

CORPORATE SOCIAL RESPONSIBILITY REPORT 2012

2011 ACTIVITY

ARMOR

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REPORT SCOPE

This Corporate Social Responsibility report covers all ARMOR group sites, with the exception of the subsidiary in the Czech Republic, which was acquired in 2010, and the commercial subsidiaries. It follows two years of Sustainable Development reports: 2009 and 2010. It serves as a report on progress made in 2011 on the ten principles of the UN Global Compact, to which the group is a signatory.

Although the structure has been guided by the Global Reporting Initiative international profile disclosure report, this report concentrates on portraying the significant impacts and efforts of the group, without breaching the level of confidentiality demanded by competitive considerations. It includes a few indicators that have been consolidated across its full scope. The level of transparency will increase in line with the subsidiaries' involvement in the group's CSR activity.

› THE DIGITAL VERSION OF THIS REPORT IS AVAILABLE FOR CONSULTATION ON WWW.ARMOR-GROUP.COM



- › WORLD LEADER IN THERMAL TRANSFER TECHNOLOGY
- › NO. 1 EUROPEAN INKJET CARTRIDGES MANUFACTURER
- › NO. 1 IN SALES OF LASER CARTRIDGES IN FRANCE

THE COMPANY

The ARMOR group has been an expert in print technologies for 90 years.

ARMOR Industrial Coding & Printing (AICP) designs and manufactures inked films used in Thermal Transfer technology. This is the most widely-used technology in the world for marking barcodes, logos, expiry dates or other batch numbers on labels or flexible packaging.

ARMOR Office Printing (AOP) is the European leader in compatible consumables for inkjet, laser, fax and impact printing.

As an organisation independent of printer manufacturers, ARMOR Office Printing offers an optimal alternative solution, regardless of equipment brand, printer definition, number of pages or characters printed. Its products are marketed under the ARMOR brand and under retailer own-brands.

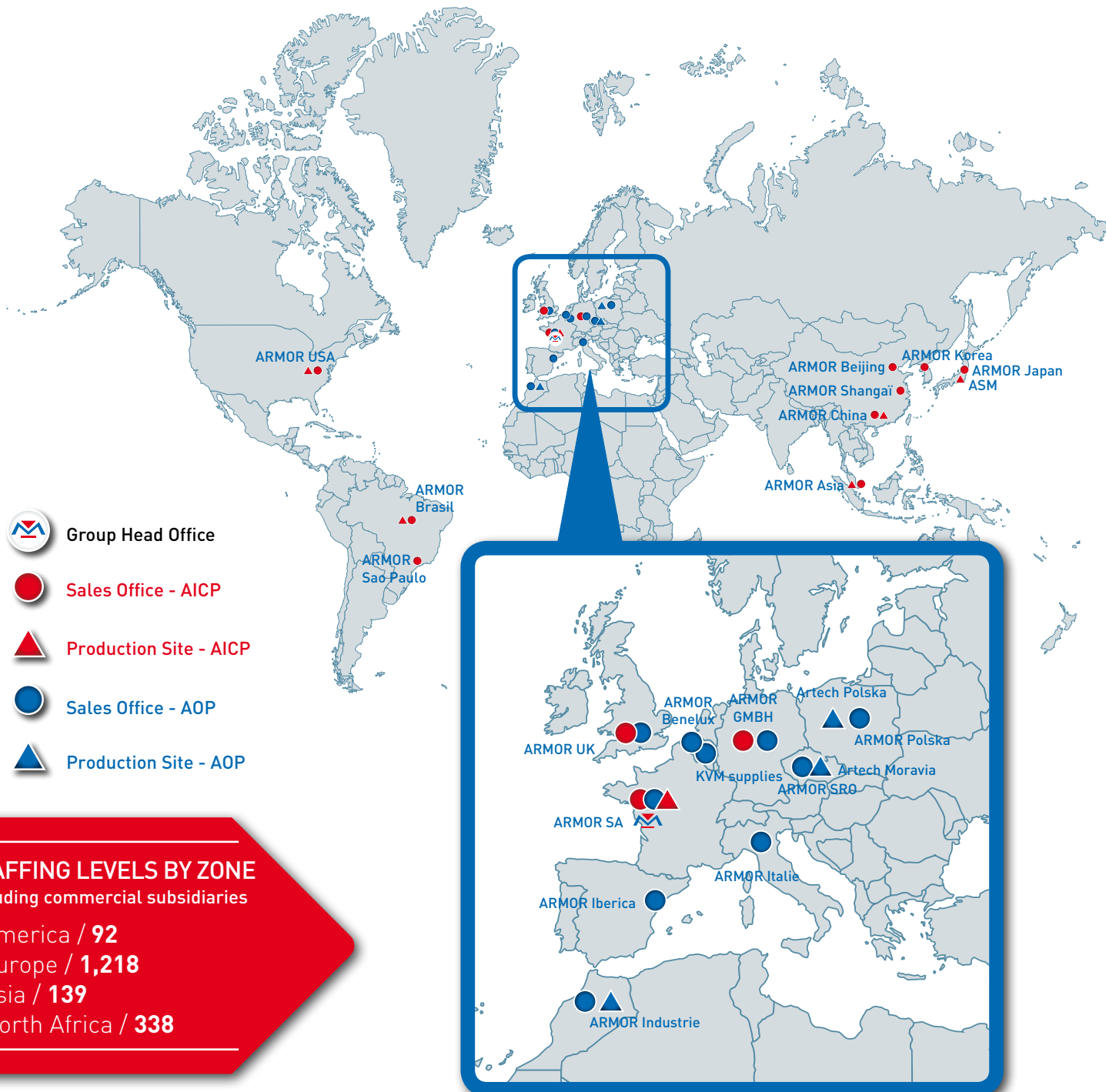
ARMOR Sustainable Energies (ASE) draws together the activities related to the OSCAR (Organic Solar Cells by ARmor) research programme, devoted to thin film organic photovoltaic technology.

ARMOR GROUP PRODUCTS

ARMOR Industrial Coding & Printing offer a range of Thermal Transfer ribbons to meet the needs of all automatic identification applications. Every product in circulation all over the world, and every service on offer, has a name, an origin, a recipient - in short, an identity - marked on a label: a barcode. Thermal Transfer technology allows printing on numerous materials, in a durable way and in all types of environment. It is the most widespread technology in the world for product identification and traceability.

ARMOR Office Printing fully masters the two main compatible cartridge technologies (laser and inkjet), for both new, patent-compliant products, and remanufactured products. It offers alternative cartridges that are compatible with more than 90% of printers on the market. Because ARMOR is fully confident in the quality of its products, its cartridges carry a two-year guarantee.

OUR FACILITIES



STAFFING LEVELS BY ZONE including commercial subsidiaries

- America / **92**
- Europe / **1,218**
- Asia / **139**
- North Africa / **338**

➤ OVERALL
STAFFING LEVELS
IN FULL-TIME-
EQUIVALENT
EMPLOYEES

1,787

The ARMOR group comprises ARMOR SA, a joint stock company with capital of €10,299,450 and 24 industrial and commercial subsidiaries worldwide, all of which are majority-owned by ARMOR SA.

GROUP TURNOVER AT THE END OF 2011: €199 M.



7 QUESTIONS TO HUBERT DE BOISREDON

Chairman and Chief Executive Officer of ARMOR group

01 ARMOR is a medium-sized business - why produce this CSR report, even though no law obliges you to do so?

Quite simply because, for us, explaining our progress is part and parcel of our CSR process. We consider that it is important to be transparent, accountable in our commitment, in a precise and quantified manner. This can only serve to reinforce our credibility in the eyes of both our partners and our employees.

Moreover, the ARMOR group is a signatory to the United Nations Global Compact. This voluntary commitment, which is renewed each year, compels us to move forward on the ten principles of responsibility as they are defined by the UN, and to report on our progress.

02 The ARMOR group is an expert in print technology. Isn't this activity incompatible with the notion of sustainable development - especially in the current era, with digital increasingly gaining ground on the traditional printed document?

Digital is progressing, but print remains complementary and continues to develop, especially in business. AOP (ARMOR Office Printing) has introduced many improvements, so as to limit environmental impact. All ARMOR cartridges are remanufactured, and thus contribute to conserving the planet's resources. Moreover, ARMOR provides environmental labelling of its products, allowing consumers to take ecological issues into account when deciding which products to buy.

ARMOR Industrial Coding and Printing (AICP) supplies print consumables for traceability (barcodes, expiry dates, place of manufacture, etc.). This information contributes, depending on its application, to clarifying consumer choices in terms of health, safety - as well as their level of environmental and collective commitment. So it's extremely compatible with sustainable development! In addition, eco-design is integral to our new products; this is true of our SolFree® range, which is the world's first range of solvent-free Thermal Transfer consumables.

03 How do you explain the establishment of some of your production sites in countries in which

KEY EVENTS 2011

> JANUARY

- Signature of the diversity charter **[ARMOR in France]**

> MARCH

- ARMOR selected to trial environmental labelling **[AOP in France]** page 20
- Social security cover extended to all **[AOP in Morocco]**

> JULY

- Relocation of the Singapore factory **[AICP in Singapore]** page 13

> APRIL

- Signature of the business linkages suppliers charter **[ARMOR in France]** page 19

> JULY

- Awards ceremony for the first graduates of the ARMOR University **[AICP in France]** page 12
- Commissioning of the second High Speed Machine **[AICP in France]**

labour is described as being 'low-cost'? Are you one of these industrial companies which outsources production to increase profit margins?

On the contrary, the main ARMOR factory is in France, and supplies all semi-finished Thermal Transfer products, worldwide. The more China, Brazil or South-East Asia develops, the more production in France increases. It's outsourcing turned inside-out! We currently employ 650 people in the Nantes region.

04 Yes, but the transport of your merchandise does have an environmental impact - isn't one of the principles of sustainable development to produce close to your markets?

The production subsidiaries for finished products are spread across several continents, so as to be as close as possible to the consumers we serve. Moreover, because we seek to optimize proximity to European markets, our Polish, Czech and Moroccan sites are either in Europe, or at the gateway to Europe. Most of our foreign-based establishments were created in response to the needs of local markets, precisely to limit the environmental impacts of the transport of merchandise. ARMOR cartridges are not just 'responsible' products, but are also sold 30% to 40% cheaper than non-remanufactured products.

05 The ARMOR group is positioned on a highly competitive market, up against the print giants. In this context, what is the ARMOR strategy?

The ARMOR strategy is to work in partnership with the OEM (Original Equipment Manufacturers) and to fight together against counterfeiting and all types of cloning, which is

detrimental to the sector and runs counter to a sustainable development approach. ARMOR invests significantly in both Research & Development (R&D) and in its legal department, so as to scrupulously comply with original patents whilst encouraging the multiple usage of a single cartridge.

06 According to you, the integration of the CSR approach and the eco-design of your products constitute a growth driver. Has this commitment, initially made in 2007, produced the expected results?

It undoubtedly has. In the midst of the 2009 economic crisis, sales of ARMOR recycled cartridges increased by 40%. Our strategy has allowed us, not just to record growth of 15% in our turnover for 2011, but also to envisage an additional investment of €50 million to launch, as planned, production of thin photovoltaic films by 2015-2016.

07 What sort of feedback do you get from Group employees about your commitment to corporate social responsibility?

In terms of CSR, every step forward has been made possible by our employees. All of them are involved in the everyday implementation of our values: humanism, innovation, commitment and customer service. Every two years, employees are called upon to participate in working groups on these values. We measure the gaps between the vision announced and the reality, and we draw up plans of action. In this way, we regularly keep track of the ten major actions we have defined. These actions contribute to strengthening both the feeling of belonging among ARMOR group employees, and their approval of our CSR commitment. This commitment is a key ingredient in ARMOR's success to date, as well as to that of the future.

> AUGUST

- Creation of the first closed-loop material recycling system (AOP) page 14

> OCTOBER

- Sponsorship of the 13th Job Academy against exclusion (ARMOR in France) page 22
- Evening event to raise internal awareness of disability at work (ARMOR in France) page 11

> SEPTEMBER

- Creation of the Cercle de l'Entrepreneuriat Populaire Nantes Atlantique in support of economic initiative (ARMOR in France) page 22
- Three new production lines brought into service (AOP in Pologne)

> NOVEMBER

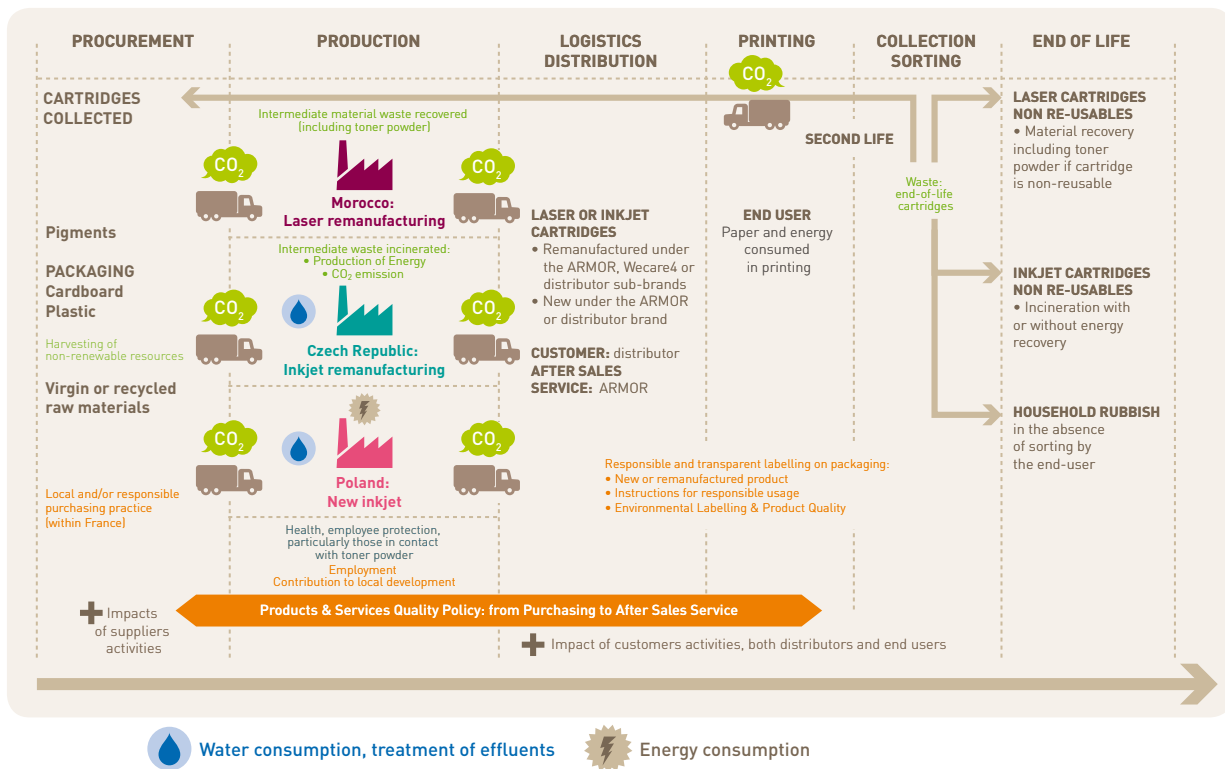
- €35M investment loan agreed by the banks in support of the activity, for the 2011-2015 period (ARMOR)
- Signature of the voluntary collection agreement (AOP in France) page 20

> DECEMBER

- Agreement regarding professional equality between men and women (ARMOR in France)
- Agreement on the prevention of physical strain at work (ARMOR in France)
- Launch of the smart chip for inkjet cartridges (AOP) page 14

IMPACTS AND CORPORATE SOCIAL RESPONSIBILITY PRINCIPLES

> AOP



SOCIAL RESPONSIBILITY

- Respecting human rights and guaranteeing workplace safety
- Preventing the appearance of work-related MSD
- Developing employability through training, skills management and equality of opportunity
- Developing diversity, gender balance and the employment of disabled people
- Favouring professional fulfilment at work and work-life balance

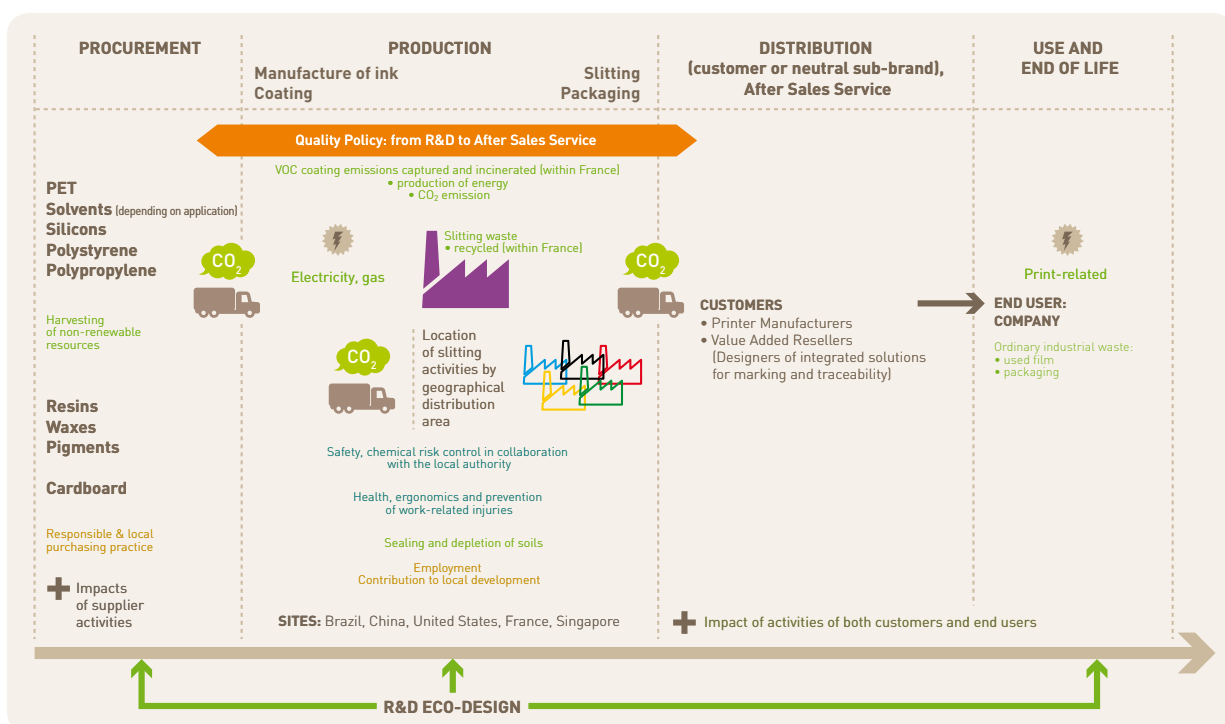
ECONOMIC RESPONSIBILITY

- Controlling supplies in terms of quality, responsibility, flows and prices
- Controlling the quality of products and services
- Protecting know-how and respecting intellectual property
- Maintaining competitiveness
- Contributing to the local development of areas in which the company is established
- Building commitment to sustainable development in its sphere of influence (customers, territory, etc.)

ENVIRONMENTAL RESPONSIBILITY

- Limiting environmental impact: energy consumption and harvesting of non-renewable resources, polluting emissions and CO₂, waste
- Controlling risk

> AICP



STRATEGY

Given the impact of its activities, the group is aware of its responsibilities and intends to act accordingly, by giving men and women from the company a key role to play, being respectful of the environment, and through technical and managerial innovation - yet while paying special attention to both customers and economic performance, as a guarantee of long-term viability.

The group strategy relies on the development of employee competences and its twin expertise in printing techniques, to orient its activities towards improved sustainability by:

- being anchored in the circular economy which consists of minimizing harvesting of earthly resources and recycling waste, as in a natural ecosystem,
- eco-designing products so as to minimize their impact on the environment throughout their life cycle,
- developing new activities that are directly related to limiting the impact of human activities on the environment.

TWO PROGRAMMES WORKING HAND IN HAND

In France, two operational plans of action support this strategy: the Decaplan and the Alternative Print Program.

AICP applies the Decaplan, which is dedicated to the Thermal Transfer activity.



Ten working groups, which include people from every level and every profile within the company (management, operators, social partners, etc.) offer a range of operations throughout the year so as to make each action, on each of the ten strands, a reality.

A TEN-STRAND PLAN

- Human development
- Health and Safety
- Social Life
- Territorial integration
- Sustainable transport
- Responsible purchases
- Eco-design
- Energy
- Environmental footprint
- Waste management

AOP applies the Alternative Print Program, dedicated to ink cartridges.



The six-strand plan is dealt with by as many working groups - made up of willing, committed participants.

A SIX-STRAND PLAN

- Eco-design
- Material recycling
- Committed collection
- Responsible production
- Human development
- Involvement within the community

› THE DETAIL OF BOTH PLANS OF ACTION IS ON WWW.ARMOR-GROUP.COM

RESEARCH AND DEVELOPMENT IN SUPPORT

ARMOR group R&D is a major growth driver for each of the company's activities. The R&D department of the Thermal Transfer activity in France designs, and industrially develops ink ribbons. All of this work is then deployed on production sites in France and in the international subsidiaries. In five years, its workforce has increased by 50%, now employing 33 engineers, doctoral students and technicians (without counting external partners) and its budget has increased by 140% in four years.

This constant dynamism allows ARMOR to remain competitive and at the cutting edge of

innovation. Research concentrates on innovation and the development of new products, securing raw materials, as well as on the optimization and improved reliability of manufacturing processes.

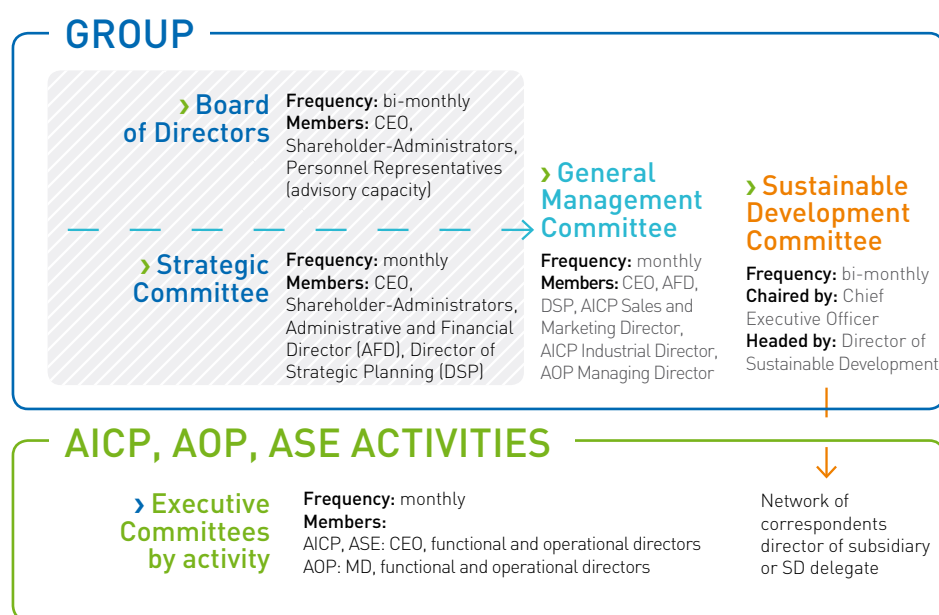
ARMOR Sustainable Energies (ASE) draws together the activities related to the OSCAR (Organic Solar Cells by ARMOR) research programme, devoted to thin film organic photovoltaic technology. This research programme is being conducted in partnership with a French consortium comprising: CEA-INES (French Atomic Energy and Alternative Energies Commission - French

National Institute of Solar Energy), Amcor (manufacturer of packaging), Plasto Technologies (manufacturer of adhesives) and the Université de Bordeaux 1, represented by the Laboratory of Organic Polymer Chemistry (LCPO). ARMOR's expertise in the process of industrial coating on thin film is an asset in the development of this new activity.

Ultimately, ARMOR seeks to position itself as a key European player in this sector, making this activity the group's 3rd activity, with production starting in 2015-2016 at the *La Chevrolière* production site.

ANCHORING SUSTAINABLE DEVELOPMENT IN THE GOVERNANCE OF THE GROUP

In 2011, the group has continued structuring its governance around corporate social responsibility. The sustainable development committee has been reinforced. The group's commitment beyond France is further strengthened by the identification of a network of CSR correspondents, the launch of a CSR self-assessment process, and deployment of the Values process in the subsidiaries.



A MORE STRUCTURED SUSTAINABLE DEVELOPMENT COMMITTEE

“ This committee's role is to guarantee the integration of sustainable development at the heart of our strategy. Within its very structure, it must be able to consolidate the expectations of the key stakeholders. This is why the “SD committee” was restructured in 2011. I lead it, but it is chaired by the Group's CEO, Hubert de Boisredon. It brings together the group's departmental (HR, finance, legal, etc.) and operational (purchasing, marketing, industrial) directors for the two main activities. Each is at once an ambassador for the group and a carrier of expectations with regard to it, in its relationship with the group's stakeholders - be they employees, customers, suppliers, shareholders, or local authorities. It is important that the committee members have the necessary decision-making power to render our orientations operational. Depending on the various agendas, other contributors are invited to participate. ”

➤ Annabelle Guillet, Director of Sustainable Development, appointed in 2010.



* SD: Sustainable Development

GENDER BALANCE WITHIN GOVERNANCE BODIES AND WITHIN THE GROUP

For the moment, only men sit on the board and management committee. The proportion of women on the AICP and AOP executive committees stands at 20% and 9% respectively; on the sustainable development committee it is 30%. In comparison, 52% of ARMOR employees worldwide are women. In France, women's representation reaches 31% of the total workforce: 32% of managers, 44% of supervisors, 66% of employees and 18% of workers.

A CSR CORRESPONDENT IN EACH SUBSIDIARY

Deployment of the approach relies – as it must – on local communication for greater effectiveness and pertinence with regard to local issues. As initiators of the processes in the Group's French subsidiaries, the Decaplan and Alternative Print Program project leaders, are automatically involved. At international level, although channels of communication were already open on quality, human resources management, safety, and the environment, only the director of a subsidiary had the full view of corporate social responsibility for that subsidiary. As subsidiaries have gradually become involved in a CSR process, the need to consolidate an initial state of play and co-ordination for the definition, implementation and reporting of plans of action justifies the designation of a correspondent in each subsidiary. Subsidiary directors either take this responsibility on themselves, or delegate it to a colleague, while ensuring that this person is provided with necessary and adequate resources and authority to federate and co-ordinate action within the subsidiary.

A CSR INVENTORY OF SUBSIDIARIES TO EXTEND THE PROCESS INTERNATIONALLY

In early 2011, an inter-business working group, with the assistance of a CSR consultancy, drew up a self-assessment questionnaire comprising almost 300 questions. It was designed taking into account the Group's membership of the Global Compact, the ISO 26000 guidelines and the demands of recognized standards such as ISO 14001 (environment management), OHSAS 18001 (occupational health and safety), SA 8000 (workplace standard) so as to assess the corporate social responsibility of subsidiaries. This questionnaire has been deployed gradually and with support and guidance, including a CSR awareness element.

The self-assessment furnishes an initial state of play, enabling each subsidiary to face up to its responsibilities in relation to both the local situation and the Group's international commitments. It also detects risks to be kept under control in the short, medium and long term, as well as best practice to be shared.

In 2011, seven of the nine main ARMOR international subsidiaries self-assessed in this way. On the basis of the results presented in 2012, each of these will propose a plan of actions to include objectives and associated indicators.

► 2012 OBJECTIVE:

ALL OPERATIONAL SUBSIDIARIES ASSESSED, WITH CSR ACTION PLANS UNDERWAY.

CORE VALUES IN INDIVIDUAL AND COLLECTIVE RESPONSIBILITY

In 2009, ARMOR initiated a process on the Group's values, in order that each person might make them their own, adopting them as a guide to their professional behaviour. A welcome booklet lists and explains these values. Although putting them into practice at everyday level is an individual responsibility, the Group's collective and corporate social responsibility depend on it. The values chosen by the Group are: humanism, innovation, commitment and customer service.

Working groups within each subsidiary examine their everyday practice through the filter of the Group's four values, and identify areas in need of improvement. The 2011 summary of these works gave rise to the plan of action entitled: "10 decisions for a better experience of group values" which addresses such diverse matters as: internal communication, familiarity with organisational charts and people, the development of competences, internal mobility, and corporate social commitment.



'Values' working groups in China and the United States.



KEY PLAYERS IN ARMOR CHANGE AND STRATEGY

Human relations in the company are approached as a whole. All aspects of social responsibility are linked, and together they set the tone of the social climate: responsibility with regard to quality of employment, respect for human rights at work, the fight against discrimination (from access to employment to equality of treatment within the company), the development of a safe work environment, the match between employee competences and the group's current and future needs, and lastly, personal fulfilment at work. Year after year, the group uses social dialogue to offer its employees more comprehensive social rights.

PRIVILEGING HIGH-QUALITY EMPLOYMENT

In 2011, ARMOR was a net creator of jobs in every area in which it is established.

To achieve its ambitions, ARMOR actively seeks to promote permanent posts, which represent 85% of its workforce worldwide, limiting recourse to short-term, temporary and agency jobs as much as possible. In France, the number of people employed on permanent contracts increased by 2.7% in 2011.



SOCIAL DIALOGUE IS SHAPED ON AN EVERYDAY BASIS

A balanced social dialogue is fundamental to discussions around social-economic dilemmas, and serves to drive the group's social responsibility forward. In keeping with this belief, ARMOR is determined to encourage a framework which will facilitate this dialogue, drawing on personnel representation within bodies as befits the local context, so that company strategy and data are shared in a spirit of mutual transparency, respect and trust.

In France, as is required by law, bodies already exist for dialogue between management and personnel representatives: Works Committees, Personnel Delegates, Health and Safety Committees (CHSCT), Trade Union Delegates and negotiation sessions. Personnel representatives are also present, in an advisory capacity, at each board meeting. In 2011, this dialogue enabled the signature of five agreements, two of which addressed the themes of professional equality and the prevention of physical strain at work.

Good Practice

SIGNATURE OF AGREEMENTS WITH SOCIAL PARTNERS IN FRANCE

By signing, an agreement on professional equality in 2011, the social partners expressed their intention to ensure that social dialogue addresses the issue of equality between men and women. This agreement provides for fair treatment of job applications; better access to training for women; improved consistency in classification systems by allowing promotion to a higher coefficient where this is objectively possible; and the relaunch of a "Forward Planning for Jobs and Skills" plan, which will facilitate comparisons between jobs.

An agreement on the prevention of workplace risk and the improvement of health at work has also been signed. The social partners are committed to making sure actions likely to limit physical strain at work are enacted. The measures suggested essentially concern the adaptation and fitting-out of workstations, improvements to working conditions - especially in terms of organisation, and facilitation of end-of-career planning.

Through these two agreements, ARMOR is compliant with changes to French legislation as of 2011.

› PROPORTION OF
WORKFORCE COVERED
BY A HEALTH AND SAFETY
COMMITTEE:

65%
Poland,
France,
Brazil

FIGHTING DISCRIMINATION AND ENCOURAGING DIVERSITY

ARMOR's actions in favour of diversity, and against all forms of discrimination, are motivated not only by its concern to comply with legislation, but also by the multitude of backgrounds represented in its workforce. Its approach is three-pronged:

- Equality of opportunity: recruitment, integration, access to training, promotion, and pay.
- Employability: acquisition of competences allowing people to keep pace with developments, and support and guidance to optimize the chances of staying in employment, for people in difficulty.
- Access to employment for people from vulnerable groups: young people, women, disabled people, seniors, people from underprivileged areas, etc., as dictated by local issues in the areas in which the company is established.

Humanism - a group value - has raised the question of the fight against discrimination. In 2011, ARMOR signed the Diversity Charter, which encourages companies to guarantee the promotion and respect of diversity in their workforces.

Good Practice

SIGNATURE OF THE DIVERSITY CHARTER

- In signing this charter, ARMOR has undertaken to:
 - Raise awareness of, and train those managers and employees involved in recruitment, training and career management in issues concerning non-discrimination and diversity.
 - Respect and promote application of the principle of fighting discrimination in all its forms and at every stage in human resources management.
 - Seek to reflect the diversity of society, and in particular cultural and ethnic diversity, in its workforce, at the various levels of qualification.
 - Communicate to all employees about its commitment to non-discrimination and diversity, and inform them about the concrete results of this commitment.
 - Make the drawing-up and implementation of the diversity policy a matter of dialogue with personnel representatives.
 - Include a chapter describing its commitment to non-discrimination and diversity in the annual report: actions implemented, practice and results.

ENCOURAGING ACCESS TO WORK FOR DISABLED PEOPLE

Disabled people are, on average, twice as likely to be unemployed. Encouraging their access to employment is therefore both a social and an economic issue. By relying on local support structures where they exist, the ARMOR group has taken initiatives in this field: maintenance of employment, direct employment of disabled people, the development of subcontracting specific tasks to entrusted workshops or specially-adapted companies, raising awareness among personnel and partners, and other actions to encourage the integration of disabled staff.



Operator using the sign language translation tablet.

Today, ARMOR France has the equivalent of 23 disabled employees, representing an employment rate of about 4.1%. Reaching the legal requirement of 6% remains an important target. ARMOR has therefore multiplied its actions aimed at encouraging the integration of this group within its teams:

- The PRISME programme in favour of the integration of deaf and hearing-impaired people in business, which was launched in 2009, is bearing fruit at the Thermal Transfer Industrial Expertise Center, *La Chevrolière*. Its aim is to come up with a high-performance communication system to reinforce their general abilities and establish a communication channel between deaf operators and their line management or work colleagues. In 2011, this tool enabled these five deaf people to be offered access to the same training opportunities as other employees.
- In 2011, the ARMOR group in France reinforced its resources, notably by appointing two diversity correspondents to federate site actions and develop synergies.
- An evening event to raise awareness of the issue of employment of disabled people, entitled "Together, let's share our differences" was organised in October 2011 for all employees, their partners and families. In addition to spending an enjoyable evening, which included a play and sketches on the theme of disability, ARMOR invited along businesses which have employed disabled people - and called upon some of its employees to speak about their experiences. Almost 200 people attended this event.

5 EMPLOYEES IN POLAND ARE DISABLED, REPRESENTING 1.5% OF THE WORKFORCE.

4.4% OF THE VOLUME OF SERVICE PURCHASED ENTRUSTED TO ORGANISATIONS EMPLOYING MAINLY DISABLED PEOPLE IN THE UNITED STATES.

IN FRANCE, 4.6% OF GENERAL SERVICES (EXCLUSIVE OF TECHNICAL SERVICES) AMOUNTS TO €70,000.

IDENTIFYING INTERNAL COMPETENCES AND MOVING THEM FORWARD

Skills management is part of the way in which ARMOR group strategy is put to work. It is also a lever for enhancing employability and professional development, whilst complying with requirements in terms of equality of treatment.

Training needs are generally identified at annual individual interviews, but also, in France, through specific interviews known as "second part of career" interviews, for employees aged over 45.

In 2011, the ongoing training budget represented 3.24% of the payroll, which is 2.8 times the legal minimum. The plan for the year 2011 was exceptionally ambitious. Indeed, the innovative character of the training courses on offer allowed us to receive several financial aids from local authorities and training fund collection agencies (OPCA - Organismes Paritaires Collecteurs Agréés). This training plan concerned 424 employees, which is 67% of the workforce: 64% of the men and 74% of the women.

► PROPORTION OF THE WORKFORCE
BENEFITING FROM AN INDIVIDUAL
PERFORMANCE INTERVIEW,
WORLDWIDE:

65%

Good Practice

CREATION OF THE ARMOR UNIVERSITY AT THE LA CHEVROLIÈRE SITE IN FRANCE

The *La Chevrolière* site has new facilities that are completely given over to obtaining qualifications recognised by the French state. The first year of the University's activity was beneficial to 35 willing employees from the site, for a course entitled Automated Installations and Machinery Operator (Conducteur d'Installations et de Machines Automatisées - CIMA), a Level 5 (CAP/BEP) vocational qualification, undertaken during working hours. Qualifications are awarded through validation of work experience (VAE) with ARMOR being responsible for all administrative procedures and the setting up of essential human and material resources (trainers, equipment, buildings/prefabs, supplies, etc.). The support of the French state's professional training body - AFPA - completes the process for the project engineering and deployment, together with the OPCA for Chemicals, Oil, Pharmacy (C2P), the French chemical industries association (UIC - Union de Industries Chimiques) and the Regional Directorate of Business, Employment, Competition, Consumption, and Professional Training (DIRECCTE - Directions régionales des entreprises, de la concurrence, de la consommation, du travail et de l'emploi).

In addition to the ARMOR group CSR policy, preparations must be made for the evolution of activities related to Thermal Transfer, along with anticipation of needs arising as a result of the diversification embarked upon by ARMOR - particularly in the production of thin organic photovoltaic film. From 2013, the ARMOR University will offer new training themes.



Award of the CIMA qualification (CAP/BEP level vocational qualification). First graduation, July 2011.

50-YEAR-OLD COATING OPERATOR, PASCAL BRANGER - ONE OF THE ELEVEN GRADUATES OF THE FIRST INTAKE

“ This training has enriched my vision of ARMOR, teaching me about where I fit into the whole. I've also learned to better understand how the coating machine, on which I work every day, functions. Now, I'm able to recognise the reasons behind a breakdown, and I've got the right vocabulary to help me discuss issues with the maintenance department. And then, it was also a personal challenge, and I'm relieved to see that I am capable of learning new things about my job and about the company I've been working at for 11 years now. ”



► NUMBER OF EMPLOYEES
HAVING ACCESSED
TRAINING IN FRANCE:

2009: 251

2010: 291

2011: 424

DEVELOPING A SAFE WORKING ENVIRONMENT

The health and safety of persons, and the safety of goods are priorities, as illustrated by the implementation of protection and prevention measures, with the ambitious objective of attaining zero accidents. This commitment translates, for example, into the provision of PPE (Personal Protection Equipment) and promotion of its use, the ergonomic adaptation of workstations, protection against noise nuisance, chemical risk or exposure to heat and bad weather. In 2011, ARMOR invested more than €1.3 M in France to improve working conditions (in the sense of French employment law).

In 2011, although the frequency rate of accidents at work in our French facilities was slightly higher (12.88 vs. 10.23 in 2010) the accidents recorded were not as serious: 0.12 compared with 0.26 within the *Union des Industries Chimiques*.

➤ PROPORTION
OF WORKFORCE
OFFERED
REGULAR MEDICAL
CHECKUPS:

69%



Fire Drill in China.

➤ ALL ARMOR EMPLOYEES ARE TRAINED IN FIRE DRILLS

The protection of production equipment and tools is another important aspect of health and safety policy. ARMOR is constantly improving its risk control, in particular through the enhancement of employee fire fighting and fire prevention skills and the deployment of effective, risk-appropriate resources. For example, in 2011, the *La Chevrolière* site completely reviewed and optimized its Internal Organisation Plan (IOP) for an emergency situation.

ENCOURAGING WORKPLACE FULFILMENT AND WELL-BEING

Within the context of a competitive global economy, the demanding pace of work means that it sometimes spills over into personal time. ARMOR is therefore encouraging initiatives which help employees achieve a healthier work-life balance.

Nevertheless, these notions are difficult to deal with in a comprehensive manner. The management bodies of subsidiaries are charged with complying with local legislation in force, while remaining attentive to challenges faced by their

Good Practice

MSD PREVENTION

- The PARI programme for internal rehabilitation and retraining was set up in 2010 to reduce MSD (MusculoSkeletal Disorders), encourage retention in employment and the integration of seniors and disabled people. Conducted with the CHSCT and all employees, it brings together a range of internal projects on the theme of ergonomics. In 2011, ARMOR developed a new quality-labelling system for workstations, in collaboration with the CARSAT pension insurance fund (*Caisse d'Assurance Retraite et Santé au Travail*) in the Pays de Loire: "Cadre Vert", aimed at preventing lower back pain. The main objective is to analyse those posts at risk, and remove the factors that are to blame.

➤ FRENCH AND POLISH SITES OHSAS 18001 CERTIFIED

2012 OBJECTIVE: CERTIFICATION
OF THE UNITED STATES SITE

2013 OBJECTIVE: CERTIFICATION
OF THE MOROCCO SITE

employees (which may be expressed in a range of domains) and welcoming initiatives designed to develop social ties, both within and outside of the company.

Good Practices

THE EVOLUTION OF WORKING CONDITIONS

- In 2011, the ongoing development of the Thermal Transfer activities in Asia required relocation of the Singapore site. Employees were first informed of this in January. After this, regular information was provided at department meetings, and all employees had a chance to visit the new premises in May. In July, the site was moved to a 4,000 m² building (including a 325 m² office area). The facility boasts energy-efficient air-conditioning, low-energy lighting, and an improved sprinkler system which is compliant with ESFR (Early Suppression Fast Response) fire legislation. The objective for 2012 is to reduce energy consumption in the offices by 10%.

ARMOR Asia also organised staff transport between home and site, with multiple pick-up points throughout the city. This initiative involved organisational change, with longer working days, but with more days off and fewer overtime hours.

To ensure ongoing improvement, ARMOR has set up three new production lines in Poland,

allowing weekend working to become a thing of the past, and reducing the number of overtime hours for employees. In the USA, the working environment has been given fresh thought, with the premises being repainted throughout to offer employees better conditions in which to work.

A SOCIAL BAROMETER IN FRANCE

- The group is determined to encourage personal development among its employees by developing their skills (technical, linguistic, communication, etc.) and by facilitating their integration to the company. In 2011, ARMOR decided to measure employee satisfaction through a social questionnaire. As soon as its results are available, in 2012, a plan of action will be embarked upon, so as to continue work on the most sensitive points.

ELECTION OF A SOCIAL COMMITTEE IN POLAND

- Each year, ARMOR goes beyond its legal obligations in Poland by setting up a social fund which pays for actions aimed at the well-being of employees. In 2011, this social committee chose to co-finance the purchase of tickets for cultural activities, organising sporting activities as well as social events at the production site (Christmas gifts for the children, a picnic, etc.). In 2012, ARMOR will hold elections among staff to choose the employees who will make up the social committee responsible for management of this fund.

➤ IN 2011, TO CONTRIBUTE TO THE
WELL-BEING OF ITS EMPLOYEES IN
MOROCCO, ARMOR MADE

**health
insurance**

AVAILABLE TO ALL.

REDUCING ENVIRONMENTAL IMPACT

Two types of complementary actions are conducted so as to take into account the environmental impact of ARMOR activities and products:

- eco-design, which aims to reduce product impact throughout its lifecycle,
- environmental site management, to control the residual impact of production.

THE ECO-DESIGN OF ARMOR PRODUCTS

The two main ARMOR activities have different levels of flexibility in this domain.

The original cartridges are designed by printer brands, so that the ARMOR Office Printing activity necessitates acting on the second part of the cartridge lifecycle. Eco-design therefore targets the process of remanufacturing, formulation and the manufacture of inks and packaging components, while complying with the intellectual property patents registered by the original brands.

In September 2011, ARMOR conducted an analysis of the lifecycle of its products, so as to better identify both impacts and potential for improvement, as well as to enable labelling to include information about the environmental impact of those cartridges intended for the use of the general public.

On average, cartridges can be remanufactured three times. Beyond this, print quality suffers.

To reduce the end-of-life impact, ARMOR has participated in drawing up the New Life programme, alongside those actors involved in the collection and recycling of materials.

The inked ribbons designed for Thermal Transfer applications are designed and manufactured in France, at the *La Chevrolière* site. In September 2009, R&D developed a new ribbon named Sol-Free®, using the only manufacturing process that is solvent-free - even when coating the back. This innovative technology allows the reduction of impact on the environment, including the carbon footprint. For example, replacing a traditional wax ribbon with an AWR® 470 SolFree® ribbon enables a saving of 365g of CO₂ (for a 110mm x 300m ribbon) in a way that is transparent for the printer, while maintaining the same level of quality.

Good Practice

CREATION OF THE FIRST CLOSED RECOVERY CIRCUIT IN OFFICE APPLICATIONS

To reduce the end-of-life impact of a laser cartridge, which may already have been remanufactured three times, ARMOR has participated in drawing up the New Life programme, which recovers all the materials from an end-of-life laser cartridge.

This new process, designed by Revalis - ARMOR's partner in the collection of used laser cartridges - offers an overall solution involving the recycling of IT consumables into office items. These products are produced by Han, the third New Life partner - and German leader in office equipment manufacture. Through this closed circuit, New Life guarantees "zero waste" in the recycling of cartridges. Revalis, ARMOR and Han bring together their respective expertise to effectively reduce the environmental impact of their activities.



Good Practices

A CHIP FOR ARMOR CARTRIDGES

In February 2011, a printer manufacturer registered a patent to protect its cartridges equipped with an electronic chip which measures interaction between the level of ink recorded in the chip's memory and the light emitted. This patent concerns the inkjet cartridges families, which is about 45% of this manufacturer's installed base of printers in West Europe. ARMOR responded to this in the spring of 2011 by developing a new cartridge incorporating infrared LEDs. Then, in December 2011, in order to provide users with an ink level indicator, ARMOR launched Sparky - the smart chip - to resolve all compatibility issues over the long term. This unique solution facilitates use, meets legal requirements, and complies with patents currently in force. In this way, at the point of insertion to the printer, the cartridge LEDs send a light signal that is identical to that of the original cartridges, so that the consumer is both informed and reassured.

JUMBO INK CARTRIDGES

In December 2009, ARMOR commercialized its first high volume laser ink cartridge: the Jumbo cartridge. This type of cartridge offers twice as much print capacity as a standard cartridge whilst maintaining the same dimensions, thanks to increased toner weight. In addition to its technical and economic performance, there is an undeniable environmental advantage. The consumption of raw materials (plastic structure, packaging, etc.) is reduced because just one cartridge can print as much as two. Transport and storage costs are divided by two throughout the product's lifecycle (manufacture, distribution and end-of-life). In modelling this lifecycle, it has been observed that between a standard cartridge and a Jumbo cartridge, the environmental impact (in equivalent tons of CO₂) is divided by two. ARMOR has therefore significantly broadened its Jumbo laser range, and more than thirty models are currently on the market.

➤ CONSISTENT WITH THIS, 80% OF THE LASER CARTRIDGES RANGE IS NOW PACKAGED IN RECYCLED CARDBOARD BOXES, PRINTED WITH PLANT-BASED INKS.

Good Practice

ANALYSIS OF THE CARTRIDGE LIFECYCLE

Two impacts - both of which are significant and revealing of the environmental contribution made by remanufacturing print cartridges - have been selected for the quantitative analysis of the product lifecycle: contribution to climate change and harvesting of natural resources, per 100 pages printed.

Because remanufactured cartridges re-use used parts, the methodology suggested spreads the impact of the initial cartridge's manufacture over its three uses. Through this hypothesis, the most impactful phases of the lifecycle for a remanufactured inkjet cartridge are, in descending order: the production of raw materials (essentially the amortization of

the original cartridge's impact over three uses), but also the packaging and assembly; it is possible to make progress on both of these fronts.

The method for measuring the impact of the laser cartridge is similar. However, its unitary impact is four or five times that of an inkjet cartridge, because of its weight, which is 12 to 19 times higher, while offering a lifespan that is 2.5 to 5 times longer.

Following this initial Life Cycle Analysis (LCA), a decision has been taken to extend this measure to other models, beginning with laser cartridges and using the data to test

environmental labelling. These ACVs will allow us, depending on the cartridge or cartridge range, to target actions which will lead to a reduction in the product's burden on the environment.

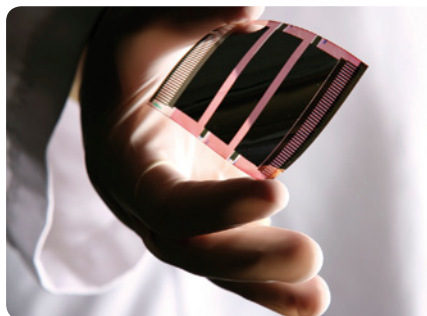
Solvent-free toner, plant-based plastic parts, biodegradable or recyclable bags, and the use of original gears are projects being studied with a view to further reducing impact on non-renewable resources.

► LIFE CYCLE ASSESSEMENT OF REMANUFACTURED HP 336 INKJET CARTRIDGE

Remanufactured HP336 inkjet cartridge (%)	Raw materials production	Assembly	Packaging	Delivery	Use	End-of-life
Exhaustion of natural resources	50.9	15.1	28.0	5.7	0.8	-0.6
Climate change	44.4	17.0	26.0	5.4	0.8	6.3

Good Practices

ECO-DESIGN WITHIN THE ASE ACTIVITY



The ASE activity has chosen to integrate eco-design right from the launch of the OSCAR project on photovoltaic cells. The lifecycle of the cells has been completely reconsidered, so as to minimize the impact on the environment. In this way, the components used, which are organic in nature allow production of third-generation photovoltaic cells, offering a twin advantage:

- they minimize harvesting of non-renewable natural resources because the materials are extracted from carbon sources rather than mineral deposits (unlike the first two generations of photovoltaic cells),
- they facilitate the recycling and end-of-life recovery of the photovoltaic cells.

LONGER THERMAL TRANSFER RIBBONS

ARMOR is determined to offer an eco-designed range, and increasing the length of its Thermal Transfer ribbons seems to be a pertinent response to reducing CO₂ emissions, waste and the consumption of non-renewable resources. However, the diameter of the rolls is limited by the space available in the printer. This is why APR® 600 LL (Long Length) was introduced, in 2011. This product is 20% longer yet has the same dimensions as the standard equivalent. To succeed in creating such a ribbon, the ink had to be reformulated so that the PolyEthylene Terephthalate (PET) film is coated with a thinner layer. In addition, the PET film itself is about 11% thinner. APR® 600 LL thus offers multiple advantages, both ecological and economic:

- reduction of stock volumes,
- reduction in the volume of product transported,
- reduced number of changes of roll on user production lines,
- 20% less waste for the same number of printouts,
- savings of 180g of CO₂ in comparison with a standard-dimension ribbon.

ENVIRONMENTAL MANAGEMENT OF SITES

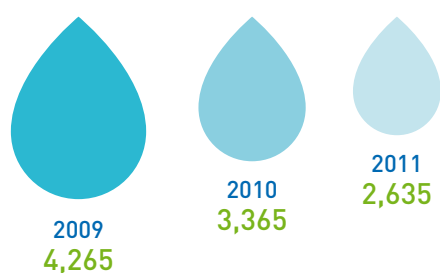
In 2011, four of nine sites were ISO 14001 certified: *La Chevrolière* and *Le Cordon Bleu* in France, and the Polish and Moroccan sites abroad. The group aspires to deploy environmental management at all of its subsidiaries, by conducting regulatory compliance, waste collection and waste processing actions. Some sites will also see significant reductions in energy and water consumption.

Good Practice

TOWARDS CONTROLLING THE IMPACT OF WASTE

Eight years ago, ARMOR initiated the REC'PET (PET recycling) project, which aims to identify and implement a sustainable solution for recovery of the PET film scraps from its Thermal Transfer activity. At the *La Chevrolière* site alone, about 800 tons of PET film waste was generated in 2011. These scraps are highly specific plastic waste, because PET films are, among others, inked and extremely thin (about 10 µm) - which makes them more difficult to re-use via traditional techniques. To date, substantial human and financial investments have been made, demonstrating the group's determination to find sustainable solutions. As an illustration, since September 2011, the *La Chevrolière* site has managed to completely stop sending this waste to landfill.

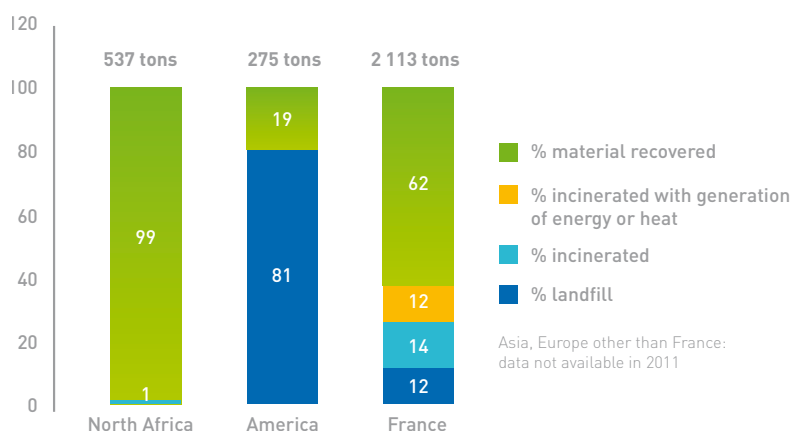
WATER CONSUMPTION INDICATOR (IN M³) FOR ARMOR POLAND



WATER MANAGEMENT IN POLAND

ARMOR Poland is the only site which uses water in the production process. It is used for the production of ink and for cleaning the ink manufacture tanks. The effluent is treated by an approved service provider. Since 2009, water consumption has been reduced by 61% even though the site's activity is growing. These reductions were generated by the setting-up of recirculation circuits.

RECOVERY OF PRODUCTION WASTE GENERATED



Good Practices

WASTE RECYCLING IN THE USA

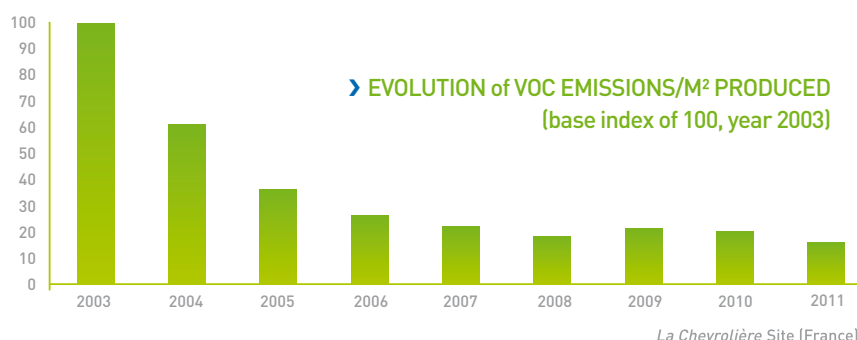
The quantity of waste from ARMOR USA increased by 10% in 2011, mainly because of growth in the activity. During the same period, the rate of material waste recovery increased by 33%, reaching 23% of all waste generated. This result has been achieved through:

- reduction in the volume of film waste, representing about 25 tons saved in comparison with 2010,
- the extension of waste recovery through selective sorting that was already practiced,
- actions aimed at raising awareness, so that each employee contributes to moving forward this environmental management aspect. Certification of the ISO 14001 environmental management system is planned for late 2012, and will allow efforts in this direction to continue.

VOC* EMISSIONS REDUCED BY 85% IN 10 YEARS

In 2002, the *La Chevrolière* site invested in an incinerator equipped with a VOC processing system at emission and a co-generation system, to complement the natural gas. This has allowed an immediate reduction of around 80% in total VOC emissions. Since then, the development of products such as SolFree® in 2010, as well as improvements in the efficiency of capturing and incinerating VOCs, have further allowed VOC emissions per m² of ribbon produced to be reduced by 85%, between 2003 and 2011, all in all representing a 94% reduction in emissions between 2001 and 2011. The VOC emissions indicator is monitored within the context of the site's operating permit. In 2011, the incinerator burned 5,500 tons of VOC, thus avoiding their emission in the atmosphere whilst reducing the consumption of natural gas by 80%.

*VOC (Volatile Organic Compounds) are atmospheric pollutants having effects on both health and biodiversity. They contribute to increasing the concentration of ozone in the atmosphere and have warming power of about 10 times that of CO₂.



FIGHTING CLIMATE CHANGE

The better to comprehend the impact of its activities on the major issue that is climate change, and in anticipation of French legislation, in 2008 and 2009 ARMOR group's French operation sites conducted analyses on the CO₂ emissions related to their activities (carbon assessment).

For the regulatory scope of the French law known as Grenelle II (scope 1 and 2 according to the ISO 14064-1 standard), emissions reach the equivalent of 21,680 tons.

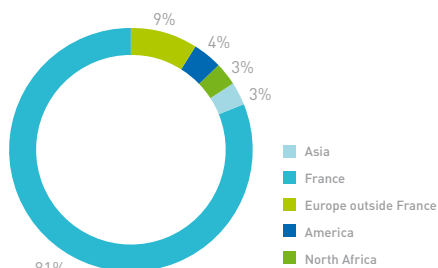
➤ **2012 OBJECTIVES: UPDATING OF CARBON IMPACT ANALYSES FOR THE TWO MAIN ARMOR ACTIVITIES AND MEASUREMENT OF PROGRESS MADE THANKS TO THE ACTION PLANS IMPLEMENTED.**

• **ARMOR OFFICE PRINTING: CARBON ASSESSEMENT ON ALL SITES.**

• **THERMAL TRANSFER ACTIVITY: TRIALLING A MULTI-CRITERIA METHODOLOGY FOR ANALYSIS OF THE IMPACT OF ITS LA CHEVROLIÈRE SITE.**

➤ ENERGY CONSUMPTION BREAKDOWN

Electricity consumption: **17 695 MWH**



To which are added: 11,423 MWh of natural gas, 99% of which in France.

➤ **SINCE DECEMBER 2010, THE LA CHEVROLIÈRE SITE HAS BEEN EN 16001 CERTIFIED (ENERGY MANAGEMENT SYSTEM).**

➤ **2012 OBJECTIVE: OBTAIN THE ISO 50001, INTERNATIONAL STANDARD EQUIVALENT TO THE EN 16001 EUROPEAN STANDARD.**

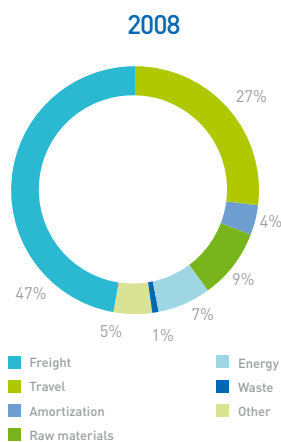
If we consider the carbon assessment as a whole, for the *La Chevrolière* site in France, the potential improvement areas included a reduction in VOC emissions into the atmosphere. For the rest, a large part of the emissions is induced outside of ARMOR's sites in France:

- during the extraction and production of inputs, such as PET, during the collection and remanufacturing of cartridges or packaging

- through freight,
- through employee travel.

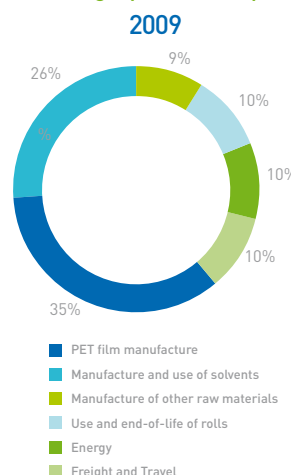
The action plans thus prioritize eco-design and logistics optimization, acting on energy consumption and the promotion of collective or alternative modes of transport.

➤ CARBON ASSESSEMENT FOR THE AOP CORDON BLEU SITE



ARMOR Office Printing production is not based in France and therefore falls outside the scope of the 2008 study.

➤ CARBON ASSESSEMENT AT THE AICP LA CHEVROLIÈRE SITE (including inputs and outputs)



Good Practices

OPTIMIZATION OF TRANSPORT FLOW

In late 2011, the AOP activity embarked upon a major merchandise transport flow rationalization project. Prior to this, there were several centres for the distribution of finished products, and each site established its own distribution rules. From now on, transport flow will be managed at ARMOR group level, to:

- standardize management of orders and stocks through use of a common software solution,
- reduce delivery lead times by centralizing management of distributions at two sites (France and Poland),
- ensure better traceability by delegating product delivery to just five service providers,
- optimize monitoring of merchandise stock by facilitating the creation of indicators.

Moreover, inter-site flow between Nantes, Poland and the Czech Republic will be optimized

by setting up a shuttle system. A transporter will be charged with collecting empty cartridges from several customers and will transport the products to the distribution centres. All of these cartridges will be delivered to the production factory via a single lorry.

REDUCING THE IMPACT OF HOME-WORK JOURNEYS

In response to the environmental and economic concerns of its employees, a computerized tool has been set up at *La Chevrolière* to facilitate car-sharing. 20% of the staff use car-sharing to get to work. In 2011, greenhouse gases released into the atmosphere were reduced by the equivalent of 114 tons of CO₂.

In China and Singapore, shared transport is available to staff to get them to work. In Morocco, most employees live close to the site, and walk to work.

INVOLVEMENT IN THE COMMUNITY, AND SHARING BEST PRACTICES

ARMOR's social responsibility is anchored in the concrete reality of its activities. Providing a second life to cartridges destined for destruction contributes to limiting the production of waste. Being an active player in product traceability by creating high-performance, eco-designed support is participating in responsible consumption. The group as a whole:

- monitors the quality of its products and services for the health and safety of its customers and the efficiency of the resources used,
- selects its suppliers by integrating corporate social responsibility criteria, which encourages them to make progress,
- guides the act of purchase and usage of its products, including at end-of-life, and exercises a responsible influence on public authorities,
- gets involved in the development of territories, promoting CSR to them.

QUALITY IN THE SERVICE OF THE CUSTOMER

The ARMOR group quality management system is comprehensive, starting in product design and continuing right through to after sales service. The ISO 9001 certification, which is continually renewed at all sites, and planned for 2012 in Brazil, recognises the ARMOR's commitment and encourages its desire to continue with its improvement actions. Customer satisfaction is at the heart of this approach, in terms of both product and service quality. A hotline, on which we listen to customer needs and complaints, is, for example, offered to customers of the AOP activity.

Customer satisfaction surveys are undertaken to measure their level of satisfaction. The AICP activity does this every two years, worldwide.

The results are encouraging, with clear progress being made since 2003. The level of overall satisfaction is 93.7% for 2010, which is close to that of 2007, and the proportion of highly-satisfied

customers has increased by 10% since 2007. Efforts made have been rewarded, since 59.3% of customers have noted an improvement in terms of product quality, delivery lead times, the development of new products and the number of ranges on the market.

Following on from the latest results, a plan of action has been brought to fruition in each sector, with, for example, the setting up of a new extranet: 2go2, the effects of which will be measured in a new survey in 2012.

The AOP activity conducted a similar process in 2009, following which a plan of action was drawn up, resulting in the restructuring of certain of the company's departments. In 2012, the impacts of these changes and their effectiveness will be checked up on among customers.

Good Practice

DEPLOYMENT OF MANAGEMENT TOOLS

To ensure the competitiveness of its production sites and the quality of its products, ARMOR makes use of numerous management tools, usually tested at the French sites, and then deployed in the subsidiaries. For example, ARMOR makes use of self-check to ensure that its products are compliant, PDCA (Plan Do Check Act) continual progress methodology, Lean Manufacturing, progress audits, the 5S, etc. AICP in France has also implemented the 6 sigma method to optimize its manufacturing process.

In Brazil, which is a recently opened production site (2007), ARMOR has initiated a 5S approach in its workshops. Moreover, just like ARMOR in France, ARMOR Brazil has set up daily 20-minutes meetings to discuss such matters as production results, customer complaints or maintenance planning.

➤ AICP CUSTOMERS SURVEY RESULT

TOTAL				
	2003	2005	2007	2010
BASE	(352)	(127)	(246)	(348)
SATISFIED	89.2%	95.3%	93.5%	93.7%
Highly satisfied	16.8%	31.5%	25.6%	35.6%
Satisfied	72.4%	63.8%	67.9%	58.0%
DISSATISFIED	10.8%	4.7%	6.5%	6.3%
Moderately satisfied	8.8%	4.7%	6.1%	5.7%
Not very satisfied	0.9%	-	0.4%	0.3%
Not at all satisfied	1.1%	-	-	0.3%



20 minutes meeting in Brazil.

A SHARED, CONCRETE RESPONSIBLE PURCHASING POLICY

The ARMOR purchasing policy aims to establish a durable relationship with suppliers, so as to ensure the lasting nature of supplies to the group, whilst favouring, where possible, local purchasing, in order to participate in the economic development of the areas in which the ARMOR sites are located.

In France, the group's two main activities have, for more than three years now, conducted an assessment of their suppliers in line with corporate responsibility, by means of questionnaires for ARMOR Office Printing, and via online self-assessment for the Thermal Transfer activity. These approaches aim, at one and the same

time, to raise awareness of sustainable development among suppliers, and to collect data on their ability to control their activities and products. The assessment is conducted afresh every year, so as to measure progress made and support the suppliers in their work.

Complementary to this, the Thermal Transfer activity buyers conduct interviews regarding general criteria such as responsiveness, information sharing, and trust. In this way, in 2011, across all the suppliers assessed: 80% comply with the general criteria and 53% with the sustainable development criteria.

➤ **ARMOR OFFICE PRINTING ASSESSED 73% OF THE PANEL OF ACTIVE SUPPLIERS.**

AVERAGE SCORE OBTAINED: 12/20 WITH 20% OF SUPPLIERS ALREADY ABOVE 15/20 THANKS TO THEIR ENVIRONMENTAL OR SOCIAL COMMITMENT.

Good Practices

DEDICATED DIALOGUE MEETINGS: TEAM MEETINGS

- The quality of the relationship relies on the establishment of a dialogue, of mutual trust between buyers and suppliers. This is why AICP has, in 2011, continued with the regular organisation of work meetings and sharing with suppliers - known as "Team Meetings".
- They constitute a special moment to communicate broadly with partners, including on themes such as sustainable development.
- In 2011, 70 suppliers from the Thermal Transfer activity have taken part in these events.

SIGNATURE OF A SUPPLIER RELATIONS CHARTER

- On 14th April 2011, the ARMOR group signed the business linkages charter offered by the French government, to increase company accountability through ten commitments: ensuring financial equity in the supplier relationship, reducing the risk of dependency between principals and suppliers, etc.
- Just six of the department's companies have signed this charter, as a moral commitment to good conduct towards their suppliers.

- Indicators to measure the group's level of compliance with this charter are currently being drawn up. A plan of action will then be defined, in line with its findings.



Signature of the charter at the regional prefecture.

SECURING SUPPLIES OF RAW MATERIALS

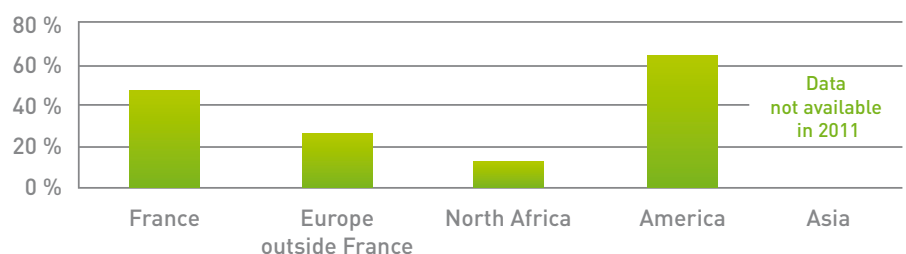
- In 2011, the ARMOR purchasing department in France concentrated its efforts on securing sources for the supply of raw materials - an important guarantee of continuity for its activities. Indeed, certain markets have become very tense. For example, the increase in the prices of oil products and the closure of several thin film production lines have contributed to reducing the availability of PET film, which is strategic for the Thermal Transfer activity. In this context, securing the markets relies on close collaboration between ARMOR and its suppliers.

- For its part, ARMOR Office Printing works with the world's biggest toner manufacturers and works alongside them in R&D, developing a mutually trusting partnership that helps secure purchases. This also contributes to enriching its technical expertise so as to develop, tomorrow, products that are more respectful of the environment, whilst maintaining ARMOR quality.

LOCAL PURCHASES

- At its international establishments, ARMOR has chosen to entrust the supply of raw materials outside of the group to its subsidiaries, so as to favour local purchases which contribute to the local economic

development whilst limiting the transport of merchandise. In this way, the subsidiaries select their own suppliers, with the support of the French R&D departments.



➤ **AVERAGE PROPORTION OF LOCAL PURCHASES BY GEOGRAPHIC ZONE (exclusive of intra-group purchases)**

EXERCISING RESPONSIBLE INFLUENCE SO AS TO GUIDE CHOICES AND USAGES OF PRODUCTS

Because the group is committed to corporate social responsibility, it is keen to see this commitment become selection criteria for customers. For this reason, the group's marketing actions integrate further transparency, to guide customers in their purchases, in their use of the product and in the selective sorting of the product after use, as well as more information about the group's approach.

This strategy has also prevailed in ARMOR's decision to involve itself with the public authorities so that the cartridges market becomes more transparent through the use of environmental labelling, more responsible in the face of counterfeiting and more sustainable through collection and recovery.

Good Practice CONNECTED LABELS

AICP now prints a QR (Quick Response) code on the labels of its products. This 2-dimensional barcode, when scanned by a smartphone, opens the page for the corresponding product information sheet, available in seven languages, on the website.

This tool allows the comparison of all the ARMOR products in terms of cost, performance (print quality, sensitivity and strength) and environmental impact. The product information sheets also include details of product certifications and approvals, instructions on how they should be stored, and show examples of ribbon applications, as well as the range of colours available.

Moreover, sheets providing information about



A smartphone scanning a QR Code.

safety and disposal conditions for the various types of waste generated by Thermal Transfer ribbons are available on ARMOR's 2go2 extranet, along with more detailed product information sheets.

Good Practices

ARMOR SELECTED FOR EXPERIMENTATION WITH ENVIRONMENTAL LABELLING

Of 230 candidate companies, ARMOR is one of the 168 selected to participate in the experimentation of environmental labelling conducted by the French government as part of the Grenelle laws targeting consumers' rights to have access to environmental information about products.

For ARMOR Office Printing, as the sole representative of the print consumables sector, this is all about:

- proving the feasibility of measuring and displaying the environmental footprint of its products (from manufacture, through usage, and right to end-of-life),
- creating a methodological framework which will be subject to validation by ADEME (French Agency for Environment and Energy Management) and by the sector's industrials, at the end of the experimentation process.

For one year, prior to potentially becoming standard practice, around 80 ARMOR ink cartridge references will be subjected to a quantitative assessment of their environmental impact. Soon, ARMOR packaging will provide consumers with two environmental indicators, to guide their choice: impact on the climate and resources consumption per 100 pages printed. The quantified data is already available on the website for a few of the flagship references.

EMPTY CARTRIDGE COLLECTION: ARMOR SIGNS A FRAMEWORK AGREEMENT WITH THE FRENCH MINISTRY FOR ECOLOGY



Reception at the Ministry for Ecology, November 2011.

Barely 45% of used cartridges are collected separately and recovered by remanufacturers such as ARMOR or producers of original cartridges. The rest are dealt with by local authorities.

In November 2011, ARMOR, along with all the other actors of the office printer cartridges sector, signed a voluntary framework agreement with the French Ministry for Ecology, in a bid to strengthen, between now and 2015:

- the separate collection of cartridges (+5% per year), in particular through providing information to users and developing a network of public collection points,
- their recovery at a rate of more than 70%, with traceability required and in compliance with environmental standards, by favouring, over landfill, and in the following order: re-use, recycling of materials, energy recovery (electricity or heat), incineration.

The signatories will provide an annual report on the quantities of cartridges sold, collected and processed so as to ensure that progress continues to be made throughout the sector.

This agreement underlines the importance of cartridge remanufacturers such as ARMOR in the sustainability of this sector.

AMONG THE CARTRIDGES COLLECTED BY ARMOR AND ITS PARTNER REVALIS:

- **LASER: 95% ARE REMANUFACTURED OR RECYCLED FOR RECOVERY OF MATERIALS, 2% ARE USED FOR ENERGY RECOVERY.**
- **JET D'ENCRE: 85% ARE REMANUFACTURED, 6% ARE USED FOR ENERGY RECOVERY.**

Good Practice

FIGHTING COUNTERFEITING

The fact that suppliers with few scruples are marketing new, low-cost cartridges - known as 'clones' because they fail to respect intellectual property - is a serious threat to the cartridge recycling sector, in which ARMOR is a major player. In Spain, there are already no remanufacturers left and in Italy, the market has shrunk by 50%.

The prices on offer result in production conditions that are respectful of neither the employees, nor the environment, nor the quality for the end customer. Moreover, these 'clones' disrupt recovery circuits because legally, they are counterfeits, and technically, they are difficult to re-use.

ARMOR has worked in collaboration with ETIRA (European Toner & Inkjet RemAnufacturers) which brings together 51 remanufacturers of laser and inkjet cartridges in Europe, to launch a plan of action aimed at raising awareness among all the actors in the print sector, inciting them to become involved.

NETWORKS OF INFLUENCE

ARMOR is a member of several networks and associations, through which it is also well-placed to be influential:

- *Union des Industries Chimiques*, and its Responsible Care charter,
- *le Forum des amis du Pacte Mondial*, an association aimed at promoting the UN Global Compact and the sharing of associated best practice,
- *Dirigeants Responsables de l'Ouest*, an association of business leaders in Pays de la Loire and Brittany, federated around the idea of corporate social responsibility as a support to economic performance,
- *MEDEF* (French Employers' Association), the top business network in France: it defends and promotes businesses of all sizes and from every sector of activity,
- *Club Carbon'At*: Association of carbon assessment users in the Atlantic region,
- *ETIRA* (European Toner & Inkjet RemAnufacturers).

ECONOMIC DEVELOPMENT WHICH BENEFITS ALL STAKEHOLDERS

ARMOR SA scope

Banks: The amount includes financial fees, repayment of debts and financing received. In 2011, despite the difficult economic times, ARMOR's financial partners extended a credit line of €35 M over 5 years to secure the financing of investments in material and equipment (particularly concerning the organic photovoltaic film development programmes).

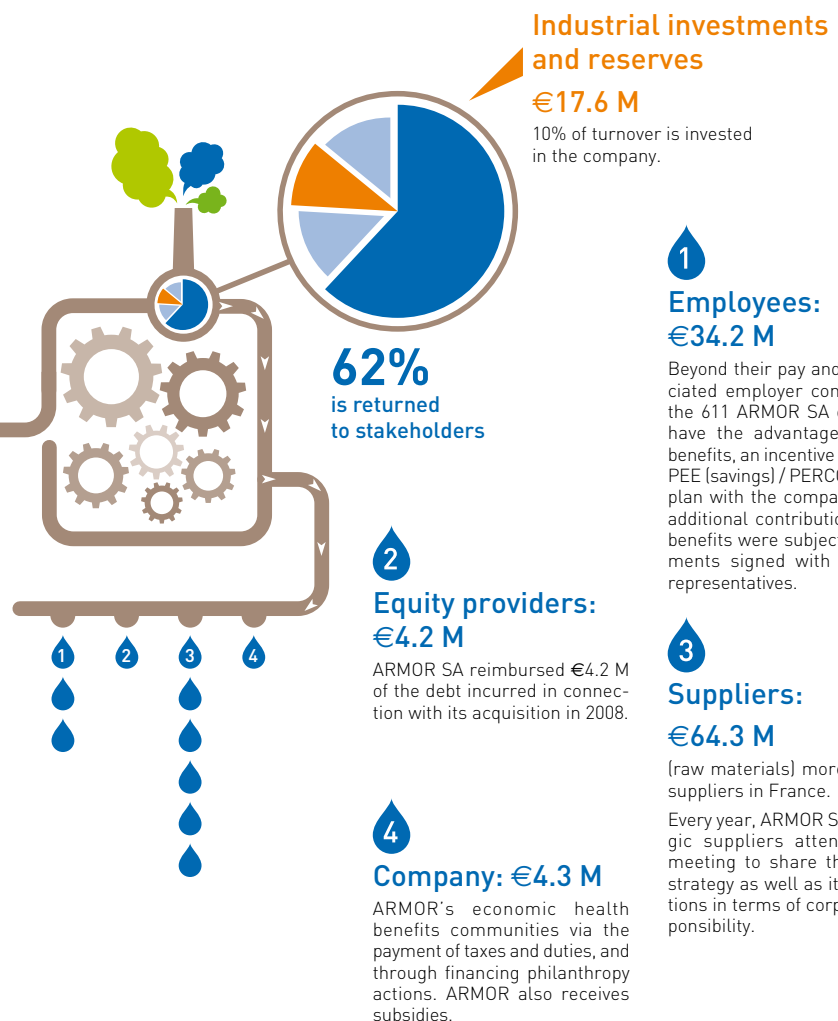
Banks : €5.7 M net received

Customers : €199 M (ARMOR Group)
Customers : €164 M (ARMOR SA scope)
+16.7% in comparison with 2010

Subsidiaries:
Income from equity investments: €2.0 M

Customers: Each year, the group's CSR Strategy is presented to its main customers as an integral part of the group's appeal and competitiveness.

Subsidiaries: Because they are already using quality management and implementing actions in favour of employee safety and the environment, the subsidiaries gradually become involved in the group's CSR process. This was notably the case in 2011, through the self-assessment of the sites.



A PHILANTHROPY POLICY TO MATCH THE ARMOR GROUP IDENTITY AND VALUES

ARMOR's commitment to sustainable development has led it towards a philanthropy policy that matches in with its identity and values. Although the first actions were mainly initiated on its own historical territory, in the Nantes region, the subsidiaries also participate in projects sharing a common objective: cultivating social commitment among employees, and encouraging socially-responsible initiatives.

Given that access to employment is a decisive factor in the fight against exclusion, ARMOR's choices in France have concerned ADIE (an association in favour of the 'right to economic initiative') and FACE (a foundation to fight exclusion), both because it shares their orientations, and because of the complementarity nature of the two organisations.



ADIE is a major player in micro-credit worldwide. It supports people who are excluded from the labour market and the traditional banking system by helping them create their own businesses, and thus their own jobs, through the use of microcredit. ARMOR wanted to go beyond the classic commitment by participating in the creation, within ADIE Loire-Atlantique, of the *Cercle de l'Entrepreneuriat Populaire Nantes-Atlantique* (Association to propose entrepreneurship around Nantes Region through promoting microcredit), chaired by Hubert de Boisredon, CEO of the group. The objective of this 'circle' is to bring together those business leaders in Loire-Atlantique who want to support ADIE's action in favour of micro-entrepreneurs. The initiative was launched in September 2011, and currently counts 21 SMEs and ETI (Mid-Sized Businesses) in Loire-Atlantique.



ARMOR sponsored Nantes' 13th Job Academy, which was organised by the FACE Atlantique club, with 16 group employees providing support and guidance to 15 jobseekers. This idea was born of an alarming observation: in underprivileged areas (Zones Urbaines Sensibles), qualified and highly-motivated jobseekers are unable to find work for reasons that are related to their origin, address, name, or because their qualifications are out of sync with the labour market.

In response, the Job Academy enables a company and its employees to mobilize around these highly-motivated, educated and/or qualified candidates, supporting these jobseekers in their quest to find employment.

The objective is a lasting contract: ideally a permanent post, or a confirmed temporary post of more than six months.

Each jobseeker receives individual and group support and guidance towards employment for a maximum period of one year. In exchange, jobseekers undertake, by signing a charter, to be active in their job-hunting. The success of this coaching towards a job lies in the renewed confidence developed by the 'group effect' and in the construction of a network around the jobseeker.



The 13th Nantes Job Academy, on the banks of the Loire.

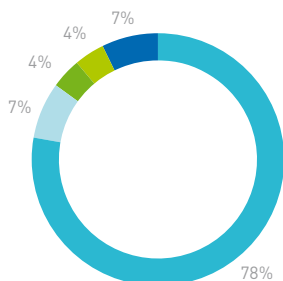
SHARING BEST PRACTICE AND POOLING ACTIONS

The *La Chevrolière* site seeks to share its thinking and extend some actions, such as the one aimed at conserving biodiversity, throughout the area of industrial activity in which ARMOR is established. An initial stage of making contact with companies was achieved in 2011, giving rise to the IEPAD (inter-enterprise sustainable business park) project. Ten of the twelve businesses at the park are working together on three main themes:

- co-ordinating actions falling within the scope of Corporate Social Responsibility,
- establishing a form of 'representativity' among local authorities and associations,
- contributing to the concerted and harmonious deployment of industrial activities and services in the *La Chevrolière* area.

One concrete objective of this project is to pool waste management of the various sites, firstly to reduce the impact of transport on the environment, and secondly to reduce waste management costs.

ARMOR'S SOCIAL AND SPONSORSHIP ACTION IN MOROCCO



- Allowance paid to personnel within the framework of social action
- Contribution to the national action in favour of underprivileged children (distribution of schoolbags)
- Contribution to the renovation of the village primary school
- Contribution to the renovation of the village mosque
- Sponsorship of the football club

Good Practice CONCRETE ACTIONS IN MOROCCO

- One extremely concrete example of this philanthropy policy enacted at a subsidiary is involvement in the local life of the village of Bir Jdid, where ARMOR's Moroccan facility is located. In 2011, ARMOR made a financial contribution to six support actions, for an amount equivalent to 109 months of Moroccan minimum wage. The grants are diverse: some are directly paid to employees, such as the schooling allowance or for the Festival of Sacrifice; others benefit the local population as a whole, via infrastructures or social ties, and support is also offered to national solidarity initiatives.

GRI (GLOBAL REPORTING INITIATIVE) INDEX, COVERAGE AND CORRESPONDENCE TO THE GLOBAL COMPACT

Self-declaration of the GRI Profile Disclosure application level: C

	THEMES	GRI Profile Disclosure	Global Compact Principles	Level of GRI coverage	Report Page(s)	Remarks
THE GROUP	Profile (name, legal form, products, establishments, size)	2.1-2.8		2/3	p. 2-3	Sales volume and market share are confidential
	Significant changes, investments and taking into account of CSR (including human rights)	2.9 & HR1	1	0		Confidential
	Declaration by CEO, Strategy & Analysis	1.1-1.2		2/3	p. 4-7	
	Awards received during the reporting period	2.10		100%		None
GOVERNANCE	Structure & members of the governance bodies, gender balance	4.1-4.4 ; LA13	6	2/3	p. 8	
	Prevention of conflicts of interest	4.6	10	2/3		Top management subjected to a clause excluding conflicts of interest
	Detailed operation of the highest governance body	4.5-4.7 ; 4.9-4.10		0		Confidential
	Values, policies & internal codes	4.8		1/3	p.9	
	Application of the precautionary principle	4.11	7	1/3	p.14	Via eco-design in R&D
	External commitments & subscriptions	4.12-4.13		100%	p.11, 19-20	
	Dialogue with Stakeholders	4.14 - 4.17		2/3	p.8	Integrated to the report: employees, shareholders, banks, customers, suppliers, partners, competitors, local communities
ECONOMY	Direct economic value created and distributed, public subsidies received	EC1, EC4		1/3	p.21	Scope: France
	Risks and opportunities related to climate change	EC2		1/3	p.17	
	Spending on locally-based suppliers	EC6		2/3	p. 19	
	Philanthropy	EC8		1/3	p.22	
	Significant indirect impact	EC9		1/3	p.6	
	Local practices: wages, pension, management recruitment	EC3, EC5, EC7		0		Non-consolidated in 2011
SOCIAL	Human rights					
	Elimination of forced labour and child labour	HR6-HR7	4 & 5	1/3	p.5	
	Diversity & Non-discrimination	HR4	6	1/3	p. 9-11	
	Freedom of association & collective bargaining rights	HR5	3	1/3	p. 10	
	Selection, involvement, and monitoring of suppliers in line with CSR (including human rights)	HR2-3	2	2/3	p. 19	Scope: France
	Labour Standards					
	Quality of employment	LA1		2/3	p. 9-11	
	Employee social benefits	LA3		1/3	p.13, 21	Scope: France
	Notice period for organisational changes	LA5		1/3	p. 13	
	Occupational Health & Safety (joint management-worker committees, topics & agreements, accidents & initiatives)	LA6-7, LA9		2/3	p. 10, 13	
	Employability of employees and training	LA10-11		2/3	p. 12	Scope: France
	Individual performance reviews	LA12		100%	p. 12	
ENVIRONMENT	Materials (raw materials / recycled materials)	EN1, EN2	8	1/3	p. 6, 19	Volumes are confidential
	Direct energy: consumption, initiatives & results	EN3, EN5-6	8	2/3	p. 16	
	Water: Consumption & recycling	EN8, EN10	8	2/3	p. 16	Scope: Poland
	Biodiversity - sensitive areas	EN11, EN14	8	1/3	p. 17	
	Greenhouse Gas Emissions & efforts at reduction	EN16-18	8	2/3	p. 17	
	Polluting emissions	EN20	8	2/3	p. 16	Scope: France
	Waste: weight and disposal method	EN22	8	2/3	p. 16	
	Hazardous waste: transport	EN24	8	0		Confidential
	Eco-design of products and services	EN26	9	2/3	p.14-15	
	Transport	EN29	8	1/3	p. 17	
PRODUCT LIABILITY	Consumer Health and Safety	PR1		1/3	p. 18	
	Product labelling & customer satisfaction	PR3-5		2/3	p. 18, 20	
	Responsible marketing & advertising programmes	PR7		1/3		General principles for the prevention of greenwashing
SOCIETY	Bribery & corruption (risk & training)	S02-3	10	1/3		Aware buyers
	Participation in public policy	S05		100%	p. 20-21	
	Contributions to political parties	S06	10	100%		None
	Local communities: negative / positive impact	S01		0		Non-consolidated in 2011
INCIDENTS, VIOLATIONS, FINES & MEASURES TAKEN	Incidents of non-compliance with the legislation or voluntary code and fines incurred (in issues relating to: human rights, consumer health and safety, environment, marketing, privacy, corruption, competition)	HR4, HR9, PR2, PR4, EN23, PR8, PR9, S04, S07, S08	1	100%		In France, ARMOR, as a producer, has been ordered to treat its waste (empty printer cartridges). Reason: The approved service provider had gone out of business.
THE PRESENT REPORT	Period covered & scope	3.1-3.3 ; 3.5-3.7		100%	p. 2	
	Contact person	3.4		100%		Annabelle Guillet contact@armor-group.com
	Developments with regard to previous reports & corrections	3.8, 3.10, 3.11		1/3		No corrections made to previous reports
	Methodological principles for indicator consolidation	3.9		1/3		Consolidation at group level of indicators measured by subsidiaries within the context of their management systems
	GRI Index	3.12		100%	p. 23	
	Third-party validation	3.13		0		No third-party verification in 2011

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