these products have become icons, such as the "balloon glass", of which over a billion have been sold...

“Systematizing our efforts and monitoring progress”



### Testimony

José-Maria Aulotte, SVP of Human Resources, Communication and Sustainable Development  
Arc International.

«Given the need to act for a future which embodies more respect for people and the environment, and to meet the expectations of our customers and consumers, we decided to systematize our efforts and monitor progress. Since the Group joined the Global Compact initiative in 2003, much has been done but we now want to go further. Our goal is to deploy customized initiatives in all our units, measure their effectiveness, then report back to official bodies and share the results with all our stakeholders. To ensure that our efforts are based on internationally accepted practices and strategies, we have adopted the ISO 26000 standard, which is the reference for corporate social responsibility and which will help us to shape and guide our actions. The first step was to formalize our commitment and share them with all Group employees. We know that the task is huge but that with perseverance time is on our side.»

## Respect the principles of the Global Compact initiative

Introduced by the UN Secretary-General, Kofi Annan, the Global Compact initiative defines the values to be taken into account to ensure that a company's activities comply with human rights and sustainable development. Since 2003, Arc International has been committed to its ten principles on human rights, labor standards, respect for the environment and ethics:

### Human rights

1. Support and respect the protection of international law on human rights within their sphere of influence.
2. Make sure that they are not complicit in human rights abuses.

### Labor standards

3. Uphold the freedom of association and the right to collective bargaining.
4. Eliminate all forms of forced or compulsory labor.
5. Abolish child labor.
6. Eliminate discrimination in respect of employment and occupation.

### Respect for the environment

7. Apply the precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

### Ethical standards

10. Work against corruption in all its forms.

This commitment, made on a global level, concerns all the Group's sites.



## SUSTAINABLE DEVELOPMENT COMMITMENT

Since its creation, Arc International is watching to balance economical requirements, social responsibility and environmental respect, by registering its activities in a sustainable development approach.

Over the Group's commitments, sustainable development is taking a growing place in the overall economical activities like for our suppliers, customers or partners.

Therefore, after a first step that we saw in 2003 to join the Global Compact of the United Nations, today, our approach needs to be structured. Our goal is to display adapted initiatives in all entities, to measure its efficiency, to report to official authorities and to share with all stakeholders.

We have chosen to make our products the unifying element in our sustainable development action. Both aesthetic, resistant and accessible, there must facilitate the day-to-day life of our customers around the world while being respectful of our historic values of perpetuity, respect of women and men and the environment.

To base us on practices and world-renowned approach, we have adopted the ISO 26 000 standard which is the reference for corporate social responsibility and help us to shape and guide our actions.

We reject simple statements of intention and affirm our determination to act today and tomorrow. To ensure the perpetuity and progress of our approach, a steering will be established and will include:

- Axes of work and objectives
- Indicators of progress and performance measurement
- Regular reviews

With the publication of our annual report and raising awareness actions we will associate always better employees and partners.

We register our sustainable development policy in commitments in which everyone will meet:

### Innovate to improve the quality of life of consumers with products:

- Universal and adapted to local customs
- Ever more eco-friendly
- Resistant and easy to clean
- Designed and sold for associations

### Preserve the environment

- Optimization of energy consumption and resources
- Waste recovery
- Environmental risk management

### Put men and women at the heart of our decisions

- Investment in training
- Diversity and outplacement
- Health and safety
- Socially responsible solutions

### Review business models of our activities to ensure the perpetuity

- Growth through brands and added value
- Technology leader
- Improve the value chain
- Active integration in all communities
- Fight against corruption

# Economics

## Adapting the Group's organization to changing global markets

By strengthening its presence in emerging countries and improving the effectiveness of its organizations, Arc International emerged from the red and posted profits in 2010.

### Strong growth in emerging countries

In 2010, Arc International recorded a turnover of 1.1 billion Euros, up 8.1% compared with 2009. The past year was a profitable one for the Group thanks to the deployment of its ongoing transformation plan and strong brand awareness, especially in emerging countries (Russia, China, Middle East and Latin America), which now account for 36% of total turnover. The significant sales growth in these countries (+26%) contrasts with lower activity in Western Europe and is accompanied by a stable balance between the different Group activities (Consumer Goods, Food Service, BtoB).

Current operating income amounted to 40.6 million Euros, compared with -33.6 million in 2009 (IFRS comparable data). Net income reached 10 million Euros. The net debt/EBITDA ratio in 2010 was 0.67, its best level in five years. Rigorous management of inventory and control of investments improved the Group's cash flow. The debt ratio is being monitored constantly to allow the investments needed to pursue the Group's strategy and expand its activities.

The Group's development is focused on four major strategic guidelines: **innovation, market growth, brand strength and adding value.**

### Innovation

Arc International maintains its position as leader in tableware by continually introducing new products. This requires significant investment each year accounting for about 3% of turnover and came to more than **€30 million in 2010**. Research & Development employs 260 people, including 70 engineers, and involves over 700 people in the Group. A new laboratory was inaugurated at the Arques site, in order to provide optimized working conditions for all the teams. Forty projects were comple-

ted in 2010, guided by four priorities:

- Development of breakthrough technology, such as new product materials (Zenix, Diamax, etc.);
- Reduction in production costs, such as a new tempering process enabling savings of 20% in industrial costs;
- Flexibility to facilitate changes in product lines;
- Optimization of investments, such as improvement of the molds, with an expected gain of 40%.

### R&D, the Group's driving force

Every year **3%** of turnover is dedicated to R&D.

**260** people work in the department, including **70** engineers.

More than **40** projects are undertaken every year.



## Market growth

### Europe :

The year was a difficult one for the retail sector, with cost reductions that still failed to return to growth. Sales rose slightly, but still suffered from significant pressure on prices. To increase its market share in this region, the Group made significant efforts to increase the supply of entry-level products. This strategy proved successful, with sales in distributor brands increasing from €9 million in 2009 to €11.5 million in 2010. Strong growth is expected in 2011. This progress meant that the plant at Arques was able to run at full capacity, **with additional production of 11%**.

### Americas:

Production capacity was exploited to the full and devoted primarily to high-margin segments. This strategy paid off for both turnover (+2%) and profit (+70%). Growth was particularly strong in Brazil, where sales were 30% above target.

### International :

Performance was remarkable, with turnover up 19%. The International division now covers 25 countries on three continents, with a turnover of nearly \$400 million, accounting for a third of the Group's business, compared with a quarter two years ago. Its offer meets the expectations of many emerging countries (China, India, etc.) where consumption habits are changing rapidly. Four synergy projects have allowed Arc International to exploit this positive context:

- Increased production capacity: +50% in China with the commissioning of the China 1+ furnace. A similar approach is being conducted at the Ras Al Khaimah site, with a new furnace becoming operational in 2011;
- Support for distributors: this enables more accurate sales forecasts and more innovative products;
- Marketing of new reference products: 22% compared with 15% in 2009;
- Reorganization of the sales force: four teams deployed in four areas.

## Five production units

- **Arc International France (AIF)**, established in 1825: Arques, Aire-sur-la-Lys (France), 6 300 employees
- **Durand Glass Manufacturing Company (DGMC)**, established in 1982: Millville New Jersey (United States), 860 employees
- **Arc Glassware Nanjing (AGN)**, established in 2003: Nanjing (China), 1 100 employees
- **Arc International Middle East (AIME)**, established in 2004: Ras-Al-Khaimah (United Arab Emirates), 1 500 employees
- **Arc International Cookware (AIC)**, part of the Group since 2006: Châteauroux (France), 500 employees



## Brand strength

In all of its markets, the Group relies on the reputation of its brands:

**Luminarc®**

Homes which use Luminarc® products are warm and friendly, attuned to the rhythms of festivals and seasons. Luminarc® constantly draws on your expectations and its products are always fashionable. Inspired by current and future trends, designers and engineers are creating modern, functional and original items.

The world's leading tableware brand, Luminarc® is supported by advertising campaigns in several emerging countries.



## Arcoroc

**PROFESSIONAL** Arcoroc® embodies expertise for professionals. The brand is renowned for its quality, durability and functionality. It covers all the needs of commercial and institutional catering (Hotels-Restaurants-Communities). Arcoroc® offers a complete multi-material range: glass, porcelain tableware and stainless steel cutlery.



The spirit of Cristal d'Arques® Paris is a sophisticated mix of creativity, pleasure, tradition and quality, with a twist of French elegance, the joy of giving, and always at affordable prices! Everyday luxury and beauty for all is the philosophy behind Cristal d'Arques® Paris. This has been the brand's philosophy for more than 40 years, perpetuated through a brilliant innovation, Diamax®. A material that respects nature, while offering exceptional qualities of purity, brilliance and strength.

**CRISTAL D'ARQUES**  
PARIS



**PYREX®**

Specializing in cookware, Pyrex® products are now found everywhere in the kitchen, offering a complete multi-material range (glass, steel, metal, microwave plastic and ceramic) and provides a solution tailored to consumer needs.

Pyrex® is a trademark of Corning Incorporated, used by permission.



**C&S**

**Chef&Sommelier**

The Chef & Sommelier brand evokes the tradition and heritage of French wine. Entirely expert-oriented, it encompasses all the lines dedicated to wine and gastronomy. These collections, based heavily on innovative technologies, have all been tested and approved by a panel of wine experts. Kwarx® is a new high-tech material, developed by the Research Center of Arc International and used exclusively by the Chef & Sommelier brand. Traveling through the diverse terroirs of the world, Chef & Sommelier invites you to discover or rediscover the sensory richness of wines.



### Adding value

The Group has defined a new business model, which aims to reduce production costs in France to a level sufficient to maintain significant regional activity, while still investing in research, development and marketing. Several actions undertaken in 2010 have furthered this approach, such as payroll centralization for the French companies and the rationalization of catalog publishing. In Europe too, the launch of SAP modules for Supply Chain and Sales is designed to further improve the performance of business units.

Although it has made significant progress, the end-of-year result of the Arques site remains negative and is the primary objective of the Group's transformation plan. The actions already undertaken to add value have continued, with increased efforts in inventory turnover and

the implementation of the announced restructuring plan. The *Ambition Arques* program is aimed at the industrial side and the reduction of manufacturing costs, whereas the Profile program focuses on other functions. Reception, courier services and the switchboard have been outsourced at a lower cost and a guaranteed service level. The site must achieve the planned competitiveness gains of around 20% to ensure that business is profitable over the long haul. For this, it can draw on its recognized know-how and technological expertise. The best practices developed will gradually be deployed, in order to continuously improve the other production sites.



### Atmosverre, improving the functionality of the glass

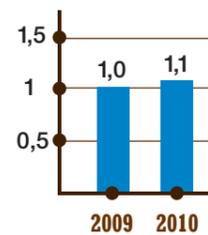
Always with a view to improving services to consumers and product performance, Arc International has just launched the Atmosverre research project to develop new techniques bestowing the glass with even more important characteristics:

- tableware that is even easier to clean: gratin dishes, champagne glasses, etc.,
- tumblers and plates that are even easier to dry,
- a more mechanically resistant glass, for thinner yet stronger tumblers. These features will be very practical in everyday life but will also enable consumers to make significant savings in water thanks to easier cleaning, and in energy consumption thanks to faster drying.

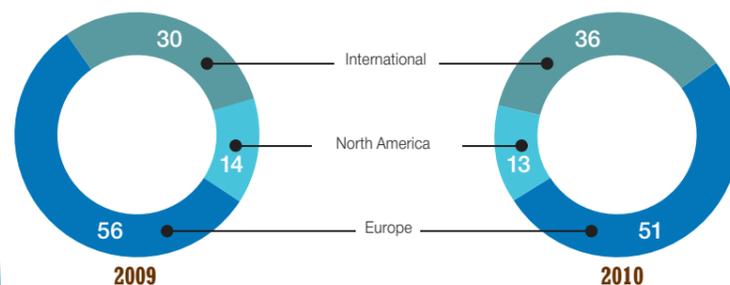
The project will continue until 2014, in partnership with the Ecole Nationale Supérieure de Chimie in Lille and the University of Lille 1.

The aim of Atmosverre is to adapt a technology already used for flat glass to hollow glass. As well as its benefits in terms of the products, this new technology could enable environmental and social progress in terms of reduced atmospheric emissions and worker exposure to hazardous materials.

### TURNOVER (in billion Euros)



### TURNOVER BY REGION (%)



"Our customers choose their tableware with care"



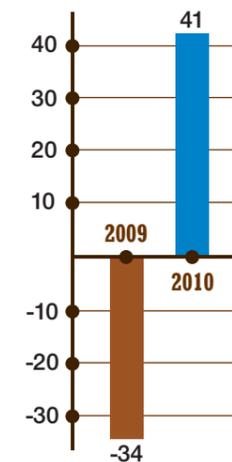
### Testimony

Margaret Henry, Director, Sustainability & CSR Performance, Sodexo North America.

« With its 'Better Tomorrow Plan', Sodexo has built its strategy and actions around sustainable development. Our suppliers are key stakeholders and were taken into account when drawing up our plan to give it the best chance of succeeding. Our intention is not to impose anything on them, but to build a strong partnership of reciprocal benefit to our businesses, our communities and our planet.

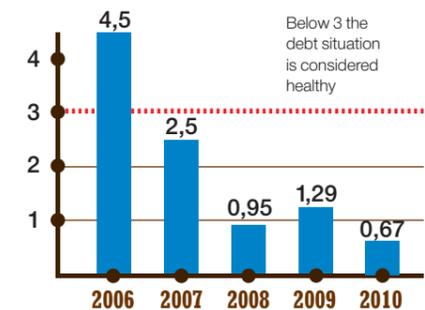
Today's consumers no longer hesitate to tell us how much they pay attention to the foods they eat and the tableware they use. We need our suppliers to help us meet current demands and anticipate future ones. Beyond the successes that we enjoy today, this will enable us to be a leader in the long-term, in a constantly changing world. Arc International provides its expertise so we can define together the best choices for the environment, while meeting market expectations. We are delighted to work with them since we share the same values. To pursue our common goals, it is important that Arc International continues to develop yet more effective measurement systems for its products and to help us to offer the right choices to our customers. »

### CURRENT OPERATING INCOME



This is the gross sales (in millions of Euros) minus production, marketing, administrative and structural costs.

### DEBT RATIO



To appreciate our cashflow situation, we need to compare net debt and EBITDA. Net debt is the amount owed to financial organizations (banks, etc.). EBITDA means Earnings Before Interest, Taxes, Depreciation, and Amortization and represents the sum generated by the company's business before these and other exceptional charges. This ratio sheds a useful light on a company's capacity to reimburse its debts. A healthy ratio is one where net debt is no more than three times the EBITDA. At just 0.7, our debt ratio is at its most favorable for several years. It enables the Group to satisfy its social commitments, while still being able to invest heavily in the Arques site, as well as in all its other production sites.

# Environment

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## Act on the environmental impacts of our activities

The Group continued its efforts to address the environmental aspects of its activities. Reducing energy consumption, controlling emissions and waste recycling are integrated with product and process development projects. Employees are increasingly aware of these environmental issues and are adopting more fairer behavior and gestures.

### *Special attention paid to energy consumption*

Arc International has stepped up efforts to reduce energy costs, as part of a savings plan deployed in all its departments and based on three themes:

- Development of new processes through Research and Development;
- Raising staff awareness of environmentally-friendly practices, energy, water, waste, etc.;
- Widespread exchange of best practices.

Indicators have been developed to measure the tangible results of the initiatives and energy consumption criteria is being systematically integrated into calls for bids by the purchasing department in order to acquire new, more efficient equipment.

### *Using less energy*

Substantive efforts have been made to improve burner technology. This has led to energy **savings of more than 50% for the same performance**, between 2004 and 2010. The burners account for about 10% of the total energy consumption at the Arques plant. Commissioning of this new equipment has been supported by the R&D teams who are training and educating operators on its optimum settings. The deployment of these more economical burners will be completed at the Arques site in 2011 and will then continue at other Group sites.

### *Training staff*

Technology alone is not enough, the behavior of each employee counts. Specific training in the correct use of equipment, in order to reduce energy consumption, has been included in the technical training of production personnel. Around a hundred people were trained in 2010. As a result of the continued mobilization over the past few years, the various actions at the Arques site have led to **lower energy consumption, equating to a saving of 8 to 10 million Euros per year.**

### *Creating more energy-efficient furnaces*



The AGMS company, a subsidiary of Arc International specialized in glass melting and part of the Technology Center, has focused its expertise on developing a new more

efficient furnace. The L furnace reached the end of its exceptionally long life in September 2010 and has been rebuilt. During 2011, the new more modern, more ecological and more efficient furnace will be fitted with an electrostatic filter that reduces dust far below the maximum levels set by Europe, **it will also lead to energy savings of about 15%**. This furnace will consume less energy over its entire lifetime on a constant basis, whereas the consumption of a traditional furnace increases as it ages over the years.

In the United Arab Emirates, AIME is not far behind. The installation on production lines of Kevlar conveyor belts not requiring preheating resulted in savings of \$140,000 in energy costs in 2010.

Solar water heaters are expected to meet the water heating needs of the plate cleaning unit before the decorative patterns are applied. Each year, this installation should be able to heat about 730 m<sup>3</sup> of water and thus save 60,000 kw/h. Other solar installation projects are being considered.



AIME : Solar water heaters

### Level of CO<sup>2</sup> emissions

The development of local production units close to new markets in the Middle East and Southeast Asia has a strong impact on the Group's global CO<sup>2</sup> emissions, by reducing transportation between production sites and customers. In reviewing its energy supply choices, AGN has managed to reduce its emission rate by 38% since 2008. Thus for the same level of production, **it has avoided the emission of 84,000 metric tons of CO<sup>2</sup> equivalent.** Finally, following the carbon footprint assessment of its business, AIC Châteauroux initiated measures to optimize its manufacturing processes and its transport. At Group level, the CO<sup>2</sup> emitted per metric ton of top-grade glass produced fell by 1.6% between 2008 and 2010.

### Water savings at all levels

Like the energy savings, water has become an important issue for Arc International involving optimization of water consumption, leak detection, elimination of unnecessary use, use of alternative sources, use of inferior quality water, effluent recycling, etc.

Water consumption was thus reduced globally in 2010, mainly due to innumerable local actions often initiated by an individual team or employee, such as the saving realized for a surface treatment in the decorative pattern preparation workshop at the Arques unit. Water consumption was very high, about 2400 liters per day. A water recycling principle was proposed by an employee, with a closed circuit treatment process. This system has reduced water consumption to 10 liters per day, i.e. 240 times less than the initial rate!

**In China,** at AGN, after a difficult 2009 due to the non-saturation of industrial processes, water consumption decreased significantly in 2010 by -26%.

**At AIC,** the reduction in water consumption continues. The actions taken are supported both by the Cook n'Care project and also by the ISO 14001 certification process, which should be completed in September 2011.

**All these actions saved more than 500,000 m<sup>3</sup> in 2010 compared to 2009 for a comparable level of production!**

### Regular analysis of discharges

Discharges, whether via water or air, are monitored regularly to ensure that they are not toxic for the surrounding natural environment and to verify compliance with the standards in force. Manufacturing processes are reviewed and improved to lower emissions, and studies on the composition of the glass and the products used to make it are carried out to ensure that the most harmful substances are removed and replaced with more environmentally-friendly substances.

For example, a new dust collection system has reduced the amount of dust emissions beyond the required thresholds. These air emissions are analyzed five times a year.

The quality of water discharged into the natural environment is also monitored every month and compliance of the indicators is validated annually by an independent laboratory.

At AIC in Châteauroux, the use of components such as boron has become more effective, due to the implementation of safeguards to limit it being stirred up in the truck unloading areas and ongoing research on ways to reduce the amount used in manufacturing.



**Color Vibrance, an example of how a more environmentally-friendly product can also be a technological and aesthetic innovation.**



Luminarc® has launched Color Vibrance, a new collection with decorative patterns made with organic-based inks. This full range of glass tableware conveys the Group's environmental values to consumers, respecting their health and well-being more than ever. The decorations do not contain heavy metals, typically used in the glazing methods. With a wide range of bright colors, the new organic decoration process enables the creation of new effects: woven, optical illusions, photographs, to reproduce the colors and patterns found in nature. Designed to be dishwasher-proof, they retain their intensity and brilliance.

### More and more waste recycling

Waste sorting is now practiced daily by all our production units in France and abroad.

Three recommendations have been crucial for raising the awareness of all teams of the importance of recycling waste:

- Sort the waste according to the signs on the different waste bins,
- Throw away as little mixed waste as possible,
- Minimize production of waste as far as possible.

These guidelines introduced over several years have paid off because today the amount of waste has begun falling significantly. It is increasingly recycled and seen by staff as a source of income if sorted correctly. Efforts to seek opportunities for recycling, reuse, sorting, etc. are increasing in the Group.



Waste separation at the canteen in Arques

The canteens at the Arques site have set up their own waste sorting system. After their meal, customers are invited to sort all their bottles or cans. A second sorting takes place when trays are cleared by the restaurant staff. Waste from **1350 meals is thus sorted every day.**

### Recycling

Waste recycling also involves seeking opportunities. Sodium carbonate, an essential raw material in the composition of glass, is used in fine powder form. However, it must be kept dry as it otherwise agglomerates into lumps when in contact with the walls of the barges

that transport it. As it is very difficult to grind once hardened, part of the cargo becomes unusable. The Arques unit contacted a French company that uses this sodium carbonate as a degreaser for mechanical parts. Sixty tons were therefore recycled in 2010. Precious metals such as tin and molybdenum are recovered by staff and recycled as raw



material for other companies. Five tons of tin and 1.4 tons of molybdenum were recovered in 2010. All common metals (iron, copper, aluminum, etc.) and metal products are also targeted by this recovery and recycling system.

An oil recycling program was implemented to separate used oil. 'Black' oil cannot be recycled and is used as fuel, whereas light oils are recycled and reused.

### Athéna

Athéna, The Group's industrial machinery engineering and construction division, is part of the Technology Center which offers technical expertise and advanced know-how to external customers. One of these is a company specializing in the re-processing of waste from electrical appliances and television sets, based in the north of France, which plans to create an automatic line for reprocessing LCD screens. It employs people who are suffering social and professional difficulties. Following a feasibility study, it chose Athéna to produce the machinery for the recycling.



### New solutions

Improved waste management is synonymous with its reduction at the source, but also with a greater choice of environmentally-friendly products. The Equipment workshop at the Arques unit has tested a new ecological and economic concept of an absorbent product, used for accidental or residual spillage of oil on the floor during manufacturing. This product, made from fiber, is sprinkled on the ground and absorption is immediate. The mixture is then collected and put into a container fitted with a screen which captures the encapsulated oil. The recovery of the surplus reduces both consumption of the product and the amount of waste generated. As the product contains no chemicals, there is no risk to the environment or health of users.



AIC in Châteauroux

### The development of organic-based decorative patterns in France ...

In 2007, Arc International launched the Découverte project, as part of the MAUD (Materials and Applications for Sustainable Use) competitiveness cluster, with financial support from the Ministry of the Economy, Finance and Industry and the Nord-Pas-de-Calais Regional Council. It was conducted in close partnership with the Laboratory of production processes for functional coatings (PERF) and the Laboratory of organic and macromolecular chemistry (LCOM) of the Materials and Processing Unit at the Ecole Nationale Supérieure de Chimie in Lille and the University of Lille 1. This project has developed a new 100% organic method for polychrome decoration, offering intense color and high dishwasher resistance. The use of organic-based materials prevents harmful emissions, unlike with glazed decorations that use heavy metals. In addition, firing decorations at 200°C instead of 600°C for glazed decorations reduces energy consumption and thus the carbon footprint of these products. The use of organic-based ink decorations is up sharply at the Arques site. They accounted for 30% of decorated items produced in 2010.



Concern for the environment is growing strongly with Asian customers, particularly in China. In a recent survey conducted in various Asian countries, 65% of respondents said they would "hold back from buying a product if they thought the company manufacturing it did not respect the rules of environmental protection and ethical practices". This included 89% in China, where the concept of sustainable development is becoming for consumers a symbol of a new status.

By the end of 2010, the use of organic-based inks already accounted for 24% of decorated tableware production. The objective is to achieve 85-90% of organic designs by late 2011, with glazing only being used for decorative patterns that cannot be achieved with organic-based inks.

### ... and in China

Faithful to its principles, Arc International is also developing the best technologies at its international sites. In 2010, after successful commissioning at the Arques site, the organic-based ink decorations were deployed in the Nanjing unit in China, with French collaboration. The teams at the Arques site worked with their Chinese counterparts to transfer the knowledge and experience acquired in France.



### Testimony

Julia Xu, Project Manager for New Product Development Arc International

*"In China, consumers are increasingly sensitive to food and hygienic food containers"*

«At AGN, we launched the project to introduce organic-based inks in April 2010. The product development and production teams have been made aware of the benefits of organic decorations and trained in the new manufacturing processes. At the same time, the production machines and equipment for preparing the inks were installed jointly by French and Chinese teams. Experts from AIF R&D and production came to train the AGN staff, set up and regulate the start-up processes and share their experience. With the organic-based inks, AGN has been able to save about 90% of energy for decoration and to reduce the number of ink products in stock while offering a wider range of colors. By the end of 2011, most of our decorated products will have changed technology and will be made with organic-based inks. In China, consumers are increasingly sensitive to food and hygienic food containers and the government has introduced highly effective measures for consumer goods. Customers like the 'organic-based' concept and particularly the absence of heavy metals in the decorative patterns. The project has been a success for the French and Chinese teams who worked on it.»

### CO<sup>2</sup> emissions

Metric ton of CO<sup>2</sup> emitted / metric ton of glass produced

	2008	2009	2010
Europe	0,99	1,05	1,17
International	1,21	1,14	1,35
North America	1,11	1,14	1,19
<b>TOTAL</b>	<b>1,259</b>	<b>1,178</b>	<b>1,238</b>
2008/2010			-1,6%

CO<sup>2</sup> emissions increased slightly mainly because of stops/starts of furnaces in Europe and International, which significantly disrupt energy consumption and CO<sup>2</sup> emissions.

### Sorting and recycling of plastic

Metric tons of plastic

	2008	2009	2010
Europe	723	660	553
International	186	191	211
North America	n/a	n/a	n/a
<b>TOTAL</b>	<b>303</b>	<b>284</b>	<b>255</b>
2008/2010			-15,9%

### Sorting and recycling metal

Metric tons of metal

	2008	2009	2010
Europe	2 969	1 464	1 660
International	119	123	120
North America	183	22	12
<b>TOTAL</b>	<b>3 271</b>	<b>1 609</b>	<b>1 792</b>
2008/2010			-45,2%

Recycling data are highly dependent on the activity of the furnaces, particularly their dismantling for reconstruction.

The goal for 2011 is to better measure this impact and distinguish the waste resulting from the company's normal activity from that resulting from specific operations such as furnace dismantling and reconstruction.

However, it can be seen that the search for specific waste recycling systems is an important objective for all units.

### Water consumption

M<sup>3</sup> of water per metric ton of glass produced

	2008	2009	2010
Europe	7,495	8,283	7,704
International	4,071	4,786	4,718
North America	4,206	5,700	5,720
<b>TOTAL</b>	<b>6,298</b>	<b>6,967</b>	<b>6,674</b>
Evolution A-1			-4,2%

Water consumption fell in 2010 compared to 2009 due to optimization measures undertaken at the Arques and Chateauroux sites. For equal production levels, over 500,000 m<sup>3</sup> was saved between 2009 and 2010.

### Sorting and recycling of paper

Metric tons of paper

	2008	2009	2010
Europe	8 787	6 420	8 126
International	851	847	915
North America	836	828	448
<b>TOTAL</b>	<b>10 474</b>	<b>8 095</b>	<b>9 488</b>
2008/2010			-9,4%

**240 times less water used**

The involvement and creativity of one employee led to water consumption in his workshop being cut drastically. By proposing the development of a water recycling principle with a closed circuit treatment process, water consumption fell from 2400 liters to 10 liters per day. An ideal example to follow!

# Social

## Giving all employees the opportunity to help shape their future

In France, the Group has undertaken a project to support the development of the Arques site and its company culture beyond the restructuring phase. For all Arc International subsidiaries and offices around the world, the health and safety of employees remains a priority, as is developing the technical expertise of local staff through training. At Arc International Cookware, the initiative entitled a 'Great Place to Work' has been rolled out.

By expanding its operations to new activities and new geographical areas, the Group has reached a scale that makes it essential to be able to reconcile the social and human dimensions with the growth strategy. Aware of the importance and wealth of human capital in the life of the Group, Arc International attaches great importance to its human resources policy.

The Group's development and long-term future depends on its ability to create a balance between industrial professionalism, historical values, and the recent changes to the Group. This modernization process is accompanied by a human resources policy, which aims to be proactive and sensitive to individual needs while ensuring collective and individual development.

### Safety first

Employee safety is a priority for Arc International. Communication campaigns and programs on risk prevention and reduction of harsh working conditions are continuing, thus ensuring that safety becomes more deeply rooted in the culture and daily life of employees. Managers, operators and safety departments are working hand in hand to continually improve and capitalize on best practices.

**In the UAE,** a major safety plan was implemented in four areas:

- **Structure**

The organization has been reassessed and the number of staff responsible for safety has been increased five-fold, to improve expertise and coordination;

- **Visual safety measures**

New signage has been introduced at the site and new uniforms have increased the visibility of personnel;

- **Safety culture**

A training program has taught the 'Golden Rules' of safety to managers, safety delegates and all employees;

- **Improvement of all safety-related systems**

**At Arques,** the 21 buildings have now been fitted with automatic fire detectors to ensure even greater safety for people and property.

**In the United States,** DGMC has continued to actively promote "Priority Safety" at the Milville site, by developing its challenge scheme to reward safety-related initiatives.

In 2011, a Group safety plan will be launched with ambitious targets for reducing rates of frequency and severity of accidents. The plan will also facilitate sharing of best practices.



### Develop ergonomic work stations

Alongside the safety measures and supplementing risk prevention, a greater overall effort is being made to improve working conditions in the most arduous jobs.

#### Adapting the workplace

At AIF in Arques, the many projects to make our production lines more competitive have been successful while also improving working conditions in physically arduous jobs.

For instance, on a vitroceraic dish production line, cleaning by hand previously required the operator to carry heavy loads and make difficult and repetitive gestures. These are now done by a robot, with the operator's role becoming one of enhanced quality control. The added value of the human expertise has been retained, while the arduous work has been transferred to the robot. The same approach was applied to a production line for washing machine windows. Faced with the highly positive results of these projects in 2010, the company chose to implement them throughout the site in 2011.

#### Rest areas

In China, the heat and humidity of the climate add to the arduous nature of the work on furnaces and machinery. Cool, calm rest areas have now been provided for the production staff to enable them to recover efficiently during work breaks.

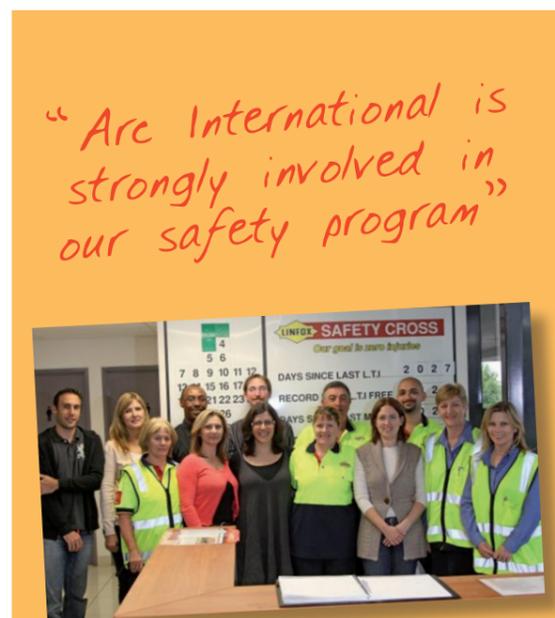


#### In the supply chain too

The AIF supply chain has also made worker safety and comfort a priority. The warehouse road has been repaired to eliminate sources of vibration for drivers of handling equipment. Ten order-picking machines, about 30% of the fleet, were replaced in 2010, and now have ergonomic seats and shock-absorbing mats. The new equipment was chosen by working groups made up of users, the workplace health and safety committee (CHSCT), an ergonomist and the occupational physician. The trains carrying goods from one warehouse to another are now fitted with cameras and ergonomic seats to prevent twisting of the operator's torso during maneuvers. Some machines were virtually custom-made and adapted to specific back problems and operator size.



Training in the **Prevention of risks associated with physical activity** has begun with **600 people** attending courses in 2010. A total of 4000 people will be trained within three years.



*Kenneth Brown, Director of Retail Logistics Solutions, Linfox Australia, partner of Arc Distribution Oceania.*

« We are a family business, very attentive to the safety of our staff. When we launched our Vision Zero project, we set ourselves high goals which we would not have been able to achieve without a strong cultural emphasis on safety in the company. We also felt that it would be a great asset to let our customers join us in this challenge. That's what happened with Arc International. The company participated in all the discussions we held to promote our program, and this even led them to change their own requirements. We have just completed **2000 days without a workplace accident requiring stoppage or medical treatment**. I am happy that Arc International are associated with this performance. To continue in this direction and go even further, I hope they will remain as involved as they have been in recent years. »

These courses are designed both to prevent risks and to give employees the possibility of proposing improvements to their workplace. In 2011, studies on **heat and noise** are being conducted to measure their impact and propose suitable solutions.

### Encouraging employees to take care of their health

Just like with safety, the health of our personnel is a major concern throughout the Group. Initiatives tailored to each site and each cultural and political context, have been implemented in the different entities. Even though we have easy access to healthcare in France we should not forget that this is not the case in all other countries.

**The AIME site** in the United Arab Emirates offers its employees medical assistance, access to a clinic and a health insurance system.

**The Millville site** in the United States has set up a free individual Health Program, in partnership with private healthcare organizations.



Millville site

**Arc International France**, for its part, has continued its activities to prevent alcohol-abuse. Between February 2007 and September 2010, the Tolérance Ecoute Respect Group organized nearly 600 information meetings at Arques on addiction to alcohol. They have therefore addressed 85% of the workforce, or close to **5650 people**.

#### Engaging in sports

Sport is essential for maintaining good health. Arc International France, with its many sports facilities and its association, the Arc International Sports and Cultural Association (ASCAI) is contributing to this. In 2010, AIF received the Corporate Sports Facilities trophy that rewards efforts made over almost 40 years to allow employees to engage in as many sporting activities as possible, under the best conditions. The award was presented on January 18, 2010 at Roland Garros by the Agora du Sport forum and the French Federation for Corporate Sports.

### Promoting the integration of people with disabilities or difficulties

The employment of disabled workers and the profes-

sional integration of young people in difficulty are important elements of social responsibility.

#### AIF

For many years, Arc International France (AIF) has followed and supported these most vulnerable groups. After being one of the first companies in its region to sign an agreement for the integration of disabled workers, AIF established the Lobel workshop in 1993, to help disabled people to join the work mainstream. Jobs have been found for 40 disabled workers in packaging, forming small objects, printing, work on demand and pressing.



Ironing activity to the Lobel workshop

The creation of the Briqueterie workshop has broadened the scale of the Group's social action, by hosting young people in difficulty, since 1997. The workshop's objective is to reintegrate these young people socially and teach them a trade to give them a real chance of working professionally. The courses are individualized and built around full-time training in the industrial environment.

As part of the 7th company agreement for the employment of people with disabilities within AIF for the years 2010 to 2012, an audit was conducted by an outside firm. This led to a diagnosis on job retention and proposed areas of action, such as training and specific job development.

#### AIC

Arc International Cookware in Chateauroux has worked for several years with the vocational rehabilitation center (CAT) in Richers-Les-Aubry. Following a discussion aimed at integrating people with difficulties in a factory environment, there are now ten disabled people working in production as day labor. These people are already familiar with the work but they had to become accustomed to working alongside other employees and in a noisier environment. Three years on, there have been no incidents or accidents and one of the jobs has been transformed into a permanent contract.

## Renewed memoranda of understanding to improve working conditions

Constructive dialogue is in the interests of labor and management and hence of the company, but primarily of employees.

Accordingly, two memoranda of understanding on professional equality between men and women and the employment of senior workers were signed at AIF in 2010.

### Gender equality

The first agreement affirms AIF's commitment to promoting equality in the workplace and gender diversity in all sectors and at all levels of the company: access to employment, vocational training, working conditions, career development, etc. It ensures the implementation of tangible measures to guarantee that men and women are treated with the same respect.

### Employment of seniors

The second MOU was implemented on January 1, 2010 for a period of three years. AIF must ensure that it does not deprive itself of a valuable asset by rejecting the skills and experience of older workers. An important decision taken was to continue the mentoring program whereby young workers can benefit from the experience of older workers. The tutor's status is thus reaffirmed and experience becomes an asset. For the trainee, this is a different way of learning, which supplements formal training. The MOU also addresses the need to facilitate continued employment until the employee decides to retire. Thus, all employees over 45 years old will systematically be offered an interview to help them better define the second part of their career.

## Continued investment in training



For Arc International training is a fundamental part of human resources management. This is an important theme that touches on the needs and interests of both the company and its employees. Indeed, throughout their career, employees must be able to train to improve, expand their skills, change jobs or even acquire a degree. The rate of training at Arc International France increased from 1.65% in 2002 to over 3.7% in 2010 with a rate of 4.89% in 2008.

The 2009-2011 training plan has been developed around four guidelines:

- **Developing the employability of the least skilled employees**, by offering vocational training leading to qualifications. The company has undertaken to implement training leading to qualifications on a voluntary basis. From September 2005 to September 2010, 352 employees signed up to attend a diploma course.

Each year, between 70 and 80 employees benefit from a company-funded training contract leading to a new professional qualification. As a result of this investment, 70% of employees earning diplomas have changed jobs since 2005. This measure accounts for a total of **40,000 hours of training per year**.

- **Supporting the deployment of major corporate projects**. Priority has been given to employees with a supervisory or leadership role to better train them in management, prevention and detection of psychosocial risks and to enable them to implement more smoothly the organizational changes planned for in the recovery plan for the Arques site.

- **Maintaining professional expertise and skills** that will provide the means for employees to maintain a competitive edge so that Arc International remains on top.

- **Supporting employees with their plans** for voluntary redundancy, recognition of prior learning (VAE), creation of spin-offs, etc.

This ambitious training plan helped Arc International win the Corporate Trophy - 'Training' category awarded by the newspapers La Voix du Nord/L'Etudiant at the regional vocational training fair held at the Lille Grand Palais. Several employees also received awards in the 'Individual Training Leave' and 'Recognition of Prior Learning (VAE)' categories.

### Basic knowledge

Moreover, faced with an alarming statistic: 13% of employees in France have great difficulty reading and writing, Arc International and GRETA (the French vocational training network) have set up a support scheme to improve proficiency in basic **skills**. Thanks to the ADELE project, employees received 280 hours of refresher training in 2010. Some obtained a CFG (Certificate of General Education) and others access to a diploma course. A new group of 27 employees will follow this training course in 2011.

**Outside France**, training has focused on the technical dimension to give greater autonomy to our production units and improve the level of skills of local staff.

Managerial training is provided within the Group in order to give managers working tools and a common management culture. In 2010, 20% of Group managers attended at least one management training course. The goal for 2011 is to increase training for staff outside France in particular to support international development.

## Better Living at Work

The far-reaching changes made by Arc International France, which are indispensable to the survival of the historic site of Arques, have been a source of stress for some employees. In order to provide the necessary support for its teams, the company has set up a prevention and action plan to combat suffering at work called "Mieux Vivre au Travail" (Better Living at Work).

A survey was first conducted by an outside firm to measure the general situation. All employees received a questionnaire and 38% of them responded. Over 80 individual and group interviews were also conducted as part of this initiative. A steering committee of around twenty people has been created to deploy the approach throughout the company. The survey revealed that the many changes and projects undertaken have stirred up feelings of discomfort, stress or injustice in some employees. However, Arc International is fortunate in being able to build on its identified strengths such as their pride in its business, a spirit of mutual assistance

and sharing of best practice and high motivation on the part of its managers.

In response to the results, a five-point action plan was defined:

- Provide psychosocial support to accompany the transformation program;
- Instill a culture of wellbeing within the company;
- Support the cultural evolution of the Arc International model;
- Monitor the implementation of the human resources policy and strategy;
- Provide support for the organizational changes to the work activity.

Based on the project's results, a three-year agreement on psychosocial risks has been signed with the labor unions. It sets out consensus-based action plans and how they will be monitored by a commission.



"The culture of human value is vital for the Group"

### Testimony

Didier Logerais, Juliette Cauwel and Henry Cléty, from the consulting firm Toit de Soi, partner of Arc International France in the Mieux Vivre au Travail project.



#### Did employees embrace the project?

There was a real group commitment, including by staff representatives, from the very start of the project. The 18 members of the Steering Committee all made themselves available, while allowing us total freedom to carry out the survey. The people we met were very involved in the actions. Their personal investment goes far beyond what we have seen in other companies. The Group's total commitment to the project facilitated the study. It's an ideal example for this type of project ...

#### What was most striking for you?

At Arc International there is a strong human culture, shared by all employees, production workers, local supervisors, managers, etc. It is an essential touchstone. The difficulty is in abandoning the old paternalistic protector model to become a player oneself in the company. Everyone wonders how to achieve this. A change in culture is envisaged in the long run, but without compromising human values.

#### How can the company move forward?

The study led to the implementation of action plans. This is very positive because it shows that there is a genuine desire to support change. Apart from the action plans, it is above all the right attitude that is needed, driven by senior management. But the priority right now is to move on from the restructuring. People have had to put up with it for several years and everyone wants to start working on the next step. We can contribute to this new culture, but above all it is up to the company to write its own future. Arc International is fortunate in being a family business, with shareholders who give it the means to achieve long-term stability.

### Support the changes at the Arques site



To safeguard the Arques site over the long term, AIF introduced a competitiveness and workforce reduction plan in early 2004. This required

the number of employees to be cut from around 11,000 in early 2004, to 5750 by early 2012. True to its historical social values, the company has made every effort to avoid compulsory redundancy. Nearly 2600 employees have retired or taken early retirement, and about 1150 have chosen the voluntary redundancy plan.

- The plan is supported by various measures:
- A training effort well above the legal requirement to help employees develop a career plan.
  - An Employment and Mobility Center offering personalized assistance: the possibility of training or retraining within the local business area, mobility solutions, etc.
  - Mobility Forums held periodically. Six forums presented the industry sectors which are hiring such as healthcare and construction or starting new businesses, while two were dedicated to recruitment with the participation of firms that are hiring.
  - Regeneration initiatives have been conducted in the local area to attract new businesses and promote job creation.

The plan moves to the rhythm of the company's business. With production forecasts for 2011 revised upwards and an agreement on flexible working time signed with the labor unions, 110 jobs were saved in 2010. The voluntary redundancy plan was extended in order to support the

566 people identified as no longer needed by the company at the end of 2011, in building their professional future.

### An effective scheme for retraining-mobility

Arc International has continued to develop its retraining-mobility scheme. During the period from June 1, 2008 to December 31, 2010, more than 1000 people were assisted by the Employment and Mobility Center, of whom over 400 were able to bring their mobility plans to fruition. In addition, 301 employees were regraded with 90,000 hours of training.

As part of the 2<sup>nd</sup> Professional Retraining Trophies organized by the French Association for Adult Vocational Training (AFPA), Arc International was awarded the Enterprise and Retraining Award. The qualitative (support/tools in place for the employees concerned) and quantitative (number of employees regraded or retrained) aspects of the performance of the Group's scheme were evaluated.



For its part, Arc International Cookware in Chateauroux won the Job Saving Trophy awarded by the Nouvelle République newspaper.



### Distribution of employees by region on 12/31/2010

	2010
Europe	7 695
International	2 815
North America	1 028

The size of the workforce continued to decline in Europe, in particular following the disposal of Vicrila (a production subsidiary in Spain) which was bought out by its management in late 2009

and the voluntary redundancy plan at AIF. In China and the United Arab Emirates, the workforce was strengthened for the start of new production lines.

### Training

Hours of training per individual

	2008	2009	2010
Europe	22,93	24,59	21,09
International	6,54	8,83	5,10
North America	5,24	4,68	15,64

### Training investment as a percentage of payroll in France

AIF	2005	2006	2007	2008	2009	2010	Legal rate in France
Training as % of payroll	2,67%	3,75%	3,47%	4,89%	3,47%	3,71%	1,6%

In France, especially in AIF, the training effort is important in order to upgrade employee skills, meet business needs and enable the mobility of employees wishing to change their job or company.

### Accidents in the workplace

Frequency rate

	2008	2009	2010
Europe	12,340	8,340	10,130
International	9,130	9,220	9,568
North America	13,230	5,910	4,334

### Accidents in the workplace

Severity rate

	2008	2009	2010
Europe	0,440	0,500	0,402
International	0,070	0,110	0,125
North America	0,360	0,310	0,271

The most encouraging results for the frequency rate and severity rate are noticed in North America in 2009-2010. Increased efforts at prevention must be carried out, in Europe to better control fluctuations in frequency rate and in the International Division to counter the upward trend in frequency and severity rates observed in 2008-2010.

### Disability

Employment of people with disabilities in France

AIF	2008	2009	2010	Legal rate in France
Rate of employment of people with disabilities	7,80%	7,82%	7,30%	6%

Employment of people with disabilities remains a priority, particularly in France where the employment rate is above the French legal minimum. These figures have mainly been achieved through integration of the disabled worker at the normal work station.

### Briqueterie Workshop

	2007	2008	2009	2010
Workforce	15	20	19	22
Supervisors	3	3	3	4
% people reintegrated in a company	57%	67%	50%	50%

In 2010, the training scheme enabled 16 candidates for reintegration to successfully graduate from the workshop. Among them, eight young people have landed permanent employment contracts.

### Lobel Workshop

	2007	2008	2009	2010
Workforce	38	38	41	46
Supervisors	5	5	5	5
Number of people successfully graduating	36	36	36	38

After a few difficult years in terms of numbers of people graduating from the workshop, two people were offered fixed-term or permanent contracts in 2010.

### Employment of seniors

	2008	2009	2010
Active employees over 55 years of age	18	15	15
Percentage	0,24%	0,21%	0,23%

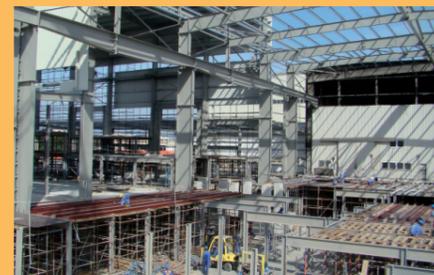
Arc International France has undertaken for the duration of the agreement (2010-2012) to double the proportion of workers over 55 years of age through recruitment and job saving.

## "Very stringent safety requirements"



### Testimony

Christu Kumar, Managing Director at Harsha Engineering and Contracting Co, involved in the construction of the new furnace at the Ras al-Khaimah unit.



« I've already had the opportunity to work for Arc International as part of my missions with Harsha. When we were chosen to build their new furnace, we already had solid experience in applying their very stringent safety requirements. While drafting the contract, we jointly defined the global guidelines for the project: 'on time, at the defined price and in complete safety'. We wanted to do even better than in the past. To achieve this, our two key words were 'coordination' and 'collaboration'. Arc International guided us through many project management meetings. We had up to 250 people on site, working together with teams from many other companies... Once again, we learned a lot from all of these safety requirements. »

# Communities

## Getting involved alongside communities

Arc International is fully committed to meeting its social obligations, both at a local level and with respect to its customers.

### *A real moral commitment to policy of revitalization*

The Group continued with measures to revitalize the local economy around its Arques site, in close collaboration with local and regional partners. Since 2005, Arc International has invested considerable resources to promote the establishment of new businesses in the Audomarois region. Around twenty have moved here, creating over **1400 jobs** in innovative sectors. The Group has made a moral commitment as part of a collective effort with economic and political stakeholders and employees. The current agreement is aiming to create at least 580 jobs to offset the projected reduction in the workforce by 2012. In this context, ADF Tarlin, a regional subsidiary of the ADF Group, a leader in maintenance and related services for industry, has established a workshop in Blaringhem with 30 new jobs. Another company, the manufacturer of luxury glass, Alphaglass, has set up an additional production line at its Arques site, with 16 glass-maker jobs to be filled in addition to the 300 initially announced.



### *A tradition of solidarity*

Arc International continues a tradition of commitment to solidarity with people in need. During the torrential rains that struck certain towns in the Var département, the company provided help to victims of the disaster, in partnership with the French Red Cross, by donating 300 complete tableware sets (plates, glasses, cutlery) which were delivered to the site of the disaster.

A collection was also organized for the French Red Cross to benefit victims of the earthquake in Haiti. In each canteen at Arques, employees who wished were able to donate a €1 supplement on their meals at the checkout. The company then supplemented the generosity of staff by doubling the total amount of donations.



Arc International France also provided the new Ronald McDonald Parents' House, opened near the hospital in Villejuif, with a collection of kitchen items worth more than €6000.

*The guarantee of food safety*

Glass is a clean, hermetic, inert, odorless, aesthetic and reusable material, making it ideal for food containers ... provided that its manufacture and quality are controlled. In its BtoB business, Arc International supplies many food industry manufacturers with containers for foods such as mustard, spreads and ice cream. Product quality must be irreproachable to ensure food safety for consumers and the integrity of the food.

For many years and through a HACCP (Hazard Analysis Critical Control Points) approach, the Group has



increased its efforts to ensure the safety and hygiene of its products.

Throughout the manufacturing process, controls of various kinds are made to meet the specifications of the most demanding customers.

**Quality**

Many controls of weight and dimensions are carried out to verify compliance with the minimum requirements demanded by industrial customers. Containers are sealed to guarantee the integrity of the content.

**Food safety for consumers**

Similarly, manual controls and automatic camera controls have greatly reduced the risks of defective items. Laser marking in recent years has ensured traceability of items in order to respond very quickly to any manufacturing problem.



*“Full confidence in the management of risks related to food safety”*

**Rolph & Rolph company**

*Camille Herbaux, quality manager.*



« ROLPH & ROLPH is a Belgian family company that specializes in the manufacture of upscale verrines for sweet and savory foods. At the request of our customers, our range of containers, which were initially made of crystal polystyrene plastic, has been broadened to include glass verrines. This choice should in no way affect the quality of our products or the safety of our consumers, which is defined according to three types of hazards: physical, microbiological and chemical. Arc International has fully understood our expectations. As a result of the working partnership between our companies, Arc International has been able to respond to all of our needs and the offer has thus been built around our constraints. An audit of the Arques site gave us full confidence as to the proficiency of the manufacturing processes and management of the risks related to food safety. We are working with Arc International to optimize weight tolerances and also to develop a new form of verrine. »

*With Cook n'Care, Pyrex products that stand for solidarity*



Arc International Cookware launched Cook n'Care in early 2009. This project aims to build its strategy around sustainable development. One of the highlights of Cook n'Care is the marketing of products symbolizing solidarity throughout Europe under its Pyrex® brand name.



For each item purchased, the company donates €0.50 to a mutual aid association. In France, €10,000 has already been paid to the Secours Populaire. In Italy, the ABIO association has also benefited from the operation. It helps children and their families in hospitals.

In Russia, The 'Grant Life' organization was a partner in the operation. This high-profile Russian foundation assists children suffering from cancer, leukemia and other serious illnesses. In the UK, Pyrex took part in «National Baking Week,» which aims to help people suffering extreme poverty.

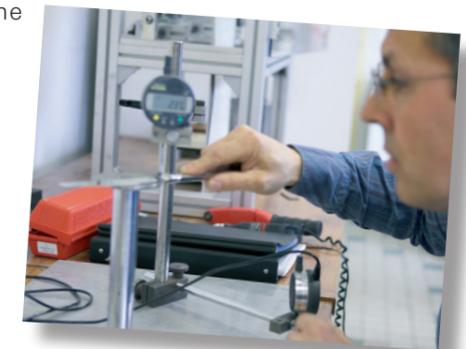


**Hygiene**

Gloves and headwear are mandatory for all workers on production lines, which are themselves protected from dust by a system of hoods.



Customer requirements help to challenge the manufacturing processes each day and improve them continuously. Audits conducted by these manufacturers at the production sites are valuable aids for continuous improvement and enable constant progress to be made. These are genuine win-win working partnerships that have been established over the years.



Finally, every employee working in the food sectors receives specific training on the risks associated with these products, hygiene measures and safety precautions.

## Contact

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