

2011

At the heart
of our values



Photo : Elodie Fourche

SUSTAINABLE DEVELOPMENT REPORT



L'Art de la Table
1825

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PROFILE 2011

Arc International,
l'Art de la Table* 1825

Arc International employs 12,600 people worldwide including 6,800 in France. The Group, whose head office is located in Arques, in the French Pas-de-Calais region, achieved a turnover of 1,1 billion Euros in 2011. Armed with its know-how in glassware, it developed globally and markets today a full range of tableware products in more than 160 countries.

The Group covers the Consumer Goods and Food Service markets through a portfolio of brands, Luminarc®, Arcoroc®, Cristal d'Arques® Paris, Pyrex®** and Chef & Sommelier. For more than 40 years the Group has also been addressing professional customers – industrialists, traders, manufacturers of semi-finished and finished products, and service providers – by offering them tailored-made solutions to meet their specific requirements (for industry, advertising, premiums and customer loyalty programmes).

Arc International is present in five continents with production sites (France, USA, China, UAE, Russia), distribution subsidiaries (France, US, Spain, Australia, Mexico, Brazil, Japan) and sales offices.

Finally, the Group has adopted a strategy of sustainable development in order to balance economic requirements, social responsibility and respect for the environment, and joined the U.N.'s Global Compact in 2003.

* Tableware

** Pyrex® is a trademark of Corning Inc., licensed by Arc International Cookware SAS in Europe, the Middle East, and Africa

KEY FIGURES

€1,107 billion in turnover.

€59,1 million in operating income.

12,600 employees, of whom 6,800 are in France.

More than 70 Research and Development engineers.

About 5 million items produced every day.

3 markets : consumer goods, food service and BtoB.

5 main brands : Luminarc®, Arcoroc®, Cristal d'Arques Paris®, Pyrex®, Chef&Sommelier.

A sales presence in over 160 countries on 5 continents.

6 production sites in France, the United States, China, the United Arab Emirates and Russia.

Luminarc®

Arcoroc
PROFESSIONAL

CRISTAL
D'ARQUES
PARIS

PYREX®

C&S

Chef&Sommelier

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EDITO



Photo : Sofiane Morouche



Last March, Arc International announced its annual results, which were its best in 10 years. During a somewhat subdued 2011, marked by the tense political and economic climate, the Group showed its ability to adapt and rise to difficult challenges, notably a redundancy plan, while confirming its position as the world leader in the tableware market.

I would like to take this opportunity to thank all the Group's employees, who have worked tirelessly to make this achievement possible. Their individual and collective energy forms the very heart of the company, the symbol of a major international Group.

In Europe, the second quarter was difficult. However, thanks to the actions implemented to optimize productivity over the last two years, the Arques site won some ambitious contracts. With Kwarx®, Zenix® and Diamax®, high-technology materials produced in Arques, we were able to provide innovative solutions to the most demanding customer requirements.

In the United States, the more favorable economic climate and the opening of South American markets offer a positive profit outlook for the third successive year. The commissioning of a third production furnace will cover the market needs and open up other opportunities.

In the Middle East, the current political situation is having a strong impact on the activities of AIME. Naturally, Arc International is continuing to support this company, which has contributed significantly to the Group's results in past years. We are working to help the company and monitoring the situation closely.

The Group's international strategy has proven effective. Emerging countries already account for 38% of our turnover. The Group has strengthened its production capacity in China and Dubai and set up operations in Russia. Our presence in these high-growth regions is essential for the Group's future development.

Without doubt, 2012 will be a decisive year. The economic environment remains uncertain and we must maintain our heading: re-adjust, improve, and innovate. Thanks to our recognized know-how, we intend to capitalize on our image of French quality. This will be



highlighted to the public through «Made in France» and «The French Brand» logos on our packaging.



Our ability to innovate has always been a source of differentiation and we will continue to invest in the flexibility, innovation and optimization of our industrial processes. In 2011, over 120 million euros were invested in the Group's factories.

At the same time, we will focus on our value chain and work to reduce the time required to get our products to market.

Finally, the French redundancy plan will end in December 2012. This has been a particularly difficult chapter in the Group's history; nonetheless, this was a vital process, conducted throughout in accordance with our core human values.

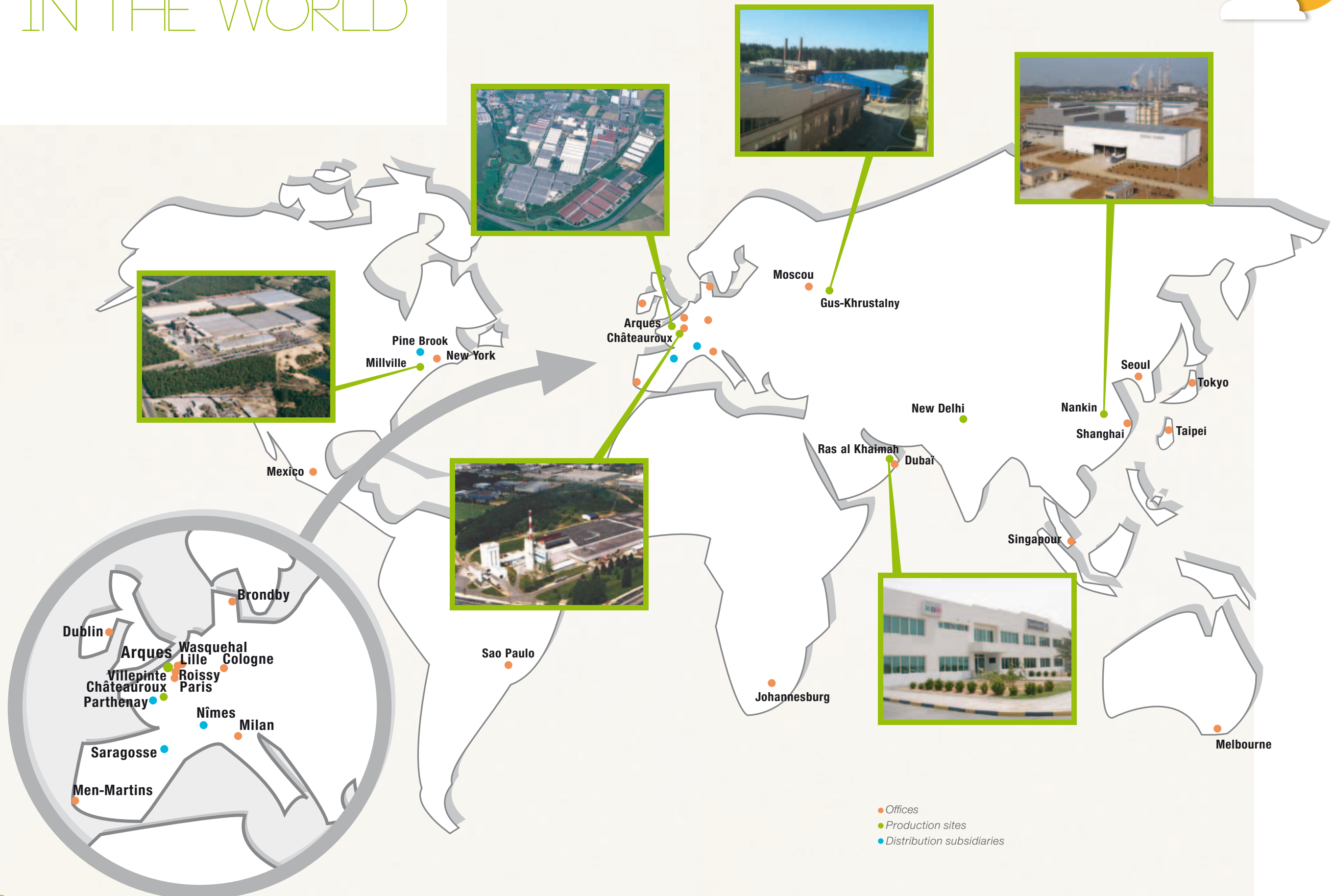
The long term future of the Arques site, and therefore the Group's survival, depended on this action.

This process has transformed our organizational structure as well as the mindset of our employees, and I wish to thank our staff for their unwavering commitment during these changes. This collective force is what makes our Group unique.



Guillaume de Fougères
Chairman of the Board

LOCATIONS IN THE WORLD



At Arc International, our commitment to Sustainable Development means building and implementing long-term strategies shared by all.

GOVERNANCE



Photo : Pierre-Marie Moulière

FOCUS PROGRAMME



Since 2003, Arc International has been actively committed to the Global Compact initiative and built its project on a foundation of strong values: respect for people and the environment.

This has resulted in many different actions and the importance of Sustainable Development has become engrained in people minds.

At the beginning of 2011, Caroline Barbier was appointed to a full-time position to address these issues.

A specific Sustainable Development project has been incorporated in the Focus Program supporting the Group's transformation. This project has 2 main objectives:

- to create a clear structure, in order to assess and drive the process forward.
- to communicate internally and externally, in order to anchor the process in the minds of our employees and establish dialog concerning these issues with our stakeholders.

1- STRUCTURING THE APPROACH

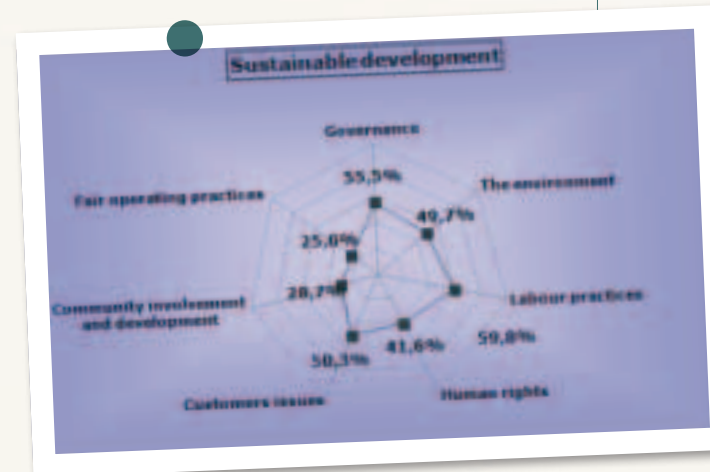


Sustainable Development is an area which may appear difficult to quantify, both in terms of results and the maturity of the process. By incorporating the ISO 26000 standard into our strategy, we possess an effective in-house tool for evaluating and orienting actions. It will measure the progress we have made and the path that lies ahead.

The ISO 26000 standard is therefore the basis of our internal audit, allowing us to accurately assess the status of each entity in terms of Sustainable Development. Our audit grid was built on the basis of this new standard, which is the reference in terms of corporate social responsibility. It revolves around 7 core issues and covers all areas through thirty different criteria which incorporate the aspects of implementation, performance and employee awareness.

Using the results of the audit, we can build an action plan that is both comprehensive and entity-specific, taking into account the progress already made as well as the priorities for each entity. This has enabled us to establish a road map for actions and future progress.

At this time, two of the Group's subsidiaries have already completed the Sustainable Development audit: AIC in Châteauroux, France and DGMC in Millville, USA.



2 - COMMUNICATING

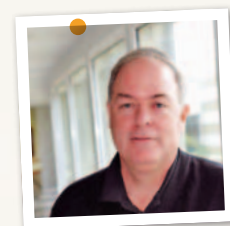
Communication is vital for the success of the project and is being developed externally and internally to accompany the process.

Customers are increasingly sensitive to the issues of Sustainable Development, in terms of their own activities as well as the practices of their suppliers. They expect to be supported in their policies and require tangible responses. To this end, we have published a Sustainable Development Booklet, which, in addition to the Annual Report, presents our main actions in this field. This continuous exchange of information feeds and enriches our program.

Internally, we place great emphasis on building a Sustainable Development mindset. Since 2011, a bond has been created with employees through internal events and active communication. Improving each employee's knowledge and awareness of Sustainable Development issues ensures they are genuinely motivated and adhere to the projects. Therefore, during the Sustainable Development week, we organized a major quiz to increase awareness among all French employees. The internal magazine and the weekly Newsletter have also been used to report the actions undertaken in the different departments. At the start of 2012, a major Photo Competition was launched for all employees. The subject was «The Representation of Sustainable Development in the activity of Arc International». The objective was twofold: to have employees demonstrate this relationship through their own initiatives and to make them aware of the genuine impact of the project. We received many magnificent photos from France, Spain, the United Arab Emirates, etc. You can see them right here; the winning photo is on the cover and you will find a selection of other photos as you read through the chapters.



Photo : Jacky Robert



TESTIMONY
FRED DOHN,
CEO AMERICAS
AND BTOB

« The Millville site has rebuilt the US 2 furnace in May 2012. We have selected the best available emissions reduction technology to make the furnace the cleanest of its kind. We have further added this equipment to the other two existing furnaces which makes the Millville site the cleanest tableware plant in the world. This significant investment will allow us to better serve our customers while safeguarding the environment. Seizing this opportunity we thought it was the right time to review and formalize our commitment to sustainable development in the broader sense. In order to know exactly where we stand and to build a proper and comprehensive action plan, our first step was to conduct an audit following the ISO 26 000 standard. During this audit we confirmed that we are already adhering to many best practices. Where we have found areas of improvement needed we have formed specific action plans to address. We have a cross functional team in place to guide and access these actions. We have also made presentations to major customers and have invited a dialogue with them over sustainable practices. That way we can keep the process an ongoing improvement strategy and a point of differentiation between ourselves and our competitors. We mean to make a real and permanent difference! »

AIC launched its Cook n'Care project in 2008 based on an SD 21000 audit. In September 2011, an internal ISO 26000 audit was conducted, replacing the SD 21000. The results have reinforced the position of AIC, a recognized leader in the Group for its social and environmental practices. Its strengths were highlighted, such as the ISO 14001 certification of the plant in Châteauroux and the Great Place to Work® program.

At the end of 2011, DGM C volunteered to implement a Sustainable Development project at the site in Millville. The project team fixed specific objectives: to promote the ongoing actions, draft a roadmap and establish a Sustainable Development mindset within the company. The audit carried out at the start of 2012 highlighted the site's strong points: labor practices and the control of emissions into the atmosphere. The project is now underway, based on action and progress.

The Group is continuing to structure its program: audits of the production and distribution sites are planned for other entities in France and abroad. The audits will accompany the deployment of the Supplier Sustainable Development Charter and the Sustainable Development Questionnaire for Research and Development projects.



Winners of the sustainable development quiz - AIF

AIC : INTERNAL COMMUNICATION CAMPAIGN AND AMBASSADORS



Through its Cook n'Care program, AIC is continuing to develop its project and involve its employees.

The Sustainable Development training courses are ongoing and will continue through 2012 looking at different aspects. For example, special sessions are planned to help the salespeople respond to their customers' expectations.

In addition, AIC has created a network of Ambassadors. They are trained in Sustainable Development and present at all levels of the company, where they relay information about the project. Their missions are to set up meetings with employees, to inform and share best practices with them and to improve their overall understanding of the subject. They promote a Sustainable Development culture in the company.

Another means used to increase awareness is a poster and questionnaire campaign which began in 2011 on the subject of Environment and Governance. This will continue in 2012 and deal with all aspects of Sustainable Development. A special newsletter was also launched at the end of 2011. It is called «365 initiatives» and presents the various Cook n'Care initiatives in Europe.

These communication tools are intended to increase employee awareness regarding the objectives that have been fixed and to inform them about the results. They also enable employees to understand that everyone has a role to play in taking the company forward.



AIC sustainable development Ambassadors



Pyrex®

Placing our expertise within a code of ethics.

In 2011, the Purchasing Department established a Charter of Ethics and Confidentiality. This Code aims to reinforce the purchasing process and applies to all employees and suppliers involved in a commercial relationship with the Group. It complements our adhesion to the Global Compact initiative and is an integral part of our Purchasing Principles. The goal is to identify all practices in our professional relationships and establish the rules:

- To act fairly and objectively
- To maintain absolute confidentiality
- To protect our know-how

These are the three major subjects addressed in the Code. Their common denominator: to strengthen and ensure the commercial position of Arc International, while maintaining a strong ethical code.

It is vital that everyone applies these common-sense principles, through every phase of external transactions.

This code was published in 2011 and is progressively being applied to all our suppliers.

SUPPLIER CHARTER



Charter of Ethics & Confidentiality



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In a constantly changing world, Arc International has succeeded in staying on course this year. The transformation projects underway hold out great hope for the future.

ECONOMY



Photo : Michel Trintignant

EUROPE : TRANSFORMATION IN FULL PROGRESS

In Europe, 2011 was marked by major projects to improve our competitiveness and develop our efficiency.

Since 2007, the Focus program has generated more than 200 cross-functional projects. The majority of these are now complete, although fifty are ongoing and others are already planned. More than 1,000 Group employees have already worked on these projects, and as many will again be involved in 2012.

Created in 2009, Arques Ambition aims to boost competitiveness. More than 500 actions have been launched, involving many staff in 2011. The project will finish at the end of 2012 and be replaced by a continuous improvement program.

The Cluster 11 project was launched in 2011 to support the growth of the International Division. It is managed from the United Arab Emirates and has resulted in ten projects, which are ongoing.

After the acquisition of OSZ in Russia in 2011, we now need to work on integrating the new entity into the Group and developing sales in Eastern Europe.

focus PROGRAM

6 PRODUCTION SITES

ARC INTERNATIONAL FRANCE (AIF)

creation date 1825 : Arques, Aire-sur-la-Lys (France),
5 955 employees

DURAND GLASS MANUFACTURING COMPANY (DGMC),

creation date 1982 : Millville, New Jersey (Etats-Unis),
845 employees

ARC GLASSWARE NANJING (AGN),

creation date 2003 : Nankin (Chine), 1 148 employees

ARC INTERNATIONAL MIDDLE EAST (AIME),

creation date 2004 : Ras-Al-Khaimah
(Emirats Arabes Unis), 1 664 employees

ARC INTERNATIONAL COOKWARE (AIC),

part of the Group since 2006 :
Châteauroux (France), 533 employees

ARC INTERNATIONAL RUSSIA

part of the Group since 2011 :
Gus-Khrustalny, 1 184 employees



EUROPE DIVISION

ARQUES TURNS THE CORNER



*Laurent Herbulot and Oliver Hasler
at the time of prize-giving*



Color Vibrance

Luminarc®

Flexibility, a successful choice.

In 2011, the Europe Division grew by 2.8% and posted significant productivity gains despite an unfavorable environment: economic slowdown in Southern Europe (Greece, Spain, Italy) and highly variable market demand. Olivier B. Hasler, CEO of the Europe Division explains: «The signature of the Flexibility Agreement at our Arques site enabled us adapt to this situation. I would like to take this opportunity to thank all the staff who actively contributed to this success.»

The Ambition Arques and Profil projects contributed to the return to profitability of the site, which had made losses since 2008. Today, Arques can announce an operating result of 24 million euros. «We exceeded our targets,» says the CEO of the Division. In January 2012, the fifth edition of the Arques Ambition seminar was held. This event was the opportunity to praise the actions that contributed to the success and advancement of the program. A special prize was awarded to Laurent Herbulot, for his investment in coaching and the establishment of new organizations.

Duplicated on the Châteauroux site, the Ambition Châteauroux and Challenge projects have also been successful: the site made a 2 million euro profit, compared with a 4 million euro loss in 2010.

These projects will generate significant productivity gains. Olivier B. Hasler confirms: «Together, they account for €73M of the €80M in savings that we targeted for the end of the year.»

The Europe Division decided to restructure Arc Distribution Iberica (ADI) and sell Arc Distribution France (ADF), with a view to reducing costs by 3% per year.

At the same time, Arques has invested 59 million euros to optimize the production facilities and R&D. For example, the L furnace has 20% more capacity but emits 20% less CO2 than its predecessor.

In Russia, the acquisition of OSZ has enabled us to achieve the same levels of Drinkware sales in the country as those recorded before the 2008 crisis. We expect the market to grow by 15% this year.

Finally, in terms of sales, the Europe Division is benefiting from its distributor brand positioning (Ikea, Auchan, etc.) in the Consumer Goods sector. The Color Vibrance products by Luminarc® and the Cristal d'Arques Paris® brand have been extremely successful.

On 12 December 2011, the Work Environment Department of Arc International France, in partnership with GSF, received the Trophy for Customer-Supplier Relationship Quality.

Note: GSF is an international Group specialized in cleaning and associated services.

This success rewards a partnership based on joint company values and which has several objectives: to achieve gains in cleaning costs, to develop the turnover and business of the local provider and to create jobs.

This Trophy is a particular honor for us since it is awarded by the largest French network of General Services Managers. Since 1975, ARSEG has been promoting this function with the support of professionals and experts who highlight issues of general occupational interest.

This award acknowledges an approach that is important to us.

ARSEG TROPHY FRENCH ASSOCIATION OF WORK ENVIRONMENT MANAGERS



ARSEG prize-giving

INTERNATIONAL DIVISION

Emerging countries, shared growth across the board...

In 2011, the Group's International Division once again achieved growth of 10%, thereby exceeding the target; a great performance in a sometimes difficult context. The International Division comprises 25 States with very different profiles. Among these, we should mention Japan, which was affected by the tsunami and the catastrophe at Fukushima. Other countries, such as Australia and Korea, are mature markets where the growth margin is lower.

Not surprisingly, it is the emerging countries that are driving growth: +33% in China, +30% in India, +29% in North Africa, +40% in Egypt and as much as +55% in the United Arab Emirates. Bart Muller, CEO of the International Division, underlines: «All segments contributed: BtoB and Food Service in Asia Pacific, Consumer Goods in the Middle East, Africa and the Indian subcontinent.»

Furthermore, the growth was boosted by the opening of a fourth furnace at the site of Ras Al-Khaimah in the United Arab Emirates. This facility improves our ability to meet demand in Africa, India and the Middle East. This success is based on the example of the China 1+ furnace commissioned in 2009 and which enabled us to support the growth of the Asian market.

Photo : Harold Lahaye



PROMOTION



Advertising campaign

Let's start campaigning!

This year, our sales teams worked closely with local distributors, the primary promoters of our brands. This field work was supported by targeted local advertising campaigns: Luminarc® in China, India, Iran and the United Arab Emirates; Cristal d'Arques Paris® in Saudi Arabia. As Bart Muller notes: «Our job is to create new products, but also to create demand.» This vocation is reflected in Arc International's ability to innovate: 20% of international sales are generated from original concepts (Dinnerware, Drinkware, Diamax®, storage, etc.).

We remain confident for 2012, while continuing to monitor the political tensions in the Middle East, which are already affecting our business in the region. «This situation puts our teams under pressure but our objective is still to grow,» explains Bart Muller.

AMERICAS DIVISION

Recovery in the United States and growth in South America.

The U.S.A. accounts for 12% of Group turnover. It was therefore vital to turn things around. Today, we are reaping the rewards of the efforts begun in 2009: focusing production capacity on the BtoB and Food Service segments, which generate significant margins.

We exceeded our objectives in BtoB, offsetting the slowdown in the Food Service sector serving hotels and restaurants. «We have retained the loyalty of customers such as McDonald's and started programs

with several brewers. We also benefited from a more favorable economic climate,» explains Fred Dohn, CEO of the Americas Division.

At the same time, the modernization of the Millville site by the teams has enabled the plant to operate at full capacity throughout the year. In 2012, a new furnace will add 20% to the factory's capacity and new filters will reduce atmospheric emissions by

75%, and particularly the NOx emissions of the existing facilities.

We are ready for future growth!



DGMC filter



Photo : Eric Fouache

In South America, our sales continue to grow strongly. Brazil spearheaded the market, recording a magnificent 20% increase for the year, just ahead of Mexico, Argentina and Chile. The Consumer Goods and Food Service segments were particularly successful. «The Opale Dinnerware ranges, manufactured in France, are one of the factors behind our success in South America,» points out Fred Dohn. However, the products sold on site also come from our factories in China, Dubai and Millville. So, this success is shared across the board!

2011 IN FIGURES

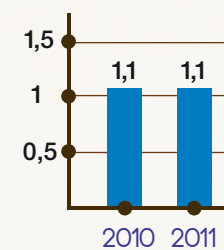
This year the Group posted its best operating profit since 2000. We can take pride in this excellent result and should pay tribute to the turnaround achieved in France and the United States as well as our international development.

TURNOVER

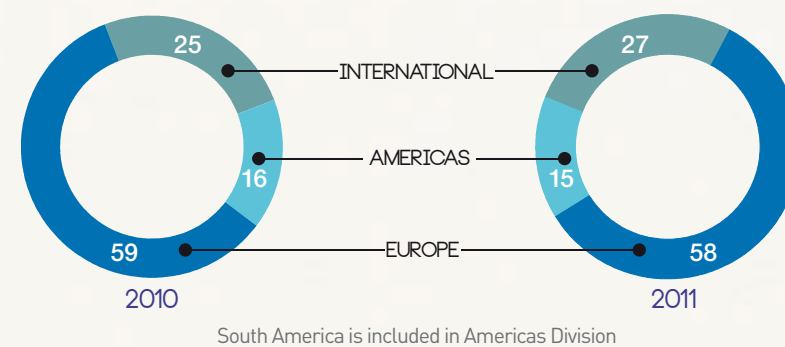
Turnover for 2011 was 1.1 billion euros. This is approximately the same as in 2010, but represents a real increase of 2.5%, at equivalent exchange rates. The breakdown of turnover between the three sectors (Consumer Goods, Food Service and BtoB) remained stable overall. Mature markets generated 62% of the turnover, with France accounting for 17%. Emerging countries accounted for 38% of turnover - compared with 36% in 2010. They posted 11% growth and seem to confirm our stated goal of reaching 50% of turnover by 2015.

The Group's growth was therefore driven by the International Division, which has benefited from the investments made, the marketing campaigns conducted and the strengthening of local sales teams.

TURNOVER (IN BILLION EUROS)



TURNOVER BY REGION (%)

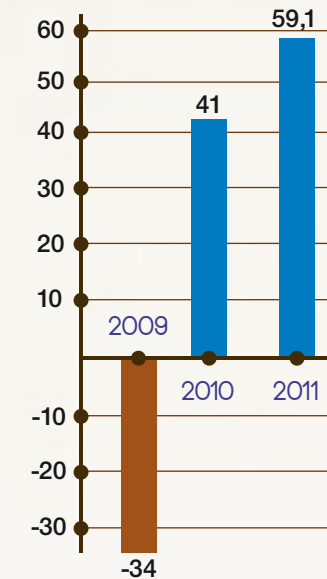


NET RESULT

The net result is the operating profit less banking expenses, taxes and charges, including exceptional items.

The net result for 2011 was 18.4 million euros, compared with 10 million in 2010. This notable increase in the result confirms the validity of our strategic choices and the need to continue our efforts in terms of company transformation and development.

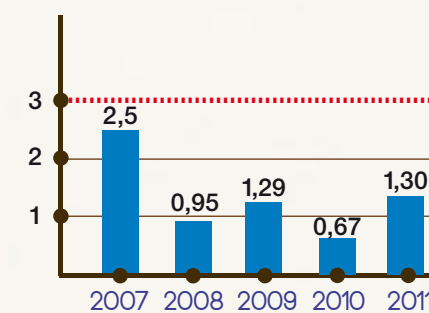
OPERATING PROFIT FOR THE PERIOD (EBITDA)



This is the turnover less costs linked to production, sales, administration and structure. A clear improvement: the operating profit was 59.1 million euros, compared with 40.6 million in 2010. This is the Group's best performance since 2000. All the different geographic zones contributed to the result: France and the United States by continuing their recovery; emerging markets by increasing their profitability.

The Group expects to achieve its target of 80 million euros in operating profit by 2014.

DEBT RATIO



The net debt to EBITDA ratio is 1.3 compared with 0.67 in 2010, representing an increase in the Group's debt level. This increase is due to investments made in industrial projects in 2011, amounting to a total of 120 million euros, comprising: 59 million in France, 11 million in North America, and 50 million in International markets (including the commissioning of the RAK4 furnace in the United Arab Emirates).

The ratio of net debt to EBITDA indicates the company's capacity to generate cash before taking into account investments, interest, taxes, depreciation and amortization, and therefore its capacity to repay its debts. The company's situation is considered healthy when the ratio is less than 3.

For a group that produces and distributes worldwide,
it is natural to have the environment at heart.
Environmental considerations are present at every level
of the company and at all stages of our planning.

ENVIRONMENT

ENERGY SAVING AT THE HEART OF GLASS...



Manufacturing process

Glass fusion naturally consumes a lot of energy. This is at the very heart of our industry, and therefore our concerns. On each site, we pay attention to every detail in order to control and reduce our consumption of different types of energy. Our actions range from increasing staff awareness to optimizing our processes.

Throughout the Group, conclusive results are already visible: a 10% reduction between 2010 and 2011.

In 2011, we created a working group on the Arques site to oversee energy saving. It works in three areas: audits, increasing awareness and monitoring. In tangible terms, certain actions have already been systematically implemented, such as the installation of lagging on hot points and the detection of compressed-air leaks. «Energy advisers» have been appointed in the most sensitive sectors. They monitor installations and their performance, compare them to the results expected, and optimize them if necessary. On Arc International's other sites, good practice is also monitored by the maintenance and manufacturing teams.

AIME : SOLAR FACILITIES

The AIME factory in the United Arab Emirates is increasing its use of solar energy. A first solar-energy facility was launched in 2010 and a second followed in 2011, providing hot water for the employees' homes. The solar-panel system heats 12,000 liters of water a day, thereby saving over 350 MWh a year. In addition, adjusting the electrical power of certain machines has reduced consumption by almost 1000 MWh a year.



Photo : Velmurugan Ambazhagan

WASTE



Waste separation

In 2011, the optimization of waste treatment was based on 2 key points: increasing awareness of good practice and reducing waste at source. The integration of good practice is a sensitive issue because it involves changing habits and raises specific problems in terms of day-to-day operations. Despite this, simple gestures, such as sorting waste or reducing printing, have been quickly adopted by everyone on all the sites.

Actions are going forward on every front, from administration to production. Waste from factory operations is subject to special monitoring. The aim is to reduce the amount of waste produced and improve its treatment, right from the sorting stage. These practices have become commonplace in Europe and are gradually developing across all the sites. In Arques, the management and recycling of waste, which was previously handled internally, were outsourced to two external providers in 2011: GSF and Séché Environnement. Their expertise opens up new recycling possibilities, which we will talk about later.

WATER, A FRAGILE RESOURCE

Photo : Caroline Robert

Preserving this vital resource has become second nature for everyone. However, the issue of water is not perceived in the same way in New Jersey, Northern France and the United Arab Emirates. The impact of business requirements in terms of water is not the same. Nonetheless, Arc International has implemented a global policy to increase awareness of this issue and the results are already noteworthy: between 2010 and 2011, water consumption associated with glass production decreased by 20%. The figure is already significant and encourages us to pursue our efforts.



Sewage water treatment - AIME

CULLET



Photo : Gonzage Lacroix

Glass manufacturing produces specific types of waste, generically termed cullet.

There are three types:

- transparent cullet, which can be 100% recycled internally, amounting to more than 85,000 tonnes per year.
- colored cullet, which is either colored through or decorated on the surface. The latter requires treatment prior to recycling. This treatment generates certain constraints but these are essential to ensure both the quality of our glass and longevity of our furnaces.
- cullet from the production of special glasses.

Implemented in 2011, the sorting of colored cullet required a long process to raise employee awareness at Arc International France. Colored cullet was already partly recycled but when sorting was difficult, it was sent to landfill or sold to be recycled as fiberglass.

Today, colored cullet has earned the status of «noble waste». In 2008, just 34% was recycled; today that figure is 69%. This represents more than 20,000 tonnes of colored cullet recycled this year.

There are many gains: reduction of raw materials used, reduction in transport to deliver waste for external recycling, increase in waste recycling.

In total, Arc International recycles over 93% of its cullet.



Cullet waste separation

TIN

As the main ingredient used for finishing our products, tin is a key focus of our attention. In three years, Arc International has managed to control and reduce tin consumption by 37% in the manufacturing process. This represents a total reduction of several tonnes, obtained by optimizing the processes at each stage of manufacturing. Through our improved control of consumption, we are also acting to preserve natural resources.

SUSTAINABLE R&D

Research and Development is one of Arc International's strategic forces; the Department is constantly redefining the boundaries. This Department takes into account all the foreseeable impacts of each project that reaches maturity. This covers a whole spectrum of environmental and social considerations. In 2011, a comprehensive grid of impacts was created. This involves two stages:

- 1 - the analysis of impacts
- 2- their optimization

Sustainable Development Questionnaire - R&D Projects

(Join to the R&D Projects file and in case of important impacts contact Caroline Barbier - ☎8401- sustainable development- or transfer a copy)

| | |
|----------------------|-------|
| Name of the project: | Code: |
| Project manager: | Date: |

| Axis | Description | Impacts | | Comments (description, figures, subventions, certifications...) |
|------------------|---|----------|----------|--|
| | | Positive | Negative | |
| Environment | | | | |
| | Energy (consumption, durability, renewable energy) | | | |
| | Water 's consumption | | | |
| | Raw materials (consumption and sustainability) | | | |
| | Recycling of product and packaging | | | |
| | CO2 emissions or particles, Rejects (water, atmospheric) | | | |
| | Use of the energy and waste generated by the production | | | |
| Human ressources | | | | |
| | Safety of employees | | | |
| | Working conditions (noise, smell, MSD) | | | |
| | Health of employees | | | |
| | Skills development | | | |
| Consumers | | | | |
| | Health and safety | | | |
| | Comfortable use (ergonomy, adapted to a special public, cleaning) | | | |
| | Resistance, durability | | | |
| Communities | | | | |
| | Creation of internal or local jobs | | | |
| | Partnership with local associations | | | |
| | Partnership with high school, research centers, competitiveness centers | | | |

FEDER



Research and Development at Arc International focuses on improving the properties of glass and the production processes. The objective is twofold: to optimize the efficiency of manufacturing processes while reducing their environmental impact.

To this end, the DEMIVER (Development of Innovative Molding for Glassmaking) project was set up, in partnership with Holophane, Bodycote and the CNRS, and partly financed by the European Union through its Regional Development Fund (ERDF). The project considers a broad range of issues surrounding molding such as reducing the use of raw materials, optimizing the longevity of molds, reducing the use of nickel and mold coating in the processes.

Reducing environmental impact also means improving waste emissions. Preventive measures can be taken to reduce emissions at source. Better combustion control improves our environmental impact, while other actions include such initiatives as installing filters.



Color Vibrance, organic-based decorative patterns

Other projects, such as optimizing the weight of items and their effect on the environment have been initiated. This promising project has already generated positive impacts in terms of raw material consumption while maintaining the aesthetic and resistant qualities of the items.

Finally, work is under way in such areas as organic decorations, using no heavy metals and baked at low temperatures (200°C instead of 600°C). Several manufacturing units are already working on this new generation of decorations that will reduce environmental impacts while increasing brightness and color rendition. This represents a double advantage for the customer.

ECO-DESIGN

PYREX®

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

As part of its Cook n'Care project, Arc International Cookware (AIC) launched a major study of its products' life-cycles. As well as glassware, AIC sells products in silicon or aluminum. The different materials require many highly specific analyzes, covering issues such as greenhouse gas emissions, water consumption and natural resources.

This new project will focus on analyzing the life-cycle of the different materials and their environmental impact before continuing with the actual analysis of product life-cycles... To be continued.



Pyrex items

PACKAGING

In a glass factory, more than anywhere else, it is impossible to design a product without packaging. Though it should be pleasant to behold, which is essential for marketing purposes, it is above all a vital means of protection.

At Arc International, packaging is mostly made from cardboard, so it is a recycled material, and inherently ecological. Reducing the environmental impact of our packaging is therefore a real challenge, since it has to be robust. At Arc International, the eco-design of packaging therefore involves other aspects: the removal of polyethylene and polypropylene films, optimization of product/package ratios, reduced cardboard thickness, etc.

All these actions added together reduce the Group's carbon footprint.

ISO 14001



AIC : ISO 14001 certification

In autumn 2011, our Chinese factory, Arc Glassware Nanjing (AGN), renewed its ISO 14001 certification. This is an important sign for our Asian customers, who are more and more sensitive to environmental issues.

At the same time, the Châteauroux (France) site obtained its first ISO 14001 certification. This success rewards the overall process implemented over the last year by the whole company. The audit highlighted various strengths, such as internal vocational training, consideration of environmental issues, site cleanliness, and the development of profitability. It also noted areas for improvement, notably due to the relative infancy of the environmental management process. AIC has already included these improvements in its action plan.

AIF : REMOVAL OF PLASTIC CUPS

The offices at the Arques site launched a life-size test: the removal of plastic cups from water dispensing points. They have been replaced by «home-made» glasses and a cleaning system that guarantees total hygiene for employees. The quality of the glass

means they can be used for hot and cold drinks.

Everyone agrees that the feel of the glass is much nicer, and they all appreciate the environmental gesture. Based on this successful experiment, Arc International France will implement this measure throughout its administrative offices in 2012.



Photo : Muriel Ridet

GREEN STAMPS



Launched in October 2011 by the French Post Office, the Green Stamp was immediately adopted by Arc International France and Arc International Cookware. This type of postage guarantees less impact on the environment including by not using the aircraft. A simple gesture to reduce our green-house gas emissions.

A little boost for nature!

SORTING AND RECYCLING OF PLASTICS

METRICS TONS OF PLASTICS

| | 2008 | 2009 | 2010 | 2011 |
|---------------|------|------|------|----------|
| Europe | 688 | 660 | 553 | 516 |
| International | 186 | 191 | 211 | 235 |
| Americas | 0 | 0 | 0 | 0 |
| TOTAL | 875 | 851 | 765 | 751 |
| 2008/2011 | | | | -16,49 % |

SORTING AND RECYCLING OF PAPER

METRICS TONS OF PAPER

| | 2008 | 2009 | 2010 | 2011 |
|---------------|-------|------|------|----------|
| Europe | 8662 | 6420 | 8126 | 6883 |
| International | 851 | 847 | 915 | 1051 |
| Americas | 836 | 828 | 448 | 529 |
| TOTAL | 10348 | 8095 | 9488 | 8436 |
| 2008/2011 | | | | -18,22 % |

SORTING AND RECYCLING OF METAL

METRIC TONS OF METAL

| | 2008 | 2009 | 2010 | 2011 |
|---------------|------|------|------|---------|
| Europe | 2936 | 1464 | 1660 | 2704 |
| International | 119 | 123 | 120 | 144 |
| Americas | 183 | 22 | 12 | 117 |
| TOTAL | 3238 | 1609 | 1792 | 2965 |
| 2008/2011 | | | | -9,20 % |

In 2011 compared to 2008, we can lower the overall production of major recyclable waste such as metals, paper / cardboard and plastics. This decline indicates a real consideration of waste production right from the source. Actions such as reducing the amount of packaging or impressions are starting to show real results. However, waste metal remain very dependent on the activity of furnaces in particular their removal resulting in an increase mainly in Europe and the Arques site that dismantled facilities and rebuilt ovens in 2011.



CO2 EMISSIONS

METRIC TONS OF CO² EMITTED PER
METRIC TONS OF GLASS PRODUCED

| | 2008 | 2009 | 2010 | 2011 |
|---------------|------|------|------|----------|
| Europe | 1,03 | 1,09 | 1,17 | 0,90 |
| International | 1,62 | 1,28 | 1,35 | 1,35 |
| Americas | 1,11 | 1,15 | 1,19 | 1,18 |
| GROUP | 1,25 | 1,17 | 1,23 | 1,06 |
| 2008/2011 | | | | -15,50 % |

In 2011, CO2 emissions have decreased significantly throughout the Group to reach -15.5% compared to 2008. The decline was sharp in Europe and more tangible in other divisions. Initiated actions including energy in each unit are starting to pay.

WATER CONSUMPTION

M³ OF WATER PER METRIC TON
OF GLASS PRODUCED

| | 2008 | 2009 | 2010 | 2011 |
|---------------|------|------|------|----------|
| Europe | 7,50 | 8,28 | 7,70 | 5,76 |
| International | 4,07 | 4,79 | 4,72 | 4,34 |
| Americas | 4,21 | 5,70 | 5,72 | 5,94 |
| GROUP | 6,29 | 6,96 | 6,67 | 5,38 |
| 2008/2011 | | | | -14,58 % |

For the second consecutive year, water consumption decreased to -15% compared to 2008. The decline is most significant in Europe but the International Division has also progressed. This decrease is particularly important because to equivalent production we have saved 1 000 000 m³ in 2011 in comparison to 2008.



A Group is built on know-how, economics and above all the people that work there. The human aspect has always been central to the Group and continues to drive all our projects.

SOCIAL



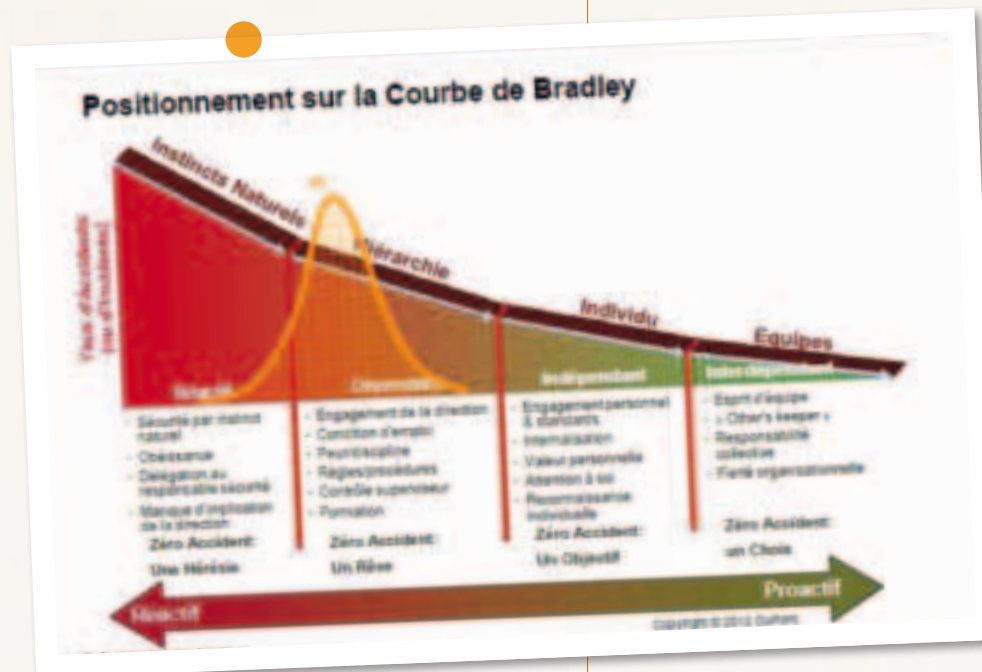
Photo : Gireesh Kumar

A SAFE ARC TOGETHER



Safety is an essential point of the Group's policy. However, the many site locations and different cultures make it a particularly sensitive subject. «A Safe Arc Together» is a major Group project, which concerns all the production sites. It aims to improve safety considerations and halve the rate of accidents resulting in absences. Arc International was supported during this project by the DuPont Group, which conducted detailed audits on every site. The audits enabled us to place each entity on the Bradley curve. This curve is a tool for measuring safety and health in the workplace. Based on 4 levels, it measures the relation between work accident frequency and the commitment of employees as regards safety issues. It clearly demonstrates that accidents decrease when safety is regarded as a major concern shared by everyone.

The teams then set out a strategic vision and a roadmap based on leadership, organization, processes and actions. Finally, each subsidiary established its own action plan. Since the start of 2012, operational managers at all levels have been following training courses. These will continue throughout 2012 and 2013.



Courbe de Bradley

AIF : SAFETY INCLUDED AS A COMPONENT OF THE PROFIT-SHARING AGREEMENT AT ARC INTERNATIONAL FRANCE.

Since the financial situation improved in 2011, the employees received a profit-sharing bonus in 2012. To this end, a new agreement was signed which adds a safety indicator to the economic criteria. As a result, an increase in the amount set aside for profit-sharing may be allocated (or not) depending on whether the target in terms of accident frequency is achieved. The symbolic choice of a safety indicator reinforces the importance given to prevention and monitoring in this area.

«From our very first discussions with Arc International, we were impressed by the management team's determination to achieve a fixed, formalized and ambitious target in terms of safety.

Driven by a real desire to change things, the initiative launched by Arc International is global, structured and sustainable.

During our first field missions, we noted many good practices, the managers' desire to progress in terms of safety, as well as the need to raise and standardize the existing requirement levels in order to avoid all accidents.

The development process for the Safety Culture within the Arc International Group is exciting but complex and must be conducted over the long term: in addition to the tools and processes that need to be developed, the major change will focus on the attitudes, perceptions and mindsets of the people and teams.

In such a demanding business environment, the key challenge will be to maintain the leadership of the Group and local management teams over time, to ensure the changes are visible and to acknowledge the efforts and progress made; these are the key factors for the success of «A Safe Arc Together».



TESTIMONY
THIERRY PIEL
 CONSULTANT- ACCOUNT
 MANAGER, DUPONT
 SUSTAINABLE SOLUTIONS,
 DUPONT DE NEMOURS
 FRANCE

NEW SAFETY MARKING

A new international system for classifying and labeling chemicals has been drawn up: the Globally Harmonized System (GHS). Its recommendations are relayed in Europe by the CLP (Classification, Labeling and Packaging) system, which recommends new rules. By 2017, all labels will have been modified and updated. Everyone must assimilate and understand them:

vocabulary, hazard definitions, pictograms, information, etc. We must start preparing as of today, because being able to read and understand the label before handling a chemical is the first way of protecting yourself.

In March 2011, a major Safety Quiz was launched among staff regarding labeling. Using a questionnaire-game format, employees were able to test their knowledge of hazardous products used in both professional and domestic environments. This was followed by a training session given by the Safety Environment Department to the staff concerned. This fun, educational approach was much appreciated and was a resounding success.



Safety Labelling

AIF : PERSONAL PROTECTIVE EQUIPMENT



PPE machine

The Arques site has put in place a new automatic system for distributing personal protective equipment. The company calls upon different skills and professions and a certain type of mission requires specific protection equipment. All employees have received badges encoded according to their profession. By activating the system with the badge, employees automatically receive the specific equipment they need, thereby avoiding the risk of mistakes. Each employee wears suitable protection and becomes responsible for it. This system also improves the management of PPE stocks.

SAFETY REINFORCED IN JAPAN



Emergency kit

After the tsunami in March 2011, Arc International Japan took some forceful measures, based on solidarity and social responsibility. Employees now have emergency kits in every office. These survival kits contain helmets and food and water for a few days. In addition, emergency procedures and the contact list have been revised to facilitate their access and use.

AIF : AUTOMATIC HANDLING VEHICLES IN THE COLD END

Arch chambers are used for finishing and packaging products. Some of these are equipped with AGVs (Automatic Guided Vehicles). These driverless goods-handling trucks are equipped with sensors; they follow a pre-established path marked on the ground and stop if there is the slightest obstacle, thereby avoiding any collisions with pedestrians. Their use is designed to improve productivity as well as the safety of employees working around handling areas. AGV traffic areas must be clean, tidy and free of materials on the ground (pieces of cardboard, wood, etc.). These operating requirements mean increased vigilance, which in turn makes these areas safer for staff.

AIF : ERGONOMICS



PRAP training

At the Arques site, the principle of ergonomics is well established in everyday practice. Two ergonomists work on site full time, for specific projects defined on request. Some departments call upon their services when renewing equipment. All equipment will now be replaced by ergonomic, adapted equipment (tooling, goods-handling equipment, manufacturing process, or office equipment).

In many production line improvement projects, an ergonomist is involved from the very start and is able to provide a different vision of the work station. When ergonomic constraints are integrated from the planning phase they are easier to implement. Let us note a few examples: replacement of 80% of the seats in the molding workshop, development of automatic mold polishing (reduced exposure to dust and fewer repetitive gestures for employees), and automation of certain work stations, such as the palette stacking of items or the transfer of molds to the machines. PRAP training courses (Prevention of Risks linked to Physical Activity) are also being developed. In 2011, another 500 people were trained in these practices.

The industrial environment can result in difficult working conditions, notably noise. Consequently, the noise studies conducted in 2011 in production areas have resulted in tangible solutions: reduced intensity and better absorption. Corrective actions on the noisiest operations were implemented, such as sound-proofing of the production waste containers or the reduction in the sound level of the machine alarms. Based on these results, further actions will be implemented on other parts of the process and extended to the noisiest areas.

AIC : GREAT PLACE TO WORK®



The «Great Place to Work®» (GPTW) model is a Charter of Trust built on 5 points: credibility, mutual respect, fairness, pride and camaraderie. Employees are at the centre of this model. Through them, three key relationships are highlighted: do they trust their management, are they proud of their work, do they enjoy the working atmosphere? According to a GPTW survey, 56% of staff consider AIC to be a good place to work. In 2011, certain cross-functional projects were conducted: a seminar on "joined-up management", workshops and surveys. The participants were highly committed and made numerous suggestions, which are to be implemented. We should note that communication was the theme most frequently mentioned.

AIME : SUGGESTION SCHEME FOR GOOD PRACTICE



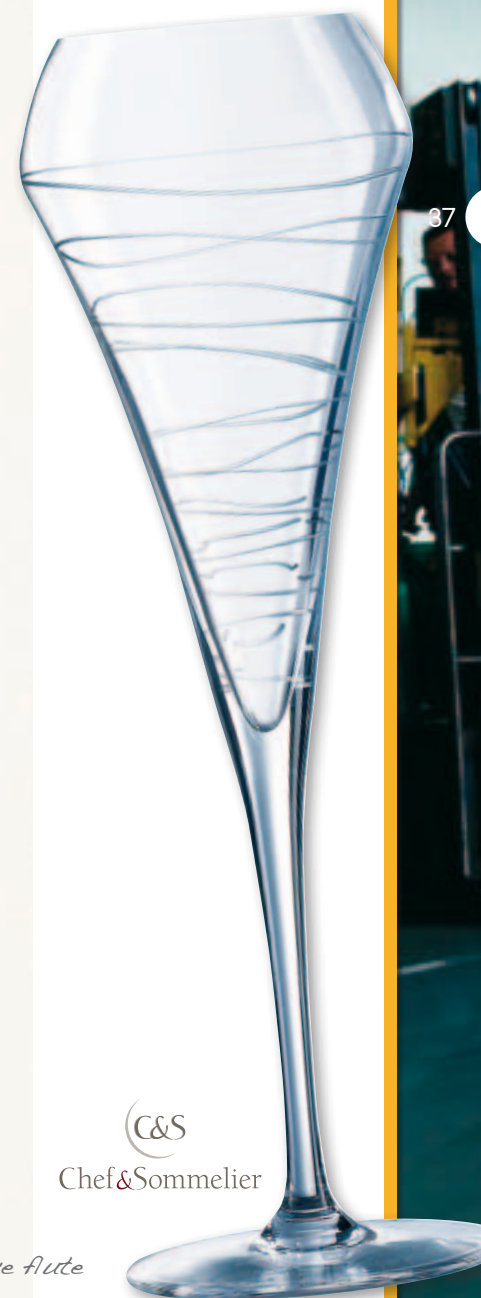
AIME employee

The system for reporting and sharing good practice at Arc International Middle East (AIME), in the United Arab Emirates, was created in January 2011 and applies to all the staff on site. It is based on safety, quality, and productivity as well as energy saving and waste reduction. A committee meets each month to validate the suggestions and record them in the action plan. After their implementation, and once the expected benefits have been validated, the Committee elects the best idea each month. The person responsible for the idea receives a financial reward and is the subject of an article in the site's monthly newsletter.

This system encourages changes in practice and drives improvement, while also recognizing the work and the proposals made by employees.

New actions were implemented in 2011, as part of the «Living Better at Work» project. Among them, we can note the rules for using e-mails and the organization of meetings. Certain habits and acts, such as sending e-mails after 8pm or at the weekend, the organization of meetings after 7pm or during the lunch break, were particularly targeted and messages were circulated to remind people of good practice regarding these issues. Other subjects, such as improving the team restaurants and relaxation areas in production, have also been addressed by this working group. Taking meals or breaks should be a time for relaxing, and the environment of these spaces plays a major role in this.

AIF : BETTER LIVING AT WORK



C&S
Chef & Sommelier

Open Up Arabesque Flute

AIF : DISABILITY



Label workshop

Integration and disability have long been central aspects of the HR policy at Arc International France.

At the same time, multidisciplinary meetings have been organized, involving occupational health practitioners, ergonomists, managers and human resource managers. During the meetings, decisions regarding the adaptation of the workplace or the reclassification of staff are discussed and validated, in order to improve the well-being of disabled employees. All these actions mean that the employment rate of people with disabilities on the Arques site is well above the legal minimum. Indeed, this new scheme concerned 8.14% of AIF employees in 2011.

AIF : LABOR AGREEMENTS

• Equal opportunities in recruitment

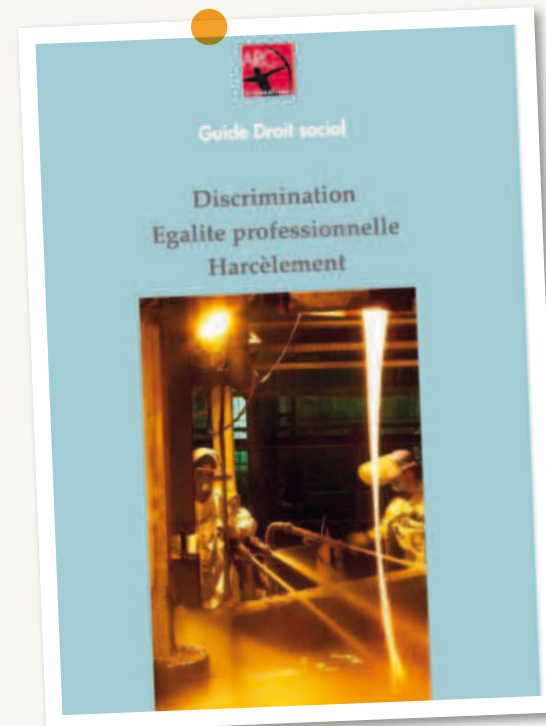
Arc International has published a Guide to Employment Law regarding discrimination, equal opportunities and harassment. This guide concerns both managers and employees at Arc International France. It aims to clarify definitions and concepts, and to remind everyone of the Group's obligations and commitments in these areas.

• Agreement regarding seniors

AIF has signed an agreement with the unions regarding the prevention of hardship for seniors in the workplace. A series of actions has been established: reducing multi-exposure to factors of hardship (noise, extreme temperature, alternating shifts), improving the ergonomics of the workstation, developing skills and qualifications, providing access to occupational training. A final component aimed at maintaining employment through internal reclassification has also been ratified. Quantitative targets are to be achieved within three years and an annual review of the results is planned.

• Gender equality

A detailed report, published at the end of 2010, established the rates of representation and the breakdown of men and women in the company. There are disparities in both directions, some of which are quite «natural», such as the low presence of women in certain jobs, notably in production. Nonetheless, Arc International is working to restore the balance on certain points: the leveling of salaries, maintaining salaries during maternity and paternity leave, and flexible working hours.



Discrimination booklet

TRAINING



Apprentices

AIF : Apprenticeship: Welcome to our apprentices!

On February 6th 2012, ten apprentices arrived in the company to prepare the Complementary Certificate for Glass-making Machine Operators. The apprentices alternate their time between studies at the Lycée Jacques Durand in Saint Omer and practical work in the company, and will be on site for 8 months. They were welcomed to the company by their Apprenticeship Managers, who are all volunteers and have been specially trained for the role. They will supervise the learning process and assess the apprentices, while liaising with the School throughout the apprenticeship period. This type of training, which had not been provided inside the company since 2005, was reintroduced in 2011. The company's HR Department helped to set up the program. The arrival of these apprentices demonstrates the company's active commitment to preparing for the future.

Staff training rate

In France and abroad, the Arc International's Human Resources policy encourages occupational training. The percentage of staff trained in France was 3.41% in 2011. The wide variety of training courses enables employees to progress in their field

of expertise or helps them to change jobs, inside or outside the company. Moreover, the constant evolution of processes and technology means that the knowledge and skills of our staff must be regularly updated.

On the Arques site, occupational training assists employees who want to change jobs or companies, and optimizes their employability. The entire Group places great emphasis on developing the technical skills of production staff. Training programs and knowledge sharing support this policy.



Forum

THE ARQUES SITE



Employment and Mobility center

The Arques site has experienced some difficult years recently, particularly in 2004 and 2009. We needed to make significant changes, and take efficient, innovative measures to support the staff during this transformation.

We would like to highlight two key measures, the first concerning the site's employees and the other focused on the region. They both reflect Arc International's active involvement in developing an effective recovery plan.

- Measures devoted to the employees:

An in-house Job-Mobility Center was created with three full-time staff responsible for supporting employees on the Arques site who wanted to change jobs or companies. The work was carried out in close partnership with AFPA (National French Adult Training Association) and the regional Department of Labor. A collective audit of regional employability/Strategic Workforce Planning was conducted for the Saint Omer area in order to better target professions with labor requirements.

The training department also played an important role in providing expertise and supporting staff in their search for the most appropriate training.

Between 2004 and 2011, a total of 1,272 employees received support, 1,211,000 hours of training were provided, 1,248 individual training leaves were granted, and 452 people completed the process to recognize skills acquired through work experience.

The Job/Mobility Center also organized over 23 profession-specific and recruitment forums in the company from 2009 to 2011. The forums took place on the actual company site and enabled employees to meet companies with job vacancies as well as trade-specific professionals in order to find out more about potential opportunities.

The «Living Better at Work» project supported the change process for employees remaining on site, providing tangible actions and responses to their concerns (see page 37).

- Measures devoted to the region:

In conjunction with local political and economic players, Arc International is actively involved in developing business activity in the Saint-Omer region.

Since 2005, Arc International has dedicated two people and a budget of almost 10 million euros to developing economic activity and new jobs in the area.

Since 2005, three economic development agreements have been signed, which will run until 2013. These concern 21 companies, which have created 1100 jobs. Certain projects are still in the design phase and could result in the creation of another 500 to 600 jobs.



AFPA prize-giving

In addition, certain activities have been outsourced, such as the cleaning of the premises and vehicle maintenance. The outsourcing of these activities was conducted in accordance with the company's values and the labor-relations charter signed in 2004; it ensured the preservation of 250 jobs and indirectly created further employment through the development of these service providers' business in the region.

One imaginative initiative was the «Créativallée» competition, which rewarded entrepreneurs who created jobs. This competition highlighted the vitality of the Saint Omer region.

Arc International France has also made industrial premises, technical expertise or internal human resources available to new companies in order to help them set up in the region. For example: Saverglass (320 jobs), Arvato (420 jobs), Transgourmet (140 jobs).

The 2011 results for the Arques site are very encouraging: return to profitability and 10% increase in production. The investments made (59 million euros out of a group-wide total of 120 million euros) have improved performance and ensured the continuity of the site. This is proof that it is possible to continue manufacturing in France..



Photo : Richard Dubois

DISTRIBUTION OF EMPLOYEES

BY REGION ON 12/31/2011

| | 2010 | 2011 |
|---------------|------|------|
| Europe | 7695 | 7275 |
| International | 2815 | 3217 |
| Americas | 1028 | 1003 |

The Group has changed little in 2011 compared to 2010. The workforce of Europe continued to decline with the voluntary redundancy plan at AIF. The opening of a new furnace at the plant of AIME in the United Arab Emirates necessitated the strengthening of the teams.

TRAINING INVESTMENT

AS A PERCENTAGE
OF PAYROLL IN FRANCE

| | 2008 | 2009 | 2010 | 2011 |
|--------------------------|--------|--------|--------|--------|
| Training as % of payroll | 4,89 | 3,47 | 3,71 | 3,41 |
| Legal rate in France | 1,60 % | 1,60 % | 1,60 % | 1,60 % |

Investment in training continued in France this year to reach a significant rate of 3.41% against the 1.6% regulatory.

ACCIDENTS IN THE WORKPLACE

FREQUENCY RATE

| | 2008 | 2009 | 2010 | 2011 |
|---------------|-------|------|-------|------|
| Europe | 12,34 | 8,34 | 10,13 | 9,88 |
| International | 9,13 | 9,22 | 9,57 | 8,64 |
| Americas | 13,23 | 5,91 | 4,33 | 1,91 |

SEVERITY RATE

| | 2008 | 2009 | 2010 | 2011 |
|---------------|------|------|------|------|
| Europe | 0,44 | 0,50 | 0,40 | 0,43 |
| International | 0,07 | 0,11 | 0,13 | 0,12 |
| Americas | 0,36 | 0,31 | 0,27 | 0,18 |

The year 2011 is an encouraging level of safety. Frequency and severity rates are declining in all units. These results are a good basis for the project «A Safe Arc Together».

DISABILITY

EMPLOYMENT OF PEOPLE
WITH DISABILITIES
IN FRANCE

| | 2008 | 2009 | 2010 | 2011 |
|----------------------|--------|--------|--------|--------|
| Rate of employment | 7,80 % | 7,82 % | 7,30 % | 8,14 % |
| Legal rate in France | 6 % | 6 % | 6 % | 6 % |

Consideration of disability remains a priority and different actions to integrate or retain persons working with disabilities are paying off as evidenced by the employment rate of 8.14%

LOBEL WORKSHOP

| | 2008 | 2009 | 2010 | 2011 |
|--------------------------------------|------|------|------|------|
| Workforce | 38 | 41 | 41 | 40 |
| Supervisors | 5 | 5 | 5 | 6 |
| Nb of people successfully graduating | 36 | 36 | 38 | 38 |
| Nb of people who obtained the CACES | | 3 | 0 | 1 |

In 2011, there were no outflows of the workshop. Training in CACES, allowing disabled workers to work as a driver and thus enhance their employability. One more person has obtained the permit, bringing to four the number of CACES obtained since 2009.

BRIQUETERIE WORKSHOP

| | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|------|------|------|------|
| Workforce | 20 | 19 | 22 | 23 |
| Supervisors | 3 | 3 | 4 | 4 |
| % people reintegrated in a company | 67 % | 50 % | 50 % | 67 % |

In 2011, the successfully rate of the Briqueterie workshop has been significantly improved reached to 67%. 6 young people were able to leave the workshop with a permanent employment.

EMPLOYMENT OF SENIORS

| | 2008 | 2009 | 2010 | 2011 |
|---------------------------------------|--------|--------|--------|--------|
| Active employees over 55 years of age | 18 | 15 | 15 | 73 |
| Percentage | 0,24 % | 0,21 % | 0,23 % | 1,21 % |

In the senior agreement signed for 2010 to 2012, Arc International France pledges to double the employment rate for workers over 55 years. In 2011, the employment rate is 1.21%.

Arc International is a leading industrial company, but the Group is also much more than that. By investing in actions of solidarity and sharing, Arc International remains true to its values and highlights its uniqueness.

COMMUNITIES



Photo : Alexandre Daniel



A BRITISH PINT, PLEASE !



Since June 2011, Arc International has been working with English pubs.

During 2010, the British Government asked Arc International to work on a genuine public health issue: the potential danger of broken glasses during fights outside pubs. In 2010, there were over 80,000 accidents due to glasses, which become lethal weapons when broken.

Always willing to take up new technological challenges, Arc International worked on this subject in close partnership with a design agency and an English brewing company.

The result was: Ultimate Pint! This glass is five times stronger than normal glass. When it breaks, it shatters into thousands of pieces with no sharp edges.

To achieve this, Arc International focused its research on the shape of the glass during the manufacturing process. The «tempering» process involves a significant increase in temperature which is abruptly interrupted to release the material stresses. The resulting glass has no ribs and is gently curved.

Launched by Arcoroc on the professional market in June 2011, Ultimate Pint is fulfilling all its promises, and was acknowledged by the BBC in January 2012. Other countries such as Australia are already interested in the new glass, thanks to both its technology and design.



Arcoroc
PROFESSIONAL

ADSA : DONATIONS

A NETWORK OF GENEROSITY IN SOUTH AFRICA

Arc International South Africa was impressed by the tangible and effective work of several associations united around a common goal: helping the poor. Arc International supplied the associations with tableware; a modest contribution to great ideas.

THE CHILDHOOD CANCER FOUNDATION

In South Africa, many children are affected by cancer. The Childhood Cancer Foundation takes in families of sick children and helps them through the medical procedures, while preserving family unity, which is a vital factor in helping these children to heal.

THE NKOSI HAVEN FOUNDATION

This association founded by Gail Johnson raises funds to create and maintain community centers for people with AIDS.

STARS OF AFRICA FOOTBALL ACADEMY

Based on a joint passion for soccer, a group of South African entrepreneurs created this academy, whose aim is to train and support young South African footballing talents; gifted children who need support in order to have the opportunity to live their dreams.

SOS CHILDREN'S VILLAGES

A member of SOS-Kinderdorf International, the largest, private worldwide organization working for child well-being. Through this program, more than 200,000 children benefit from foster homes and education programs.

DIAMBARS FOOTBALL ACADEMY

Turning soccer into a driving force for education. The association works in partnership with the provincial Government of Gauteng and the City of Ekurhulein to offer an education program to the region's children. Around 20% of them become soccer-players.

SA FEDERATION FOR MENTAL HEALTH

The federation's purpose is to improve mental health in South Africa by caring for people with psychiatric or intellectual disabilities.



*Stars of Africa
Football Academy*



SOS Children's Villages



Diambars Football Academy

« Many people believe that children do not get cancer, but in South Africa about 1 child in 600 does in fact develop one of the many different types of this illness. The prognosis is good for those children who are diagnosed early enough and are treated at one of the specialist centres; a cure rate of about 70% can be achieved. Sadly in South Africa, it is estimated that less than half of the children with cancer are actually diagnosed, and of those too many are diagnosed at late stages of the illness, with a consequent poorer prognosis. One of our projects has been to make staff in primary health centres more aware of the warning signs for childhood cancer, to improve the rate of detection and effective treatment for all children in the country. However, without the support of individuals and organizations such as Arc Distribution we would never have been able to achieve what we have to date. »



Childhood Cancer Foundation

TESTIMONY
BRENDA STEYN,
SECRETARY,
CHOC CHILDHOOD
CANCER
FOUNDATION SA

THE RONALD MCDONALD HOUSE

On 22 May 2011 the Ronald McDonald House in Villejuif underwent a major spring-clean and complete refurbishment.

We should note that the children hospitalized in Villejuif come from all over France and that, on top of their illness, being far from their families can be a traumatic experience. The concept of the «Parents House» is simple: to enable parents to be near their children for a certain period of time, in a warm, friendly environment and without breaking their budget. Creating a home, a place where families can be united. The house is huge, and has genuine living areas where people can be together.

As in any home, the kitchen is an essential part of the living space, the heartbeat of the household. It is only natural that Arc International made its contribution to the kitchen. At the

Foundation's request, Arc International provided bright and colorful Luminarc tableware and Pyrex kitchenware to equip the dining area, and add a little sunshine to the kitchen with practical items for preparing meals. On 19 October 2011, the House celebrated its 20th birthday with a second inauguration following the renovations.

This is a wonderful joint initiative inspired by a great idea, which will perhaps be extended to other cities. Arc International is following the project closely.



*Ronald McDonald parents' house
in Villejuif*



Pueblo Corail by Luminarc

AIF : CAP'CITÉS



Photo : Alexandra Blyth

STOCK CLEARANCE BETWEEN NEIGHBORS

THE MANIFESTO FOR RESPONSIBLE GROWTH

In September 2011, the Cap'Cités association brought its new project to the attention of Arc International: the opening of a Club House in the very heart of Paris. A living space created with and for psychologically vulnerable people. Depression, accidents of life, bipolar disorder or addictions are problems which are often poorly treated or underestimated. Cap'Cités has built its action around a simple concept: helping Club House members by focusing on their strengths rather than their weaknesses; exploiting each person's potential to help them excel. Arc International adhered completely to this approach. The Cap'Cités Club House is inspired by an American model founded in New York in 1948. Since that time, the Fountain House concept has spread around the world; today, there are over 300 houses of this kind, welcoming 57,000 people each year. The houses are regularly assessed and the results are positive. The Club House in Paris offers a place where people can express themselves and receive professional care and support. Arc International provided the house with the dinnerware it required: tableware for sharing meals and kitchen equipment for preparing food, a vital factor for social reintegration.

On 5 December 2011, Arc International Cookware organized a PYREX clearance sale at its head office in Villepinte in favor of the local Food Bank. This sale, which is usually reserved for AIC employees, was opened up to employees from neighboring companies. The purpose was to sell off products that could not be sold in stores while supporting a charity. The sale was a huge success with both regulars and newcomers. At the end of the day, the whole sum was donated to the Villepinte Food Bank. The same initiative was organized on 18 November at DGMC for the New Jersey Food Bank, in addition to donations of food. During this Thanksgiving period, our American staff demonstrated their great generosity.

Arc International is a member of the «Fondation Croissance Responsable» (Responsible Growth Foundation) which acts as a bridge between schools and companies in France. These two worlds are often far apart, but can only gain from having a better understanding of each other. The signatories of the Manifesto invite teachers and career advisers to build interactive, long-term relationships in order to meet the needs of young students who will enter the professional world in the near future. The companies undertake to open their doors to teachers and career advisers in order to pool their experiences and consider solutions. Relationships, training, integration... A shared determination to meet the challenges of tomorrow's society. Arc International is among the first 100 companies that signed the manifesto launched in 2011.

IN PARIS, SAMPLES SUPPORT PROFESSIONAL INTEGRATION



Label workshop

THE A.S.C.A.I., THE TELETHON AND DISABILITY ...



JAPAN

The Paris Office of Arc International has invented a new form of recycling. Our product samples returned from Trade Fairs or press presentations represent a significant volume. Consequently, our colleagues have invented and organized in-house sales open to Arc International employees and other companies in the building. They take place two or three times a year. The sale organized in December 2011 was a resounding success. The entire sum collected was donated to the «Atelier du Lobel», an association created and supported by Arc International. This association employs and supports disabled persons, at Arques, in integrating the professional world. (see on page 43).

... a long-standing relationship!

The A.S.C.A.I. is a Sports Association created in 1973 on the Arques site and open to everyone: employees, their families, retired persons and local residents. This highly active association organizes many initiatives: sports, leisure activities and holidays, at very affordable prices. Today, the A.S.C.A.I. has 30 activities, more than 2,000 members and a great record. For several years, the A.S.C.A.I. has been enthusiastically organizing events to support the Telethon. The 2011 event included a whole range of sports and leisure activities: zumba and country dancing demonstrations, basket-ball competitions or remote-control car races etc. All the members played an active role to meet the Telethon challenge. A total of 3,000 euros was collected during a day filled with fun and good humor. In addition, the A.S.C.A.I. has a handisport section. The association can provide a mini-bus for transport. This is a genuine asset since travel can be a major issue for disabled sports-persons. The association finances the mini-bus, among other things, through the collection of plastic bottle caps and the organization of an annual handithon.

Acting quickly with the appropriate measures

Faced with the tragedy of Fukushima on 11 March 2011, the staff at Arc International in France, the United States and Japan acted in unison. Internal fund-raising enabled us to quickly send a donation to the American Red Cross present on site. In June, a container of 5,000 tableware sets departed for Japan. These 19-piece family sets designed by Arc International were another way to help Japanese families rebuild their homes.

NOTES

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