



Beyond

Océ N.V.

Sustainability Report for the financial year

December 1, 2005 to November 30, 2006

Océ enables its customers to manage their documents efficiently and effectively by offering innovative print and document management products and services for professional environments.



About this report

This Sustainability Report contains information about all of Océ's manufacturing and remanufacturing sites as well as its major operating companies. The activities are reported on the basis of the G3 Guidelines laid down by the Global Reporting Initiative, addressing all three dimensions of sustainability, i.e. people, planet and profit.

The main purpose of this report is to explain to all of our stakeholders what Océ is doing to safeguard its sustainability for the future: the goals to which we subscribe, the policies we have developed to achieve these goals, our actual performance in 2006, and the measures we have taken to ensure that our employees and partners are aware of our goals and work in accordance with our policies.

A difference compared with last year's report is the level of verification. The 2005 Sustainability Report was reviewed by internal auditors from Océ, but for this Sustainability Report external assurance was provided by PwC regarding our reported data. The results of the external assurance process can be found in the assurance report on page 64.

For more detailed information on the reporting principles, see chapter 9.

Requests for printed versions of this Sustainability Report and other corporate publications, such as the 2006 Annual Report or the SEC Filing Form 20F, as well as requests for printed versions of future editions of these reports, should be addressed to:

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The 2006 Sustainability Report and other corporate publications can also be accessed via our corporate website [www.oce.com/en/Investor].

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Reference documents

- Océ Sustainability Report 2005, published in June 2006 [www.oce.com/en/Investor/sustain/sustain2005.htm]
- Océ Annual Report 2006, published in February 2007 [www.oce.com/en/Investor/AR/AR2006.htm]
- SEC Filing Form 20F, published in March 2007 [www.oce.com/en/Investor/AR/2006-20F.htm]
- G3 Guidelines, released in October 2006, GRI publication [www.globalreporting.org]

Contents

5	1 Letter from the Chairman	45	8 Our environment
		45	Environmental management systems
6	2 Our company	46	Risk control
7	Company profile	46	Reuse and remanufacturing
9	Océ's organisation: specialists for all sub-markets	47	Logistics
12	Technology designed and made for users	48	Communication
15	3 Our sustainability policy	50	9 Reporting principles and review
15	Progress report	50	Scope
17	Step-by-step approach	50	Reporting period
18	Our sustainability track record	51	Accuracy
		51	Verification
19	4 Our management systems	51	Global Reporting Initiative
19	Corporate Governance	52	Review of sustainability reporting in 2006
22	Océ and sustainable business practices		
25	5 Our customers	53	10 Performance data
25	Direct sales and service	53	10 a Economic performance data
26	Feedback mechanisms	56	10 b Employee key figures
27	Our solutions	59	10 c Environmental performance data
28	Our products		
32	Sustainability in the user phase	64	11 Assurance report
34	6 Our employees	66	12 GRI Performance Indicators
34	Océ: a people's business	72	13 Océ Awards 2006
34	International human resources policy	74	14 Principal group companies
34	Employee engagement		
36	Employee development		
38	Health and safety		
41	7 Our partners		
41	Océ's business model		
41	Research and product development		
42	Manufacturing and logistics		
43	OEM partners		
44	Distributors and resellers		
44	Providers of financial services		
44	Waste processing partners		

1 | Letter from the Chairman

It is my pleasure to present to you Océ's Sustainability Report for the year 2006. The report focuses on the social and environmental responsibility we take for our company and our products, in line with our long term vision and strategy. As such, it complements our Annual Report.

The initial aim of the Sustainability Report was to inform our stakeholders about our business activities in a transparent way, but today we also regard it as a means to monitor our ambitions and the progress we make in our performance as a responsible corporate citizen. Society is rapidly becoming aware of the impact of global production and consumption on the future of the world. Scientists, politicians and industry are playing their part by calling for attention to the future of our planet.

Our customers and business partners, too, are becoming increasingly aware of the importance of sustainability. This will further affect our business model and strategic choices. A solid sustainability track record will soon be – and in some cases already is – a qualifier to be invited to subscribe for tenders and business proposals. Océ is proud to be recognised and rewarded for its sustainability efforts by several major clients and financial stakeholders. It underlines the fact that we already have accomplished a great deal in our efforts to be a sustainable company.

We must be realistic, though, in several ways. First of all, we do have a considerable ecological footprint ourselves, using up materials and energy for the production of our machines. Furthermore, our success in developing sustainable products and supporting sustainable processes is more often than not inspired by our customers' wishes to produce as efficiently and economically as possible. Efficiency and sustainability go hand in hand in our products. And that is exactly what sustainability is all about: balancing the benefits for people, planet and profit. We are playing our part not only in our own business but also in our customers' businesses, as we help them produce in more sustainable ways.

We are proud to be able to point out several developments in the year under review that have strengthened our position in sustainability. Amongst other things, with the



launch of the Océ VarioPrint 6000 series we introduced a machine with a number of characteristics that clearly enhance a sustainable way of operating. Moreover, we defined five focal points for our business. On the other hand, an analysis of our processes has given us a clear view of the long way forward, in which we have to clear up issues that have not yet been sufficiently tackled. To name one, in selling OEM machines [OEM stands for Original Equipment Manufacturer] and outsourcing part of our production we are becoming more dependent on third parties, and this dependency includes sustainability matters. We still have to improve our monitoring capabilities to make sure our partners live up to the responsibilities we have entrusted to them.

This year's report is the first sustainability report from Océ that is subject to an external assurance process. It is another step forward in professionalising the reporting on our social responsibilities.

June 20, 2007

A handwritten signature in blue ink, appearing to read 'Rokus van Iperen', written over a white background.

Rokus van Iperen, *chairman*

2 | Our company

Océ and sustainability are natural allies

Océ as an organisation is tuned to fulfilling the needs of its customers. Its products perform the tasks for which the customers bought them, and they help customers to optimally meet their targets – including targets in the field of sustainability.

There are at least three reasons why Océ scores well as a sustainable business. Firstly, many innovative features in its products were developed with the aim of lowering costs to the customer. It turned out most of these features were also beneficial from a sustainability point of view. To give a few examples: reducing waste, reducing paper volume and simplifying machine operation were originally economically motivated goals. Other factors, for instance the reuse of parts and modules, have turned out to be strong sustainability factors, avoiding depletion of material and preventing waste. So in the case of Océ, economy and sustainability go together very well. Secondly, it has always been Océ's policy to pay a great deal of attention to the well-being of the users of its products, as a strong productivity-enhancing factor. The result is a series of characteristic properties that make Océ-designed machines quite popular with users: low emissions, low noise and maximum user friendliness. Thirdly, Océ is an innovative company. It is used to crossing boundaries in search of new solutions to enable its customers to improve their business. Innovating in sustainability often means looking at the same problem from a slightly different angle. In doing so, and by including health, safety and environmental factors in the development process, Océ has ensured that people, planet and profit have all benefited from technological advance over the years.

Océ's products and services bear out this claim. The challenge to design easy-to-use, reliable and productive machines with the lowest possible Total Cost of Ownership [TCO] has led to a product portfolio with a number of innovations that support sustainability. Océ is committed to selecting OEM products that match the expectations of its customers, including expectations in the field of sustainability. It is reassuring to see an increasing sense of urgency in these matters among all manufacturers.



Company profile

Océ: innovative by nature

Océ is one of the world's leading suppliers of professional printing and document management systems. A business that is innovative by nature, both commercially and technologically. At the same time it is a business that is very much a part of society and therefore determined to serve that society by producing sustainable products in a sustainable way.

Océ develops and manufactures systems for the production, distribution and management of documents, in colour and black and white, in small format and in wide format, for offices, educational institutions, industry and the graphics market. Its product offerings comprise printers, scanners, peripheral equipment and printing media but also document management software and innovative products in the areas of system integration, outsourcing of document management activities and leasing of printing systems.

The headquarters of the Océ Group (Venlo, the Netherlands).



Océ's core product range, developed and manufactured by the company itself, is focused on wide format and small format and, as far as small format is concerned, on the [highly] productive segments. To supplement this, Océ offers its customers selected machines made by OEMs, mostly as part of total solutions. Océ's reputation is founded on productivity and reliability, ease of use and a favourable 'total cost of ownership'.

Océ is commercially active in over 90 countries and has its own sales and service organisation in more than 30 of these countries. It also operates research and manufacturing facilities in Europe, the United States and Canada. In 2006 Océ, which has almost 24,000 employees, achieved revenues of € 3.1 billion and a net income of € 57.1 million.

Business model

Océ is one of the few suppliers that are active in the entire value chain of printing systems: from development via manufacturing, sales and financing to service. Because of constant feedback within the chain Océ is able at all times to anticipate and respond alertly to changing market requirements and new market opportunities. The feedback also offers Océ the opportunity to experience the challenges and problems of the actual users, as an ongoing incentive to develop even better products.

Océ's policy in the various sub-markets is steered by two Strategic Business Units, Digital Document Systems for small format and Wide Format Printing Systems for wide format, in close cooperation with Research & Development on the one hand, and Marketing & Sales on the other. Digital Document Systems serves the market via the business groups Corporate Printing Systems, Commercial Printing Systems and Océ Business Services. Wide Format Printing Systems serves the market via the business groups Technical Document Systems, Display Graphics Systems and Imaging Supplies.

A separate activity, Software & Professional Services, focuses on the development and implementation of software in printing systems and therefore supports all business groups.

In over 60 countries in which Océ itself is not represented, part of the company's product range is made available via specialised distributors.

Through its own Research & Development Océ itself develops its basic technologies and the majority of its product concepts. The direct feedback of customer experiences serves here as an important source of solutions for concrete, current and future needs. Océ also broadens and strengthens its innovative capacity through alliances with strategic partners and cooperation with co-developers and with OEMs for printing systems in the high, medium and low volume segments.

In the field of sustainability Océ adds value in three ways:

- It produces in a sustainable way.
- It develops sustainable products.
- Its products and services enable customers to operate in a sustainable way.

Ambitions

Customers

Océ aims to achieve and maintain leading positions in strategically relevant market segments by offering a full-line range of document management products and services.

Employees

Océ aims to offer an inspiring working environment and good career prospects.

Shareholders

Océ aims to achieve returns that bring real value creation for shareholders.

Partners

Océ aims to build up a network of partnerships that will enable the company to realise its objectives in the best possible way.

Society

Océ aims to do business in a way that contributes to the sustainable development of society.

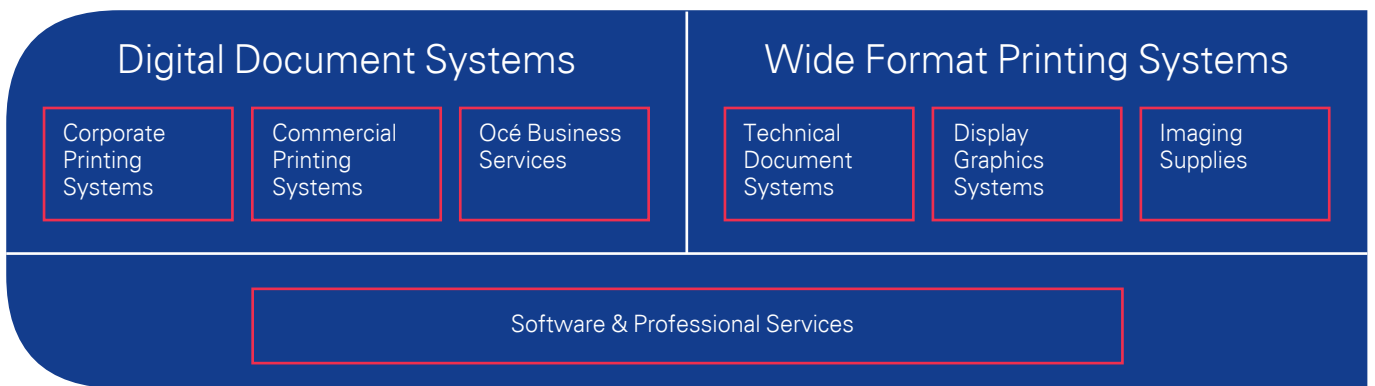
Océ's organisation: specialists for all sub-markets

The commercial organisation of Océ is structured in such a way that separate business groups are active for each major sub-market. They have a thorough knowledge of the specific market and its customers and are good commercial and technological discussion partners at every level. The various market segments are served at different levels by the specialists of Océ.

Digital Document Systems

Corporate Printing Systems: instruments for efficient business practices

In the market for Corporate Printing Systems documents are essential aids for the business of the users [print-for-use]. That is why the control of document output and printing processes is given priority, at the lowest possible costs. This is a broad market with highly varied needs.



Strategic objectives

- To achieve and maintain leading positions in both print-for-use and print-for-pay environments.
 - To continue to be a strong and innovative supplier of services in the area of document management and Océ Business Services [outsourcing].
 - To strengthen its leading position in Technical Document Systems.
 - To achieve a leading position in Display Graphics Systems.
 - To offer complementary products and imaging supplies that enable total solutions.
-
- To be an attractive employer world-wide.
 - In the Netherlands to be one of the ten most attractive businesses for graduates and one of the top-five for technical specialists.
-
- To achieve an average revenues growth of 5% per year on an organic basis.
 - To maintain the relative gross margin.
 - To achieve at least 13% Return on Capital Employed [RoCE] on a structural basis.
 - To achieve 'investment grade' rating.
-
- To cooperate in the area of technology with the top specialists in the industry.
 - To work together with high quality suppliers of components, modules and machines [OEMs] and, where this adds value, to outsource manufacturing to strong partners.
 - To cooperate with market partners that help to distribute Océ products and thus substantially enhance Océ's distributive strength.
-
- To implement the basic principles of the UN Global Compact.
 - To minimise and, where possible, eliminate any unwanted effects of Océ products on the environment.

For the most intensive applications Océ offers a range of integrated solutions, based almost exclusively on equipment developed by the company itself. Océ customers in this market are financial institutions, telecom businesses, energy companies, government bodies, educational institutions and businesses operating in trade and industry. Organisations that produce many tens of thousands of, often personalised, documents each day, such as salary statements, invoices and policies.

For less intensive document flows Océ also supplies a range of tried and tested third-party products as part of a completely integrated offering. In this way Océ accurately meets the needs of the customer who wants to be able to count on a reliable network of printers/copiers with an optimum price/performance ratio. In addition colour is rapidly gaining ground in this market and Océ is able to respond effectively to this with machines it has developed itself but also with OEM equipment for the lower volume segments. In the United States Océ Imagistics is one of the leading suppliers in this area.

Commercial Printing Systems: primary business assets with maximum return In the commercial market the high-value printers and systems of Océ generate direct income for the users [print-for-pay]. These are their primary business assets and so they have to be able to produce in the most profitable way possible. The printers and systems that Océ supplies for this market are therefore focused on quality and productivity. Maximum reliability stands at the top of the list of requirements. Specific Océ customers in this market include marketing service businesses, digital printing firms, specialised printing works and reprographic businesses. In this market Océ digital printing systems are taking over more and more tasks from traditional analogue printing techniques, particularly from offset. Thanks to the flexibility and speed of the equipment and the possibility of personalised documents, print-runs that directly meet the user's needs can be realised in a short time and with a high level of quality. As the quality of the prints improves and the price becomes lower, the printing industry sector is increasingly taking advantage of these benefits. A few big, specialised printing businesses are already producing limited print-runs – even print-runs of just one single copy – on high-speed Océ printers.

In this market, which mainly uses equipment for the high and very high volume segment, Océ is one of the strong players, to an increasing extent in the colour segment as well. Since Océ devotes considerable attention to convenience of use, each user soon feels at home on Océ equipment. Operation is not very labour-intensive and that reduces the labour costs linked to production. Besides, Océ supplies advanced software packages for [web-based] document input and output and workflow management.

Océ Business Services: allowing customers to concentrate on their core activities Océ Business Services provides extensive services in the area of document management for organisations that want to concentrate on their core activities. This may involve all printroom activities, the operation, maintenance and management of the equipment, archives management, scanning and postroom activities, but more and more often it also relates to the provision of more complex, high value services.

In a typical outsourcing situation Océ takes over all these services, including the related employees. In this way the customer replaces this substantial in-house cost item with a complete provision of services that offer higher quality, efficiency and productivity for what are at least the same, but often even lower costs. A relatively new development is the extension of the working area to more complex activities that are deeply rooted in the customer's primary business processes. These include processes such as invoicing, technical documentation and legal documentation, record management and, more recently, e-discovery.

Wide Format Printing Systems

Technical Document Systems: leading in technical drawings The Technical Document Systems business group is active in markets in which wide format prints are produced, mainly for technical applications. Customers are not only organisations that make prints 'in house' for their own use but also companies that produce prints for others on a commercial basis. Building companies, architectural and engineering offices, industrial, utility and telecom businesses and the government are examples of organisations that mostly have their own printing facilities. Commercial users are



The award-winning Océ TDS700.

primarily reprographic businesses and digital print providers. They offer their customers a broad range of products and services and are also beneficiaries of the trend towards outsourcing.

Océ is the market leader in the black and white segment. Productivity, reliability and ease of use are traditionally the main drivers. Besides, Océ is the only supplier that markets both black and white and colour products. With a series of new and already successful machines, Océ is responding to the demand for colour which will also grow quickly in this market. Many big architectural firms are already printing complex drawings and design presentations in colour on Océ equipment.

Display Graphics Systems: creating wide emotion

Full colour posters, banners, billboards and other wide format communication materials have become part and parcel of the modern-day street scene, in shop interiors and at exhibitions and trade fairs. A gigantic market, and one that is still growing substantially, mainly due to the steady growth in expenditure on [outdoor] advertising. Not so long ago this market was still fully dominated by analogue technologies such as screen printing, photo printing, offset and manual techniques. In the meantime, however, digital printing has become ever more important, supported by the fact that digital printing offers major benefits in the areas of pre-print, clean and fast printing processes and cost.

In the market for display graphics, Océ is a major player in all geographical regions. In Europe in particular, Océ now holds a strong position, mainly due to its complete range of advanced printers, software, print media and inks. In this field Océ also works closely with OEM partners.

Imaging Supplies: optimum match between machine and media

Based on its lengthy tradition of a thorough knowledge of and long-term research into the properties of the materials used during printing, Océ is a preferred supplier of print media for the office, business graphics applications, technical drawings and display graphics. Thanks to a modern logistics system Océ links up seamlessly with the customer's production processes by supplying essential print media quickly and promptly. This involves materials not only for Océ printing systems, but also for equipment of other suppliers, for which Océ selects or develops the optimum media.

In Arkwright [United States], Océ also has a major in-house producer of print media, based both on paper and on film material. Arkwright acts as the central marketing, sales and service organisation for Océ in the area of imaging supplies in the United States.

Despite the growth in speciality materials for display graphics and colour applications, white paper – coated or non-coated – is still the most used medium. With plants in Europe and the United States Océ is the world's biggest converter of wide format media.

Software & Professional Services: interfaces between man and machine

Fully integrated document management and printing systems, a speciality of Océ, are possible thanks to a tightly structured system of mutually compatible software programs. Those programs have been developed over the course of many years, exhaustively tested in practice and subjected to further fine-tuning. To ensure that the systems it supplies are permanently integrated within the business processes, Océ provides professional services in the form of training and consultancy as well as support during implementation.

Technology designed and made for users

A major proportion of Océ's product range stems from the company's own strong technology portfolio. This has been built up over a large number of years and is based on the continuous user feedback that the Océ organisation receives through its close relationships with customers – on a number of different levels. The company's in-house product development activities therefore occupy an important place in the Océ business model. In addition, Océ uses selected technology from other producers to ensure that users can always be supplied with a comprehensive product portfolio. The consistent application of an innovative technological approach has meant that Océ products have gained a solid reputation for their quality, speed, user-friendliness, reliability and a favourable total cost of ownership.

Super-strong technologies as a solid basis

Océ equipment features many of the company's own inventions and developments. Noteworthy examples are the CopyPress printing technique and the Direct Imaging technique for seven-colour printing with an exceptionally high and constant quality, the Colour Belt technology for very high volume continuous feed products and the Océ PRISMA technology, excellent software for document management systems. Of more recent date is the Gemini technology, which has set a new standard in high volume duplex printing [Océ VarioPrint 6250].

The unique Gemini Instant Duplex technology.

These basic technologies are now being incorporated in a broad range of diverse applications and will continue to be seen for many years as the front-runners in modern printing technology. In the meantime Océ has taken rapid strides towards developing a revolutionary inkjet print head for use in applications in the highly demanding high-production, wide-format environment. These are all examples taken from the many top-class technologies that largely determine the success of Océ products.

Manufacturing and logistics: dynamic links in the value chain

Océ printing systems are manufactured in various places in the world. By far the greater part of the components and complete modules that are used are sourced from a select group of suppliers. Final assembly takes place partly in the company's own facilities in Venlo [Netherlands], Poing [Germany], Prague/Pardubice [Czech Republic] and Vancouver [Canada]. In the past few years a substantial part of the assembly work has been relocated from Venlo to contract manufacturers in Asia and that trend will continue further in the years ahead. Océ cooperates closely with contract manufacturers who assemble the product. This cooperation has intensified over the years, and nowadays these manufacturers are also engaged in earlier stages of production. An important element in production is the reuse of components and modules which have a much longer useful lifetime than the economic lifecycle of the overall machines. These are recovered in special factories in Venlo and Pardubice where they are reconditioned to make them as new.

Supply chain management

For the logistics of new machines, spare parts and supplies Océ applies an integral supply chain management system with logistics centres in Europe, the United States and Asia, which are managed from Poing and Venlo. The aim of the centres is not only to have the required components available in close proximity to the most important sales areas, but also to enable the equipment to be made customer-specific at the last possible moment. Moreover, they optimise transport and handling by facilitating optimum routing, thus reducing costs and mitigating the impact on the environment.



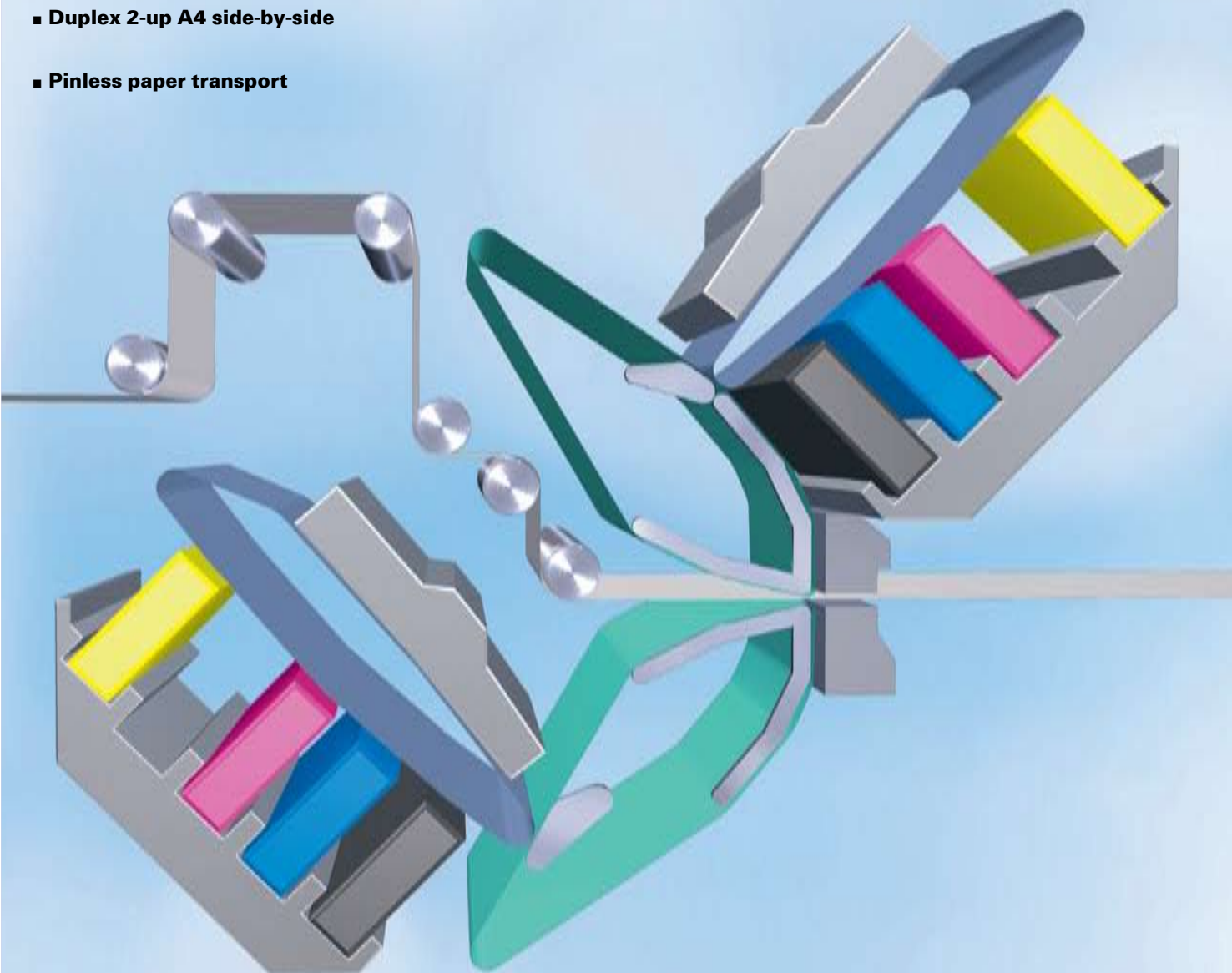
Océ VarioPrint 6000

- **Designed for reuse**
- **Maximum productivity**
- **One-pass duplex: paper moves in one direction, less noise, no jams**
- **Two engines in one: lower energy level: $\sqrt{2}$**
- **Low ozone and dust emissions: no extractors needed**
- **Improved Organic Photo Conductor: 4 million copies**
- **Non-stop operation: load/unload on the run**
- **Scheduler on control panel: optimum job planning and monitoring**
- **Easy to operate: in 30 minutes anyone can learn to operate it**
- **Multiple media and paper qualities: up to 12 different paper trays**
- **Modular product, minimal packaging**



Océ VarioStream 9000

- **Durable, long service life**
- **[Field] upgradeable to extra features and colour units [now full colour]**
- **Maximal uptime**
- **Efficiency through high speed and constant monitoring**
- **Low power consumption per print**
- **Suitable for many different paper qualities, including recycled paper [low grade] and onion skin [paper, pharmacy leaflets]**
- **Toner dot modulation facility**
- **Duplex 2-up A4 side-by-side**
- **Pinless paper transport**



3 | Our sustainability policy

Progress report

Our sustainability principles in relation to the various stakeholder categories are listed in the 2005 Sustainability Report. In this chapter the focus will be on the progress Océ made in 2006 on the various aspects of sustainability.

Customers

In 2006 Océ investigated customers' opinions on a number of sustainability issues. A group of young Océ high-potential employees conducted a client survey in the framework of the Global Océ Professionals programme. The survey showed that only 44% of our customers were aware of what the term sustainability implied for their business and what they could expect from their suppliers in this respect. After these aspects had been explained to them, they were asked to rate Océ on a number of issues mentioned in our sustainability policy. We found that customers were particularly appreciative of the long lifetime of our products, the long-lasting service in conjunction with long-term provision of product updates, parts and supplies and the easy-to-use, reliable and robust product range. According to our customers, the environmental aspects that will become increasingly important as purchasing criteria are an efficient use of paper and toner, recyclability of products [meaning waste reduction], reduced energy consumption and reduced emissions of ozone and fine dust.

In their invitations to tender for a full range of document management solutions and services, public and private customers increasingly pay explicit attention to sustainability aspects such as energy consumption and recyclability.

Employees

Océ's social performance in 2006 can be summarised as being very much in line with the company's policy principles. Océ made an effort to conduct an open and harmonious relationship with its employees worldwide.



Océ OpenHouse, Europe's largest annual digital printing fair.

Measures affecting the workforce in the Netherlands were resolved in good harmony with workers' representatives. The investment in leadership programmes based on the Océ core values was continued worldwide. The Océ international value-based leadership programme is already an international example that is being followed by others. The programme is resulting in not only better leaders but also a better team spirit and empowerment of staff. The Océ culture is recognised by university graduates as warm and innovative, leading to the comfortable situation that, in spite of the global economic boom that is leading to scarcity on the labour market, Océ has no major recruitment problems. Nevertheless, the Corporate Personnel department is intensifying its succession planning activities. There are still a number of senior management positions for which external candidates need to be sought. Competence management, staff appraisal and individual coaching and development were given broad attention in 2006 and are nowadays common practice across the entire Océ organisation.

Partners

In 2006 our reliance on partner organisations intensified across the entire value chain. In strengthening this reliance Océ remained aware at all times of the need to move forward with business partners who apply sustainability policies and principles similar to our own. During the year the percentage of products that OEMs contributed to our portfolio increased. In addition, Océ selected a number of contract manufacturers in the Far East on the basis of their professionalism and reliability. Our research and development arm established a branch of our Venlo [Netherlands] R&D operations at the High Tech Campus in Eindhoven [Netherlands] with the aim of strengthening cross-institutional cooperation [Open Innovation Model]. Finally, in 2006 Océ developed an International Partner Programme to cement ties with its distribution partners. This programme will be formally rolled out in 2007.

Investors

In 2006 Océ improved its implementation of international corporate governance standards [such as Sarbanes-Oxley] by further intensifying and improving its internal control framework. According to surveys carried out by the Dutch Ministry of Economic Affairs and the Van Lanschot bank, Océ's corporate Sustainability Report 2005 scored well in terms of transparency [see chapter 9 for more details].

Océ's listing in the Dow Jones Sustainability Index was continued in 2006. We are proud to be a qualified and eligible investment option for the so-called 'green funds'. The Corporate Board of Océ has decided to include an assurance report from external assurance providers in this 2006 Sustainability Report.

Society

Océ keeps good track of its environmental performance both as a producer and as a supplier of products and services. Our recycling policies have accomplished that the majority of the parts of the original product are recycled and reused, leading to low landfill rates for our products. Three of Océ's four major production sites are ISO 14001 certified. In addition, a number of operating companies are in the process of applying for certification. In chapter 8 of this report we have listed our results with regard to waste disposal. Furthermore, Océ has made substantial progress in its eco-design activities, focusing on minimising the energy consumption of our newest generation of office equipment. The same targets apply in selecting the OEM equipment Océ offers its clients in the corporate/office segment.

During the year, stakeholder dialogue concerning the topic of sustainability took place on an ad hoc basis. In the future Océ intends to address stakeholder dialogue in a more structured manner.



A branch of our Venlo R&D operations was established at the High Tech Campus in Eindhoven.

Photo: High Tech Campus Eindhoven

Step-by-step approach

Océ distinguishes three phases of implementing its sustainability policies throughout the organisation: the present, the medium term and the period beyond.

Phase I

The present: compliance The first phase focuses on compliance and structure with regard to international and local regulatory obligations as minimum standards for our operations, products and services. In 2006 we finalised compliance with the RoHS regulations. We are preparing ourselves for future directives such as REACH [Registration, Evaluation and Authorisation of CHemicals] and EuP [Energy Using Products] and the expected stricter energy demands in EPA-USA's Energy Star®. Furthermore we continued our activities to make suppliers and business partners subscribe to the UN Global compact declaration and we achieved continued listing in the Dow Jones Sustainability Index. This 2006 report was subject to an external assurance process.

Phase II

The medium term: identifying focal points and target setting We aim to identify a number of focal points and relevant management areas with regard to sustainability, for which targets can be set. In 2006 we made a few concrete steps forward with respect to phase II, by identifying the main sustainability issues and demands from the stakeholders' point of view. In February 2007 these issues were presented to the Océ Managing Directors, followed by presentations to the management teams of the company's Strategic Business Units. The next step will be to set targets and monitor Océ's performance on these focal points.

Phase III

The long term: integration The most important aspect of this phase is the integration of the sustainability ambitions in Océ's business model and strategic planning process. Sustainability has become a common word in the process of tendering. Océ has become a preferred supplier of main global customers on the basis of its sustainability aspects and has received client awards as 'Most sustainable supplier of document solutions'. Interest of business strategists strongly increased over the year. In order to make sustainability 'business as usual' the initiative was taken in 2006 to investigate how social and environmental aspects, in addition to the usual aspects such as energy consumption and product safety, can be integrated in the project definitions of newly designed products and projects.

Focal points

- minimise energy consumption per print
- maximise reuse of materials and minimise landfill
- minimise emissions of ozone, dust and toner
- minimise wasted and unnecessary prints
- increase Océ's attractiveness as an employer of choice for high potentials

See page 22 for more details.

Our sustainability track record

- 2006** Océ receives customer awards for 'Most Valuable Supplier' and 'Best in Sustainability and Environmental Performance'.
Océ-Czeska Republika receives ISO-14001 certification.
We launch the first printer with the unique Gemini Instant Duplex technology [VarioPrint 6250], bringing significant savings on energy consumption.
- 2005** Our first corporate Sustainability Report covering the Océ group and major aspects of sustainability is published.
- 2004** Océ is included in the Dow Jones Sustainability Index.
Océ's Supplier Declaration on UN Global Compact is distributed to a selected group of suppliers.
Our first Sustainability Report is published.
- 2003** We install a Corporate Sustainability Forum.
Océ-España receives ISO-14001 certification.
- 2002** We sign up to the UN Global Compact.
Océ Schweiz receives ISO-14001 certification.
- 2001** Our Research and Development Division in Venlo [Netherlands] receives ISO-14001 certification.
We introduce our first full-colour printer, the Océ CPS700, with zero ozone emissions.
- 2000** We launch a range of highly energy-efficient, wide format printers.
Océ Printing Systems signs up to the Bavarian Environmental Pact.
- 1999** Océ Printing Systems introduces an ISO-14001-compliant environmental management system and receives ISO-14001 certification.
- 1998** Arkwright receives ISO-14001 certification.
- 1997** Our manufacturing site in Venlo receives ISO-14001 certification for its environmental management system.
- 1996** The Océ 3165 printer receives Blue Angel certification
- 1995** We launch the first Eco-copier [Océ 7050].
We sign a memorandum of understanding with EPA.
- 1994** Our manufacturing site in Venlo is granted BS 7750 certification.
- 1991** We join the Business Charter for Sustainable Development [International Chamber of Commerce].
- 1990** We open an 'asset recovery plant' for returned products.
- 1983** We install paper-coating machines for both new and renewed processes that enable up to 97% of solvents used to be recovered.
- 1975** In Germany, we establish Europe's first award for research in the field of environmental protection.
- 1958** We develop a production process for coating paper in such a way that 80% of the solvents used can be recovered.
- 1950** We install the Works Council in Venlo.
- 1927** We invent an ammonia-free, diazo-copying process for technical drawings.
- 1924** Frans van der Grinten, son of Lodewijk van der Grinten, invents an industrial mask [*v/d Grinten Luchtkap*] to protect the employees from inhaling butter-colouring agents.
- 1877** We invent butter-colouring agents made from vegetable raw materials rather than chemicals.
- 1870** Our founder, Lodewijk van der Grinten, investigates the quality of drinking water in Venlo.



4 | Our management systems

Corporate Governance

Océ's corporate governance structure is based on the legislation, jurisdiction and codes of best practices that are relevant in the countries in which the company performs its activities.

In the Netherlands the Dutch corporate governance Code has been applicable since December 2003. This is known as the Tabaksblat Code [referred to below as 'the Dutch Code'], and it consists of 21 principles and 113 best practice provisions. This Code was given legal status with effect from January 1, 2005. With regard to the United States it is mainly the Sarbanes-Oxley Act that is important for Océ.

The Board of Executive Directors and the Supervisory Board of Océ subscribe to the basic principle that was applied when drawing up the Dutch Code: a company is a long term form of collaboration between the various parties involved. These parties, the stakeholders, are the groups and individuals that directly or indirectly influence [or are influenced by] the achievement of the company's objectives and they include employees, shareholders and other providers of capital, suppliers and customers, but also the government and civil society. The Board of Executive Directors and the Supervisory Board have overall accountability for achieving the right balance between these interests, so as to safeguard the company's continuity.

Transparent accountability and an active dialogue with all stakeholders and with society contribute to realising the objectives of the Dutch Code. Océ complies with the Dutch Code and only a limited number of its provisions are not applied. According to the Dutch Code departures from it are permitted; under certain circumstances such departures may in fact be justified. In part, the Dutch Code already anticipates future legislation. The political and social discussion about the adaptation of Dutch legislation to bring it into line with the 13th Directive of the European Union confirms not only that corporate governance is a highly topical subject, but also that views on it are evolving.

Board of Executive Directors

The Board of Executive Directors currently consists of four members who are appointed by the General Meeting of Shareholders. The Supervisory Board appoints the chairman of the Board of Executive Directors. Regardless of the allocation of tasks the Board of Executive Directors acts as a body with collective responsibility.

Remuneration of the Board of Executive Directors

The Supervisory Board fixes the remuneration of the members of the Board of Executive Directors on the basis of a recommendation made by the Remuneration Committee and the remuneration policy approved by the General Meeting of Shareholders. Océ's remuneration policy is aimed at attracting and retaining the best executives needed to manage a publicly listed company that operates on an international scale in the area of technological activities.

The remuneration package is made up of the following components: base salary, variable pay [i.e. short and long term bonus] and pension scheme. The company considers variable pay to be a substantial part of the total package. The performance criteria to which short term and long term bonus are linked, are focused on value creation and on increasing shareholder value over the short and longer term respectively.

Supervisory Board

The Board of Supervisory Directors currently comprises five members who are appointed in the same way as the members of the Board of Executive Directors. The Supervisory Board supervises the strategic direction proposed by the Board of Executive Directors and the course of business in the company and the activities relating thereto. The Supervisory Directors appoint one of their members as chairman. The Board consists of at least three and at most eight members. The aim is to ensure that the know-how and experience of the Supervisory Board members broadly reflect the disciplines or areas that are relevant to Océ. In particular, these are: R&D, the production of advanced machines and materials, international marketing of high value products and services, the environment, finance, government policy, human resources and social policy.

Supervisory Board Committees

The following committees are in place at Océ:

Audit Committee This committee has a supervisory task as regards monitoring the integrity of the company's financial reporting and as regards risk management. The committee has its own charter which complies with the requirements set by both the Dutch Code and the Sarbanes-Oxley Act in the USA.

Selection and Nomination Committee This selects and nominates candidates for appointment as a member of the Board of Executive Directors or as a member of the Supervisory Board. At periodic intervals this committee also assesses the functioning of individual supervisory directors and executive directors.

Remuneration Committee This committee advises the Supervisory Board on matters relating to the remuneration of the members of the Board of Executive Directors.

General Meeting of Shareholders

A General Meeting of Shareholders is held at least annually. Other meetings of shareholders may be convened at the request of the Board of Executive Directors, the chairman of the Supervisory Board, two Supervisory Directors or shareholders who represent at least 10% of the company's issued capital. The Board of Executive Directors and the Supervisory Board are accountable for their respective duties towards the General Meeting of Shareholders. This is part of the corporate system of checks and balances.

Risk management and internal control system

The Board of Executive Directors is responsible for the establishment and proper functioning of Océ's system of risk management and internal controls. Risk management focuses on identifying and controlling risks that are related to the company's operational and financial objectives and on putting measures in place to ensure that these risks are effectively managed. To provide the best possible assurance with regard to the integrity of the financial reporting system and the procedures that it is based on, Océ applies an extensive internal control framework. The following committees and procedures are part of this framework:

Audit Committee [AC] The AC consists of three members of the Supervisory Board and takes care of the independent monitoring of the process of risk management on the basis of the supervisory role fulfilled by the Supervisory Board. The AC focuses on the quality of internal and external reporting, on the effectiveness of internal controls with regard to both manual and computerised processes and on the functioning of the external and internal auditors. The AC holds at least four meetings a year. The relevant financial officers and the external and internal auditors are generally invited to attend these meetings. The AC also holds periodic consultations with the external and internal auditors at which other Océ officers are not present.

Internal Audit Committee [IAC] The IAC consists of the Board of Executive Directors, the Company Secretary, the Group Controller and the Group Internal Auditor. The IAC concentrates on the structure of the internal control framework, on how it functions and on the follow up to any material observations that result from audits. The IAC also discusses specific accounting issues and monitors implementation of the Sarbanes-Oxley Act and of IFRS and US GAAP accounting standards. In view of the size of the activities in the United States an Internal Controls Committee [ICC] has been set up there as an extension of the IAC. The ICC consists of the CEO and CFO of Océ-USA Holding, Inc., the CEO of Océ-North America, Inc., the Presidents of the main US operations, the General Counsel and the Internal Audit Director in the United States as well as the CFO of Océ N.V. [who also chairs the ICC].

Disclosure Committee [DC] The DC consists of the Group Controller [chairman], representatives of group companies, Business Units and corporate staff departments of Océ [Investor Relations, Corporate Strategy, Treasury and Group Consolidation], the Company Secretary, the Chief Information Officer [CIO] and the Group Internal Auditor. The DC evaluates the findings of the in-depth risk analyses that are conducted by all operating companies on the basis of the Sarbanes-Oxley Act, Sections 302 and 404. The results of this evaluation are reported to and discussed with the CEO and the CFO, and are also discussed in the Audit Committee.

Letter of Representation [LOR] All Managing Directors and Controllers of group companies submit a detailed declaration every quarter with regard to financial reporting, internal controls and ethical principles. Any observations made in the Letters of Representation are reported to and discussed by the Board of Executive Directors and the Audit Committee.

Whistleblowing Procedure The procedure serves to ensure that any infringement of the company's existing policy and procedures can be reported without the person who made the report experiencing any negative consequences as a result. Implementation of the whistleblowing procedure in Océ's operations was completed in 2006.

For more details on corporate governance see Océ's 2006 Annual Report and the Océ website [www.investor.oce.com] under the heading Corporate Governance.

Good

"It's a good thing that Océ has endorsed the Global Compact, although it is quite a challenge for any company to apply this treaty to its own situation. Preferably Océ should try to transform the Global Compact into a business opportunity. Although philanthropy is one of the aspects of sustainability, a company should first and foremost create value for all its stakeholders. A positive aspect of Océ's approach regarding sustainability issues is that it tackles these issues gradually. 'Evolution rather than revolution' seems to be Océ's guideline. Speeches that CEO Rokus van Iperen has recently given also show that Océ is gradually shifting towards sustainability."

Additional focus

"Our main objection is that Océ – like many other companies – is making sustainability reporting subordinate to financial reporting. The Sustainability Report should be available before the shareholders' meeting. On the other hand, I presume that companies generally will focus more on sustainability reporting now that the issue is becoming mainstream. Nevertheless, there are specific aspects that Océ could improve regarding its sustainability behaviour. For instance in the area of external verification of the data in the Sustainability Report. Another example is the verification of suppliers. How can Océ check whether its suppliers are reliable in terms of their sustainability behaviour? Currently the supervision is far from waterproof."

Dutch Association of Investors for Sustainable Development [VBDO] - Ernst van Weperen, project

*manager [photo:
Rabobank
Nederland]*



Océ and sustainable business practices

Sustainability management system

The operational side of our sustainability policy has three main strands:

- product safety;
- health, safety and environmental protection (HS&E);
- human resources.

The Board of Executive Directors has delegated responsibility for product safety to the R&D directors. On a yearly basis, these R&D directors report to the Board of Executive Directors on the safety and environmental aspects of products marketed by Océ Technologies B.V. and Océ Printing Systems GmbH. The managing directors of the supply centres and operating companies are responsible for health, safety and environmental protection as well as for human resources. The related management systems are described in subsequent chapters of this report.

Corporate Sustainability Forum

This Forum advises the Board of Executive Directors on all sustainability issues, including organisation, policies, procedures and reporting systems. The members of the Forum form a broad representation of the know-how and experience available in the various disciplines or areas that are relevant to Océ. The Forum reports directly to the chairman of the Board of Executive Directors and acts as a central contact point.

In 2006 the project to identify the sustainability aspects that have a high visibility and relevance to our customers was completed. As a follow-up to this survey the Forum made a start on the formulation of a number of focal points that will serve as the cornerstones for the further

development of Océ's sustainability policy. The focus was on subjects that are of interest to each of the stakeholder groups: customers, employees, investors, partners and the community at large. Various issues were selected for the various stakeholder groups. After ample discussion and consideration the Forum defined the following focal points for Océ:

- minimise energy consumption per print
- maximise reuse of materials / minimise landfill
- minimise emissions of ozone, dust and toner
- minimise wasted and unnecessary prints
- increase Océ's attractiveness as an employer of choice for high potentials

The next step will be to set targets and monitor Océ's performance on these focal points. The ultimate aim is to ensure that sustainability aspects are recognisably integrated into the company's strategy.

United Nations Global Compact

Since 2002 Océ has subscribed to the ten principles laid down in the Global Compact of the United Nations [www.unglobalcompact.org]. The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption.



Each year we will meet one of the commitments we assumed in joining the Global Compact by reporting on the steps we have taken to achieve progress in these areas. In 2006 Océ launched the first printer with the unique Gemini Instant Duplex technology, the VarioPrint 6250. With this digital, duplex cut sheet printer Océ made progress with respect to principle 9 of the UN Global Compact, regarding 'the development and diffusion of environmentally friendly technologies'.

The VarioPrint 6250 comprises two imaging modules encased in a single engine that simultaneously prints both sides of a sheet of paper. This is called single-pass duplexing.

The concept of a duplex print engine is an environmental benefit. Printing on both sides of a sheet reduces the amount of paper used and sheets of paper are heated only once, as they are printed on both sides at the same time. The simple straight paper path [no turning loop or auxiliary duplex tray] minimises paper jams. The ease of use and total control of the printer prevents the user making mistakes and thus prevents the production of waste prints. Because the VarioPrint 6250 transfers toner by direct press, there is no wastage of toner, no dust, and no need for an internal cleaning system. Since there is no electrostatic toner transfer, there is virtually no ozone, which is known to cause nausea and headaches in operators over long periods of time.

Océ VarioPrint 6250.



Good

"For many years Océ has been focusing its production process on minimising the environmental impact. This entails both lowering the usage of materials and energy during production and enhancing the recyclability of its machines [and machine parts], including second-life usage of Océ's products. In addition, Océ strives to ensure that its machines use as little energy as possible during use, that they have low emissions and are low in maintenance.

First of all, maximising these efforts to incorporate environmental aspects into the total life cycle brings economic benefits to Océ through lower production costs. Furthermore, the relatively small ecological footprint due to the ecodesign of the Océ products benefits its customers, through lower operational expenses and environmental benefits. This way Océ is addressing the Ps of People and Planet. At Océ the P of Profit is thus well integrated; i.e. there is a balance between the company's economic needs and those of its customers; i.e. printing at low [environmental and social] costs."

Additional focus

"From a socially responsible investment point of view, there are two elements relating to sustainable value chain management that ask for transparent addressing and reporting in the future.

- 1 Global Compact adherence by suppliers; what are the arrangements made by Océ to audit the written compliance? What steps is Océ willing to take when a supplier is non-compliant with the principles of the GC?
- 2 Outsourcing of production to non-OECD countries. This has social implications for the present Océ production sites. It is also a challenge for Océ to uphold its own social policies and its adherence to the human rights principles as described in

the Global Compact for the new sites and contractor facilities. How is Océ addressing this challenge?"

ING Bank - Adrie Heinsbroek, Senior Analyst Socially Responsible Investing [SRI]



Compared to systems designed for simplex printing, the VarioPrint 6250 comprises fewer machine parts, as two imaging modules are encased in one engine. During the development stage, the VarioPrint 6250 was subjected to

Good

“The impression we have regarding Océ’s sustainability behaviour is that Océ is putting a lot of energy into implementing its social strategy in the Netherlands, Germany and the United States. Another positive point is the code of conduct the company uses to achieve this.”

Additional focus

“We are not so much concerned about the health and safety of employees in Western countries. We focus more on labour conditions and wages in high-risk countries. And it is precisely there that Océ should pay more attention to monitoring all of its good intentions. Another observation is that a relatively large number of data in Océ’s sustainability reports are estimations. Especially for an ICT-company it should not be too difficult to produce exact figures on for instance energy use and waste production for the entire company. In general I think Océ will have to be more ambitious about energy efficiency improvement. The current goal of 1 percent is by far not ambitious enough. And last but not least I would like to advise Océ to give a higher priority to sustainability reporting: the report should be available before the shareholders’ meeting.”

ASN bank - Piet Sprengers, Head Sustainability



rigorous usage tests. This resulted in improvements for a more reliable and long life printer, with core parts designed to last the lifetime of the system. The VarioPrint 6250 is designed to enable reuse of components and recycling of materials.

In general, the VarioPrint 6250 meets American and European environmental standards like EPA-USA’s Energy Star® and RoHS [Restriction of Hazardous Substances Directive]. With regard to usability the VarioPrint 6250 is in conformity with the US Government’s Section 508 accessibility standards.

Dow Jones Sustainability Index

Since 2004 Océ has been included in the Dow Jones Sustainability Index. Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide [www.sustainability-index.com]. Based on the cooperation of Dow Jones Indexes, STOXX Limited and SAM they provide asset managers with reliable and objective benchmarks to manage sustainability portfolios.

5 | Our customers

Direct sales and service

Océ has always stood out among its direct competitors by keeping product sales and service largely in its own hands. As a result Océ has developed close relationships with its customers.

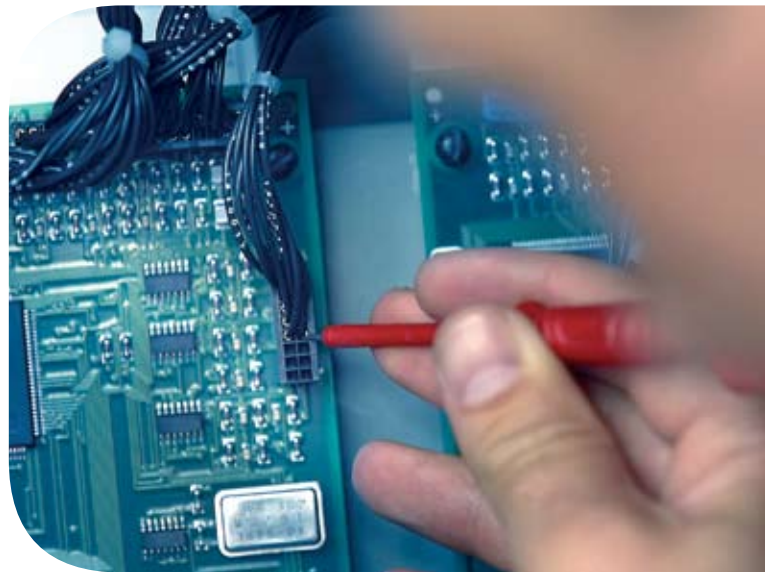
This is one of the reasons why Océ takes the needs of its customers as a starting point in the development of new products. The close contacts that customers have with Océ's services, sales, and maintenance people guarantee that customers' needs and wishes emerge at an early stage, leading to an optimum solution. Océ's products have been characterised by user-orientation. It is Océ's policy to provide what is needed most within the framework of available technology, rather than applying available technology to provide anything that users could possibly wish for. This approach has resulted in machines that are known for their durability, reliability and user-friendliness.

Although Océ also supplies third-party products to its customers and will be doing this on an even larger scale in the years to come, the company's approach towards sales and service will not change, nor will its approach towards sustainability. The main objective will always be to supply an optimum solution for the document needs of our clients. To that end Océ has built up a portfolio of products developed in-house and products developed by third parties. No matter what products are involved, Océ is responsible for the total configuration that its document experts have advised and implemented. That is the power of Océ, and it is also the best way to help the customer produce documents in an efficient, economical and sustainable way.

Service and support

The quality and the long-lasting and problem-free functioning of the Océ products are determined by their design and construction and are complemented by maintenance and service. Océ has a strong service organisation that is fully equipped to service the broad spectrum of products it supplies. The structure of the service provided may vary strongly, depending on the needs of the customer. Having a technician present in a short time in the event of malfunctioning is of course a minimum requirement. Océ guarantees this at all times.

On the other hand, Océ pays maximum attention to the constant reduction of the need for maintenance and certainly to the prevention of malfunctioning. This basically has an economic, cost driven reason, but it is of great ecological importance as well. Service technicians travel a combined distance of many millions of kilometres in their cars each year and any reduction would be beneficial.



Océ is fully equipped to service the broad spectrum of products it supplies.

Océ reduces the need for maintenance in two ways: on the one hand by raising the level of reliability of its products and extending the life cycle of parts and consumables, and on the other hand by incorporating powerful IT tools in most of its machines for higher volumes in order to monitor the machines' functioning and recognise potential problems in time to prevent them from actually occurring. Similar tools are used to monitor the life span of parts in order to be able to replace them before they cause any trouble. The new Océ VarioPrint 6250 has been equipped with highly advanced tools for troubleshooting via the user interface. Océ technicians on location can connect their laptops to the machines in order to read out the condition of the machine and track possible errors. In addition, there are ever more possibilities to use remote contact through data lines for reading out counters and having specialists in call centres solve any problems.

With the introduction of an increasing share of OEM products in its portfolio, mainly in lower volumes and mostly as part of a total solution, Océ will further differentiate its service programme. With some products, for example, the customer himself will be able to perform simple maintenance operations, if necessary assisted by a helpdesk.

Feedback mechanisms

Customer satisfaction

Since 1997 Océ has evaluated its customers' satisfaction with its products and services on a structural basis. Customer satisfaction surveys not only provide Océ with valuable information but also help to convince the customer that Océ does everything possible to deliver an optimal product. Up to 2005 this survey was repeated yearly. In 2006 Océ introduced a new method of measuring worldwide, largely based on the real-time system that had been successfully used in the United States for several years. The new web-based system, Océ Customer Experience Survey, is dynamic and addresses the different persons who are involved in different phases of purchase and use. Océ distinguishes three phases: prospect to order, order to installation and service & maintenance. Using e-mail, the company interviews exactly those people that are involved in said phases. This leads to more valuable and more pertinent responses. Apart from satisfaction with the solution, the survey also measures satisfaction with the conduct of the Océ employee and the general quality of the response by the Océ organisation.

The benefits of this approach are considerable: a quick, up-to-date and precise measurement of customer satisfaction, thorough insight into the reasons for possible dissatisfaction, lots of client-specific information and possibilities for direct action. The new research method is being received very well by customers, judging from the fact that the response rate during a pilot in Belgium was twice as high as it used to be.

Satisfaction Océ system

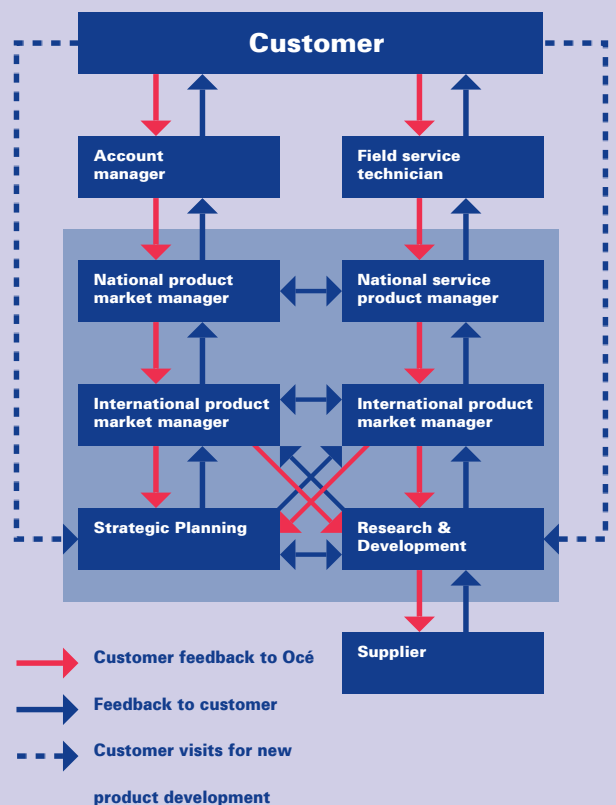
How satisfied are you with your Océ VarioPrint 2110 Titanium?

- 5 - Satisfied 😊
- 4
- 3
- 2
- 1 - Unsatisfied ☹️
- No opinion

Product functionality

As a result of Océ's intensive contacts with customers, it is relatively easy for the company to identify changing customer desires and needs. Especially the feedback received during product servicing provides valuable input for the development of new products and services. In addition, Océ's operating companies use an efficient tool [the Merlin Tracking System, supported by a database] to report requests for new developments and modifications to product management. In 2006 Océ further increased its capability to respond to customer needs by forming a dedicated R&D project group to enhance existing products in the field of both hardware and software. This group, set up in order to react alertly to new, specific needs, expects to deliver the first concrete product enhancements this year. Of course, Océ does not just operate reactively. Especially where completely new developments are concerned, teams from R&D, sales and marketing pay numerous visits to customers to hear what is really important to users of the equipment. The information thus obtained complements the information from generic market studies.

The Merlin Tracking System, supported by a database.



5 | Our customers

Océ Business Services offers organisations an opportunity to fully outsource their printing activities.

Moreover, in order to detect customers' behaviour and environment changes, Océ conducts extensive bi-annual surveys among its customer base about the usage of printer drivers. This allows the company to better anticipate the connectivity of its equipment to customers' changing IT environments.

Our solutions

Tailor-made, modular design

Every customer is different in terms of line of business, history, approach and the people that work there. That is why Océ strives for a solution that suits the customer and his individual needs. On the other hand Océ is very much aware of the similarities between customers, based on its extensive experience with customers from all different relevant markets. This enables the company to compose the right package of machines, modified and complemented with the right peripherals, software and service. Moreover, these products are increasingly capable of being upgraded to the latest technology. In order to offer maximum flexibility, Océ designs hardware and software on the basis of open architecture. For most of its products Océ develops special interfaces that permit Océ equipment to cooperate with third-party products. This not only protects the customer's investment but also prevents the equipment from entering the waste stream prematurely.

Professional programmes for the sales force

Every day, more than 1500 document specialists are active on behalf of Océ at the sites of customers and prospects to design and install individual solutions and to improve and extend existing configurations. In doing so, they constantly focus on the customer's targets: improve quality, reduce costs, increase productivity and add features to improve business. Océ's document experts make use of the so-called Solution Delivery Process, a comprehensive set of tools that enables them to apply their expertise to different situations in order to propose the best solution for their customers. Over the years, the tools have been perfected to such an extent that the chosen solution practically always leads to higher productivity and reduced costs.



Outsourcing

For many organisations, printing and related functions are activities that are necessary but far removed from the core business. In such organisations the question of make or buy is put ever more frequently. Through Océ Business Services Océ offers them an opportunity to fully outsource not only their printing activities but also their mail room and archiving activities, thus achieving important improvements in cost and efficiency. By handing over printing activities to the specialists of Océ Business Services, the customer switches from fixed to variable [and therefore mostly lower] costs, while freeing up management time and attention for its own core activities. Outsourcing to the dedicated document experts of Océ Business Services at the same time means a considerable gain in machine efficiency and consequently environmental profit through optimised processes.

Our products

Océ's products are designed for professional environments. This means that even under the most diverse and difficult circumstances they have to perform their intended task in the best possible way and at the lowest possible costs. In different environments this may be achieved through different methods, but in practice the solutions centre around productivity, low Total Cost of Ownership and safety.

Productivity

Productivity comprises a range of factors. Speed is one of them. It is obvious that equipment that is able to make 150 prints per minute is faster than a machine with 50 prints per minute as a maximum. However, what really counts is the time the equipment needs to finish a complex job from beginning to end. That is the value Océ aims for, and it implies that aspects such as user friendliness, versatility and reliability weigh in heavily.

Reliability in terms of maximum uptime is of paramount importance. Océ has an excellent track record in this field, which has been confirmed time and again by durability tests and in reports connected to the numerous awards Océ has received for its products. Other aspects that add to the direct user's satisfaction are the low malfunctioning rate and the ease with which small errors can be detected and repaired by the user himself.

An important productivity-supporting tool is the specialised PRISMA-software that Océ produces for planning, preparing and monitoring print jobs. These programmes, suites of interconnected packages, have earned themselves a good reputation in the world of printing, especially because they cooperate with most printing systems and standards.

Productivity without a perfect output quality is unacceptable. Any printer may produce good prints after careful adjustments, but Océ has focused on achieving this quality right from the start of a job, so that no time or material is lost. This is particularly critical in the case of colour printers and it is especially there, in the Océ CPS series, that Océ has made significant achievements. But in high and very high volume jobs, too, output quality and perfect registration are of the utmost importance.

Especially where duplex printing is concerned, images on both sides of the paper should be positioned with 100% accuracy. Advanced techniques involving sensors and cameras are used to achieve optimum quality.

User friendliness is essential for productivity. Océ puts the user foremost when designing the command modules. The position and shape of the displays, the buttons, the loading and unloading of paper, the replacement of consumables – everything is designed with the users' needs and ergonomics in mind, and that includes users with a physical handicap. Océ equipment is in most instances easily adjustable, especially because it is already equipped with a standard ergonomic design with large buttons, adjustable panels and clear and task-based user interfaces.

Another important factor is that the amount of training a user needs in order to be able to work with the equipment has been brought down to a minimum. A new peak in that development forms the Océ VarioPrint 6250 duplex printer. Despite the complex jobs it can handle it can be operated flawlessly by virtually anyone after half an hour of instruction.

Océ PRISMA-software for planning, preparing and monitoring print jobs.



Low Total Cost of Ownership

A number of factors are instrumental in reducing the Total Cost of Ownership [TCO]. Factors primarily related to the equipment are the purchase, maintenance and consumables. However, a much more relevant factor is the cost per print. In this figure all other factors [such as use of paper and energy, functionality and user-friendliness] play a major role, directly or indirectly. In designing its products Océ keeps a close eye on TCO and strives to reduce it ever further.

Safety, environment & security

In its design and manufacturing process, Océ has always paid a great deal of attention to product safety. The Océ technical regulations used to this end are very strict and are continually updated to include the latest insights in the field of materials, substances and ergonomics. They take into account legislation, regulations and industry standards and use standards that are often much more strict than official regulations. Before being released for sale, all Océ equipment is tested by independent testing institutes such as TÜV and Cetecom in Germany and UL in the United States.

Every product Océ sells

- complies with all relevant safety laws and standards in the countries where it is sold;
- does not expose its users to any known hazard, when operated correctly;
- has been assessed and approved by independent experts and institutes;
- is accompanied by adequate health, safety and environmental information for customers and authorities. This information includes Product Safety Data Sheets, Material Safety Data Sheets on consumables and supplies as well as user manuals in up to 15 languages.

One of the most remarkable characteristics of most Océ cut-sheet printers in this respect is the low level of emissions of ozone and fine dust. This is mainly a result of the technology used [CopyPress], which eliminates the sources of these emissions [high electrical charges and excess toner, respectively].

Good

“What I like about the cooperation with Océ is that I am convinced that Océ is on the clients’ side. Océ doesn’t sell boxes, but solutions to challenges the customer is facing. The product and application range Océ offers meets the clients’ needs. Furthermore Océ always manages to come up with quick answers to any questions customers might have. Nevertheless I have contacted some of Océ’s competitors in the past, just to be able to make a comparison. What struck me every single time though is that other companies very often didn’t have practical solutions to my workflow-related questions.”

Additional focus

“The fact that Printforce has been an Océ customer since 1984 proves that we are satisfied with this company. Therefore it shouldn’t come as a surprise that I have to think very hard of aspects that Océ could or should improve from my point of view. In general I think Océ may be waiting a little too long before it introduces its latest products to the market. Océ seems to wait until everything about the new release works 150 percent. Competitors may not even score one hundred percent with their introductions, but because they are faster they end up getting a bigger share of the market. At the same time I can relate to Océ’s caution, because it is a high quality related brand. After all, you can ruin your relationship with a client only once.”

Printforce – Fons van Leusden, R&D manager



Several new and enhanced regulations in the field of safety demanded special attention in 2006. The one with the biggest impact was the RoHS Directive, which implied a ban on certain hazardous substances [including lead] in electrical and electronic equipment with effect from 1 July 2006.

Another important regulation for Océ is the European WEEE Directive [Waste of Electrical and Electronic Equipment], which makes producers and importers responsible for end-of-life return, removal and waste processing as well as the financing thereof. Long before this legislation came into force Océ took its responsibility towards end-of-life equipment by creating refurbishing and remanufacturing facilities in Venlo [Netherlands] and Prague [Czech Republic].

The EU EuP Directive [Eco-design for Energy using Products] sets a framework for eco-design requirements for energy using products that will become part of the CE marking. This includes the design process, in which the product's environmental performance during its entire lifecycle has to be taken into account. Océ and other companies have participated in a study to create a method for evaluating the ecological performance of products. Together with competitors Océ is participating in the follow-up study for imaging equipment.

The EU REACH Directive is a new directive concerning 'Registration, Evaluation and Authorisation of Chemical substances'. It concerns all chemical substances put on the European market. REACH will be implemented in stages.

Meeting strict security requirements

Security in Océ products is almost exclusively related to IT. Océ machines and systems are completely integrated with the customers' network and document infrastructure. Therefore, security is an integral part of system development and Océ is taking a proactive approach to the improvement of security-related issues. Océ is working to address security challenges across all of its digital document systems. Currently the focus is on meeting recognised industry standards and working to help customers implement government mandated security regulations in a timely manner. Océ is also actively preparing for the future and as such is a key member of the IEEE P2600 Security Group that is defining the security standards for the printing Industry. Within this group Océ chairs the 'Enterprise' security profile.

Océ strongly supports the Common Criteria for IT security evaluation and many of its products are CC certified. The CC certification process provides independent, objective validation of the reliability, quality and trustworthiness of Océ digital document systems. The programme, officially known as the NIAP Common Criteria Evaluation and Validation Scheme for IT Security, is an internationally recognised set of standards that define security requirements and establish procedures for evaluating the security of IT systems and software. The programme is implemented to help users select off-the-shelf, commercially available information technology [IT] products that meet their security requirements, and to help the manufacturers of those products gain acceptance in the global marketplace.

Océ is actively involved in a number of public and private bodies regarding sustainability aspects.

Here are a few examples:

- Océ is a partner of EPA-USA Energy Star® for energy efficient ICT products.
- Océ is a member of EICTA, the European Trade Association for ICT and Consumer Electronics; Océ actively participates in the Environmental Policy Group regarding RoHS and WEEE, Energy efficiency, REACH, China RoHS, EuP, etc.
- Océ is a member of BITKOM, the German Trade Association for ICT, and through this organisation is fully involved in the health, safety and ecological issues regarding copying and printing.
- Océ is a member of ECMA, the International industry association dedicated to the standardisation of information and communication systems. This includes the standardisation of health, safety and environmental issues regarding ICT.
- Océ has joined the Dutch standardisation committee [NEC] regarding health, safety and environmental standardisation for ICT equipment. NEC participates in the CENELEC standardisation processes on EU and global level.

Whenever the proper functioning and secure operation of its systems is jeopardised by security threats, Océ informs its customers about the measures they should take to eliminate these threats. For example, when new security breaches are published, Océ has procedures in place to identify the impact of these breaches and take appropriate action by making system updates available in a timely manner. Océ's policy is to respond quickly to any security threats experienced by Océ customers.

To that end Océ has established a Security Operations Group to monitor and track security alerts published by Microsoft, the CERT Coordination Center and the SANS [SysAdmin, Audit, Network, Security] Institute. In addition, Océ printers use smart, open, commonly accepted operating systems, based primarily on Microsoft Windows® and Linux® server technology. These two platforms lend themselves to easy monitoring of critical patch information that can be quickly implemented on Océ printers.

For more information on Océ's security policy please visit the Océ website www.oce.com/en/support/security.

- Océ is a member of the Dutch Trade Association ICT-Office and actively participates in the association's Environmental Policy Group.
- Through EICTA, Océ participates in the EU Energy Star® Board on the energy efficiency of imaging equipment.
- Océ actively participates in discussions with the German Umweltbundesamt [UBA] about the German eco-label Blue Angel.

Good

"Witteveen+Bos purchased two wide format Océ systems [one black and white and one colour] in 2006 to replace an older Océ wide format black and white printer. Since we were very satisfied with the performance of the old machine, this was an easy decision. In our experience, Océ products are very reliable."

Additional focus

"When it comes to applications and specifications Océ listens carefully to its customers, but there is no harm in optimising this attitude. It should be clear that account management is the listening ear for the market's needs. We have experienced that the product delivery is not very reliable since Océ has decided to outsource this activity."

Witteveen+Bos - Martijn Engelberts, facilities manager





Sustainability in the user phase

In designing and improving printers, Océ pays a great deal of attention to sustainability factors, in addition to economic and technological requirements. This means that the effects of production, use and recycling or disposal of the equipment are closely monitored, measured and extrapolated. In the production phase the important factors are the materials used and the amount of energy consumed. In this phase the focus is on maximum reuse of parts and units.

The user phase is determined mainly by four factors: paper, toner, energy, and maintenance. In the end-of-use phase, the focus is on the retrieval of parts and units and on recycling as much material as possible. Usable parts that have been retrieved from the returned machines are used in new machines at the highest possible product level. In addition, recycling is taken into account in an early design phase, for instance by choosing a limited number of different materials for easier separation before recycling. The ultimate goal is to avoid landfill altogether.

Paper

Although machine design, reusable parts and recycling are of great importance from a sustainability point of view, Océ probably adds the most value [in terms of the contribution it makes to sustainability] in the user phase. In this phase, paper has the biggest impact on sustainability, for various reasons. The raw material for paper is still mainly obtained from non-renewable sources, and paper manufacture involves large amounts of energy and aggressive bleaching agents. On the other hand, paper is still virtually irreplaceable as a presentation medium and its use is even increasing. Océ's role and added value is the development of equipment that enables the customer to handle paper as effectively as possible and at the same time reach the optimal balance between the paper used and the requirements of the printed product. Therefore all Océ printers are fit for use with recycled paper, while most equipment can also handle low to very low weight paper. Paper spillage as a result of unnecessary, wrong or faulty prints is prevented by the clear, uncomplicated operation of Océ's machines and by advanced monitoring and correction instruments.

Good

"Just before Christmas 2006 TJ International was the first company in the UK to purchase an Océ VarioPrint 6250. We were eager to get this system quickly, because it uses less power and fewer consumables and it produces less noise and less waste than the Océ VarioStream we still run. As a previous winner of the 'Environmental Printer of the Year Award' TJ International takes sustainability very seriously, so we are delighted with the result. And of course we are happy that the new system also enables us to make new products."

Additional focus

"At the beginning we experienced a few teething problems with the new system. This was primarily due to the availability of spare parts, which is now in hand. I think Océ could make more of an effort to help its customers to recycle the toner bottles, which is an area the industry needs to generally look at. I understand this is a priority topic for Océ and we look forward to their plans as we believe this is a key environmental issue."

TJ International - Angus Clark, CEO



Océ's vast knowledge of paper, especially in combination with printers, is made available in applied form through the Imaging Supplies Business Group, a globally leading provider of black and white wide-format media. Customers can use this knowledge to optimally fine-tune the paper/printer combination.

Imaging Supplies offers a wide range of papers manufactured from raw material originating from renewable forests. Most of these papers originate from the Scandinavian countries, which use their own certification label, Nordic Swan. Since 2006 Océ has also supplied paper carrying the Forest Stewardship Council [FSC] label. To obtain this label, all links in the production and converting chain must have been certified according to the Chain of Custody certification. Océ supplies two FSC papers, both carrying environmental labels like EMAS, ISO 14001 and Nordic Swan. While of course it is the customer who makes the decision to use sustainable paper, availability is a limiting factor. Even recycled paper, though increasingly in demand, currently accounts for hardly more than about 5% of the paper stream from Océ to its clients.

Energy use may be influenced as well, although the impact will be much smaller than in the case of paper-related measures. In Océ equipment energy can be saved mainly by structurally increasing productivity combined with the option of charging the equipment constantly and intensively, thus further reducing the energy used per print.

The use of toner is of course related to the number and character of prints. It is important, though, to note that due to the techniques used in most Océ machines all toner is used in printing, leaving no need to dispose of excess toner. Finally, as an important sustainability factor Océ equipment has a good working environment track record with low ozone and fine dust emissions, a very low noise level and a simple operation.



Recycling paper is OK

Five years ago a remarkable initiative was taken in Germany: Pro Recycling. Initiated by a number of big firms it had one goal: put the use of recycled paper back on the agendas by dispelling a lot of misconceptions and transferring a lot of knowledge. For instance the fact that recycled paper nowadays is of virtually the same quality as paper manufactured from new material. The results after five years of Pro Recycling: 22.3% of all paper used in Germany is recycled, an increase of 4.5 percentage points compared with 2000. Océ was one of the first members of the initiative and is still an enthusiastic promoter of recycling paper.

6 | Our employees

Océ: a people's business

A successful company owes its success to employees who work in a climate in which motivation, ethical behaviour, professionalism, customer friendliness and innovative strength are able to flourish. Océ's objective is, and always has been, to create and maintain such a climate as a solid basis for future success.

People really are at the centre of Océ's business. Although part of the business is about producing printers and other products, Océ's business model is focused on the application of this technology: the management of documents and print flows to support the customer's business processes. This implies close contacts with customers, not only in the process leading to a sale, but in constant cycles of service and support. Océ's people [sales people as well as experienced researchers; IT specialists as much as service technicians] form the interface between the company and the customer. Everywhere, people make the difference.

Océ is dedicated to providing a safe, healthy work environment for its employees in which they can develop their talents and skills to their own and Océ's benefit. In order to attract talented, ambitious new employees Océ strives to be an attractive employer by offering good remuneration packages and challenging job opportunities.

International human resources policy

Océ has developed a global human resources policy aimed at providing optimal support to the business and the operating companies and continuously improving performance. This offers all Océ companies the opportunity to use a personnel policy based on uniform principles and identical instruments. The managers responsible for human resources regularly meet to exchange knowledge and experiences.

Océ's HRM policy is based on the following principles:

- deploying staff in a way that does justice to their abilities and satisfies their ambitions;
- encouraging creativity;

- giving employees clearly defined tasks with an appropriate level of responsibility;
- objectively appraising staff performance;
- offering employees equal opportunities based on their abilities, effort and results;
- enabling employees to achieve personal growth in and through their work, so that they are able to respond flexibly and effectively to change;
- allowing employees to share in our profits;
- limiting bureaucracy and management hierarchy.

Final responsibility for the HRM policy rests with the Chairman of the Executive Board. At a corporate level the Senior Vice President of Corporate Personnel and Organisation has operational responsibility for HRM. For the supply centres this responsibility has been delegated to the Chairman of the local Board of Directors. The responsible person in the operating companies is the Managing Director.

Employee engagement

Océ core values

In 2003 Océ's management formulated seven core values, to be applied worldwide. These values, taken together, are a guideline for all employees and represent the company's 'genetic blueprint'. The values are used in formulating competency profiles and in the feedback from leaders in the Océ corporate leadership programme. They are also a permanent feature in appraisals and development interviews. To ensure that these core values and the other main themes of the international HR policy are kept up to date and alive, a 'Focus on Professionals' programme has been running for several years now.

Via this communication programme actions are communicated that are related to these main themes. Every quarter a special Award is presented to an Océ employee who has put the core values into practice in an exceptional way [see photo below]. The values are acknowledged worldwide as valuable building blocks for a strong Océ business culture.

Employee satisfaction

A growing number of Océ companies monitor labour motivation and/or employee satisfaction. The methods used differ, though, as do the frequencies of the surveys. At Océ Printing Systems in Poing [Germany], employee satisfaction was measured twice in 2006, each time taking a large sample of employees. In order to enable comparison with the local benchmark Océ-Technologies in Venlo [Netherlands] includes its entire population in the survey, but the survey is conducted only once every two years. In 2006 employee satisfaction was measured in Venlo. Océ-France, Océ-Italy and Océ [Schweiz] measure once a year, while Océ-Iberia takes a survey once every two years and Océ Display Graphics Systems and Océ-Australia survey every three years. Each country takes the results of the survey as a starting point for direct actions.

Employee involvement in decision making

Formal employee representation is arranged via local Works Councils, the Océ European Works Council and/or trade unions. The Océ European Works Council has a formal meeting once a year in which the CEO of Océ N.V. acts as president, but the council has made it a tradition to use its right to also have an informal meeting towards the



Océ-Technologies B.V. Works Council, Venlo.

end of the year. Usually, on that occasion the CEO is invited as a guest to provide extra information on current issues. In the Netherlands the decision to transfer a large part of the assembly activities from Venlo to the Far East proved a very difficult issue. The same applied to a proposed cost reduction entailing substantial job losses in Europe and the United States. It is characteristic of the good relationship between management and the local Works Council in Venlo that these complicated and difficult matters were discussed fully in line with the tradition of openness and mutual understanding. Eventually management, the Works Council and the trade unions reached an agreement and thus managed to avoid social unrest.



Océ core values

- Focus:** Put the customer first
Be result driven
- Attitude:** Seek for quality at all times
Be entrepreneurial
Be innovative
- Style:** Behave ethically
Show respect for human values

Photo left: Core Values Award winner Monika Olbricht.

Employee development

Over the last five years a comprehensive set of programmes has been deployed to get the best out of the company's employees. Though aimed at different levels, these programmes are closely linked, as they use largely the same concepts and have the same goals. The programmes have been introduced step by step and have been rolled out gradually in the operating companies. Virtually all people concerned reacted favourably to the programmes and they also drew a great deal of attention from HR professionals outside Océ.

Leadership

In the area of leadership development, the programmes that were launched in 2004, the so-called Leadership Labs, have met with widespread appreciation. The aim of the Leadership Labs is twofold: first of all they give insight into a person's strengths, development needs, values and motivation in order to enable that person to act more effectively as a professional leader. Secondly, they provide development suggestions, coaching, training and guidance. When all Leadership Labs have been held, the consultant will report on an aggregated level to the board of Océ in order to address overall themes of development. All Océ top leaders and their management teams, totalling 200 participants, completed the programme in 2005-2006. One element in the programme, the 360 degree feedback, is carried out every two years, so 2007 will see the second round of this activity.

The scope of application of the leadership programme has been extended down from top executive level to include middle management. In 2005-2006, forty middle management teams [240 people] completed the programme. For 2007 about thirty middle management teams have already been scheduled to take part, and more will follow.

Smaller management teams and lower level management teams at headquarters and in operating companies follow competency management programmes, usually in combination with performance management. Océ places much emphasis on the close coordination of the programmes, as they complement one another.

Competence management

The aim of the competence management programme is to achieve a continuous improvement in employee performance and to make dynamic adjustments to bring this performance into line with the demands made on employees by changed circumstances. The programme is based on identifying the specific roles needed for a particular working environment and the requirements that these set in terms of behaviour, professional skills and competencies. As part of the Solution Delivery Process, competence management has already proved very successful in the sales, service and consultancy departments where it was introduced several years earlier. In the meantime its use has become widespread within the organisation. In a competencies manual, which has been rolled out worldwide, the competencies and roles that are applicable to the various jobs have been clearly described and laid down.

Personal development and training

As a logical extension of the various programmes, employees draw up personal development plans in consultation with their direct managers and HR managers in order to secure maximum employability. Employees have a wide choice of training and educational programmes, both in-house and outside Océ.



For in-house training Océ uses a mixed learning approach that combines live training sessions/courses with extensive e-learning facilities based on the Océ Learnlink system. This system is successful because employees can decide for themselves when and where they want to take part in the training. The effectiveness and speed of knowledge transfer has increased considerably as a result of e-learning. Océ Learnlink offers employees training in the areas of products, sales and service, general management skills and competence management.

Pre-recruitment

In recruiting new personnel most operating companies place emphasis on recruiting experienced sales personnel. Océ is in a favourable position due to its good track record as an employer, so usually the right candidates can be found. Still, Océ is present at a number of recruitment fairs and information days every year, one of the reasons being to underline its concern with and responsibility for technical education.



Good

“What keeps surprising me is the family spirit that is present in Océ. Even in the US, where so many people often change companies, we have a lot of long-time employees. This family spirit, combined with the good conditions of employment and the fact that Océ offers lots of career opportunities, makes Océ a wonderful company to work for. Both people and profit benefit from Océ’s ‘customer first’ attitude. On the planet dimension, too, Océ is doing well. The company is usually one of the first to implement the latest regulations and Océ products are designed with the total life cycle in mind.”

Additional focus

“Océ offers lots of career opportunities, but the company should point these out more explicitly to its employees. Furthermore we often make good plans and take wise decisions to move the company forward, but we are not always good at implementing these plans and decisions. And when it comes to the environment, there still is a lot Océ can do to set an example. Our products have been developed with low energy consumption in mind, but in our offices and factories we can do a lot better regarding energy consumption. Last but definitely not least our profit has to grow in the near future. We have to make sure our revenues will start increasing. With the products we develop and with our ‘customer first’ attitude, I am convinced we will succeed in doing so.”

*Océ North America - Gerrit Terlouw,
Vice President
Technology and
Software Support*



In the recruitment of high potential university and MBA graduates, competition is often much stronger. In Poing [Germany] and Venlo [Netherlands], where R&D departments have a frequent need for new researchers, the Océ organisations put in a lot of effort to attract the attention of pre-graduate students. Océ Printing Systems in Poing offers internships and short-term jobs, takes part in recruitment fairs at different universities in the region and offers awards for graduation theses. In addition, Océ scientists are often to be found at technical universities in Southeast Germany, acting as student coaches and giving lectures.

At Océ Technologies in Venlo Océ scientists work closely with the students of technical universities in certain R&D projects. This is for instance the case in government-supported innovative research programmes that aim to

Arkwright – Playing Jeopardy! to strengthen safety awareness

At the Guilford [Connecticut, USA] facility of Arkwright, game-playing and safety awareness go hand in hand. Once a year a group of six contestants, one from each department, play Jeopardy!, a quiz that is immensely popular in the United States and in which players have to give the question to an answer instead of the other way around. At Guilford the subject is safety and the only way to win is by showing a thorough knowledge of the detailed safety measures. And with all colleagues being present, the game ensures that for example safety protocols get the attention they deserve.

Océ UK – Savings at the wheel

Océ UK is in the process of giving all professional drivers [including service technicians] a refresher course in [responsible] driving. Objectives are a reduction of the accident rate and, a reduction of fuel consumption. With a possible fuel reduction of 10% through careful driving there is a lot of money at stake for in the UK alone 475 Océ drivers account for 21 million car kilometres per annum.

build bridges between science and business.

As pressure in the labour market for highly educated candidates is increasing in other countries as well, for example in Italy, Spain and Australia, more and more effort is being put into direct recruitment at universities. In Italy Océ is presenting itself at three universities in and around Milan. Océ Australia has set up special assessment centres for selected high-potential graduates.

Health and safety

Given Océ's background as a technology company with a strong chemical component [preparation of light-sensitive paper and coating], safety and health have always played an important role. And given the ever increasing public interest in health and safety issues, Océ strives to keep at the forefront in this field. Our policy worldwide is based on meeting statutory regulations, but wherever possible we strive to meet even higher standards in order to create the best possible climate for the people who actually create Océ's success.

The underlying principles of our policy on safety are:

- Safety policy forms an integral part of our activities.
- Safety policy is a primary responsibility of line management.
- Safety policy is an active policy.
- Prevention is better than cure.
- Safety means protecting people and property.
- We consciously take account of the safety effects when deciding on investments and new activities.

Océ carries out regular Risk Inventories & Evaluations [RIEs] throughout the company. These surveys allow us to visualise the risks to the safety of our staff, suggest and communicate improvements, and monitor and evaluate the implementation of the suggested improvements. To minimise the risk of damage to property and personal injuries, our main supply centres in Venlo [Netherlands] and Poing [Germany] have their own industrial medical officers, employees who can provide first aid and a fire service. All accidents are reported to the responsible management, so that appropriate action can be taken to prevent them from recurring in the future.

Workplace injury rates

Injury rates are the most fundamental metric used to gauge the overall safety performance of a company. An overview of Océ data on this subject may be found on page 58 [chapter 10b].

The natural complement to an effective safety policy is a systematic policy to improve the health and well-being of our employees. In order to be successful, an occupational health policy must be the shared responsibility of both the employer and the employees. This is reflected by our focus on three key areas: prevention, intervention and reintegration.

Health measures with a preventive character were taken at a number of sites in 2006, such as the installation of Automated External Defibrillators.



Prevention

The management of staff health begins with an active policy on working conditions, job satisfaction and any other factors that influence people's health and well-being. Prevention is targeted primarily, but not exclusively, at work-related complaints and occupational disease. Océ has a standard practice of regularly instructing its employees about health and safety in the workplace.

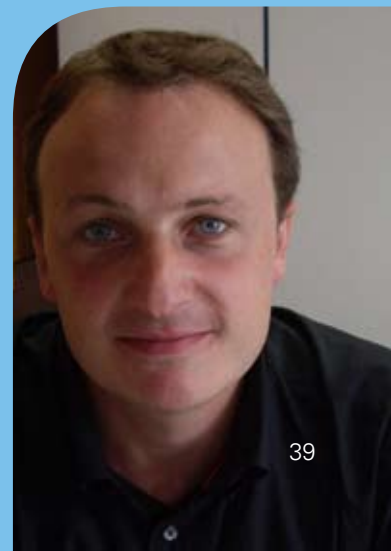
Good

"Océ quite often develops long-term relationships with customers. Together we are strong. Those commitments are based on mutual trust, open minded exchange of ideas, readiness to listen and availability. Another good quality of Océ regarding sustainability is that we are still a social company with an open structure."

Additional focus

"Although Océ offers lots of opportunities for employees to develop themselves, I am not convinced that every employee is aware of the fact that all of us could and should operate as experts and partners, both internally and externally. Improvement is a continuous process. To stay experts we have to keep training ourselves. To share knowledge and best practices we need to become better partners. To experience the result of this attitude throughout the operating companies Océ should organise more international meetings at different levels. We have to communicate better that we all have the same goal in spite of our cultural differences."

Océ-Belgium - Jean-Christophe Genin, Global Account Manager Suez Worldwide & Management Development Manager



Good

“I have seen a big transition regarding recruitment since I started working for Océ over ten years ago. In particular, the competence management programme that Océ has introduced offers a solid framework in terms of sustainable recruitment and talent retention. In the area of human resources Océ is doing well by implementing policies to prevent gender and racial discrimination against employees. Even at this point in time, some Asian countries are still paying little attention to these aspects. Regarding sustainable housing and facilities Océ has made progress with the introduction of centralised printers with internal mail boxes. This has led to a reduction in paper waste and power use and has freed up office space.”

Additional focus

“Océ could pay more attention to building a shadow organisation. We should focus on building a ready pool of management talent to tap into when the needs arise. Furthermore we could more efficiently conserve resources by optimising work space, such as launching hot desking and investing in the upgrading of IT and telecom infrastructure to facilitate off-site work arrangements. Outsourcing of non-core business activities will have a direct and positive impact on sustainability. It has the added advantage that it allows us to focus on what we do best and get even better at it.”

Océ [Singapore] - Yin-Peng Kong, HR Manager



Health measures with a preventive character were taken at a number of sites in 2006. They included the following:

- medical examinations [e.g. periodic workplace examination, regular eye checkups, annual flu shot];
- first aid training and installation of Automated External Defibrillators [AEDs];
- wellness programmes, mainly related to the work environment;
- training for site safety and injury reduction;
- ergonomics projects, with an emphasis on handling heavy objects.

All these activities are discussed in and coordinated by local HSE steering groups or committees comprising board members and employee representatives.

Intervention

Intervention is a targeted management response, with the support of experts, aimed at ensuring that an employee who has been absent returns to work as quickly as possible and at removing the cause of his or her absence from work. Employees share responsibility with their manager for the resumption of work.

Reintegration

The aim is that any employee who has been absent from work due to illness can return to his or her job as soon as possible, either full-time or part-time. The first step is to try and reintegrate the employee in question in his or her own job or, as the case may be, in another suitable post at the same site.

Health measures like ergonomic projects, with an emphasis on handling heavy objects, were taken.



7 | Our partners

Océ's business model

A characteristic aspect of Océ's business model is that the company makes extensive use of partners' expertise and skills in developing, manufacturing and distributing products.

Over the years this has resulted in a very broad network of relationships, which often serve a mutual interest. This is for instance visible in the contacts between Océ and scientific institutes in the field of Research & Development, and in a number of commercial relationships and relationships with production partners. Because of the mutual interests involved, these relationships are intensive, long-lasting and trust-based. The maintenance of this network, with a range of spin-offs for science, trade and industry in the entire world, is in itself a sustainability factor whose importance can hardly be overestimated. These partner relationships lead to optimal products and processes, established in an environment in which the highest standards are maintained. Océ encourages all players in the network to apply the same high standards in the field of sustainability that Océ has established for itself.

Océ's partnerships cover three main areas: product development [research & development/commercial strategy], products [purchase, manufacturing & logistics] and sales [distribution and reselling].

Research and product development

Individual Océ researchers maintain numerous relationships with scientists and institutes across the world, mostly higher-level due to the specialist character of their knowledge. In addition, Océ's R&D departments maintain regular contacts with universities and scientific institutions. The R&D departments of Océ-Technologies [Venlo, the Netherlands] and Océ Printing Systems [Poing, Germany] focus largely on their own regions, the southern part of the Netherlands and South-east Germany, respectively, where they support research and education at different levels, among other things by transferring knowledge and facilitating research in different forms.



In about 70 countries Océ distributes its products through partners.

Good

"Especially when it comes to executing safety regulations Océ is very strict. That's a good thing, because it means Océ protects people and property. In terms of waste regulations Océ is even stricter than is legally necessary. Furthermore, I consider it very positive that Océ is capable of and aiming at building long-term relationships with its partners. Good partnerships are conducive to good results."

Additional focus

"The partnership between BAM Techniek and Océ goes back a long way. I would appreciate it if Océ would make more of an effort to involve its long-term partners such as BAM Techniek in its safety policy. Océ tends to be quite imperative when it comes to safety regulations. As a result, the company has for instance introduced its own safety passports. But they hardly serve any extra purpose, since the standard safety passports most other companies use meet the needs just as well."



BAM Techniek BV, partner in air treatment systems for buildings – Jan Breuers, adjunct-director

Both establishments are actively represented in national bodies that are engaged in subjects relevant to Océ. In the Netherlands, for instance, Océ is involved in the Dutch Polymer Institute and the Embedded Systems Institute. Both institutions conduct research activities that are of extreme importance for each of the large companies that take part. Moreover, in the year under review Océ established an Inkjet Application Centre on the High Tech Campus in Eindhoven [the Netherlands], where, together

with several partners, the company is developing a new generation of inkjet print heads and new applications for the inkjet technology it has developed in-house.

Océ is engaged in partnerships not only in the field of fundamental research, but also in certain parts of product development, especially in the field of paper handling and finishing equipment. These partnerships have enabled Océ to considerably shorten time to market for a number of new products and product enhancements.

Good

“My knowledge of Océ regarding sustainability is mainly limited to the toner production units and the surroundings of the clean room. In the past ten years I have observed a number of positive trends with Océ. I have a great deal of respect for the fact that against all odds Océ still employs a large number of specialists of all sorts. That enables us to level with astonishingly qualified people at Océ. What impresses me furthermore is that with regard to emissions and energy reduction Océ increasingly focuses on process improvement rather than symptom fighting. Océ doesn't seem to mind investing substantially in this approach. Last but not least I have noticed that Océ is really taking safety seriously. Every company claims to be doing so, but very often that is a facade.”

Additional focus

“At this point in time it is difficult to form an opinion on Océ's overall sustainability behaviour. I believe that it is not easy to monitor from the headquarters in Venlo what is going on regarding sustainability in all countries where Océ is doing business. It would be wise for Océ to contact other multinationals to see how they tackle this. General Electric might be a good choice in that respect.”

*JOA Projects BV Delft,
partner in dust exhausts for
production processes –
Gerard de Jager, director*

Manufacturing and logistics

Océ limits its in-house production of hardware to strategic products such as consumables [toners, photo conductors, etc.], a limited assortment of coated media, and as from 2007 also inkjet print heads. All other hardware components, parts, modules and peripherals are sourced from carefully selected suppliers, a number of whom are also involved in the development of the supplied parts. Thanks to their close contacts Océ and suppliers are always able to anticipate changes, both in technology and in regulations and legislation. In this way Océ can always take full responsibility for the quality and safety of its products. As from 2007 Océ's ties with suppliers will become even closer with the introduction of a dedicated supplier portal for the Venlo operation, where suppliers can among other things monitor their quality and performance data. The supply centre in Poing already has a portal in place through which suppliers can monitor their stocks in the Océ facilities.

Océ requires its suppliers not only to have a good grip on the quality of their products and production processes, but also to adopt the same high norms and standards with regard to sustainability as it applies to its own activities. Moreover, in order to formalise this requirement Océ has asked its suppliers to sign a declaration in which they give assurance that they comply with the United Nations Global Compact principles.



A growing number of Océ's suppliers are based in countries like the Czech Republic, Malaysia and China, where they are able to produce at lower costs compared to Europe and the United States. In doing business with these suppliers, Océ is following its direct competitors in order to create a level playing field. Of course these suppliers are bound by exactly the same regime as all other suppliers, including sustainability standards. The same applies to the companies that manufacture complete machines for Océ.

OEM partners

In order to be able to offer a complete package of printing solutions in all relevant markets, Océ complements its product portfolio with best-in-class products supplied by OEMs. As a result of the business units' ongoing market intelligence efforts they are capable of obtaining detailed knowledge about the properties of competitor products at an early stage. On this basis Océ decides which machines will be added to the portfolio as a complement to the products it has developed itself. In some instances these OEM products are sold under the Océ label. This means that Océ vouches for the quality, safety and sustainability of these products, which are subsequently also serviced by Océ's own service organisation. Océ applies its own technical standard, comprising all aspects relevant to the use of the product, including a large number of sustainability aspects. In most instances the products undergo thorough tests before they are admitted. These tests are carried out in the Netherlands as well as in the United States.

Océ's selection of peripherals, too, is based on conformity with the requirements Océ applies to its own products. Especially the very high-volume printers are often active in a complete production street with pre- and post-processing equipment. In such cases it is of course of paramount importance that the complete configuration is extremely well tuned not only mechanically but also with regard to software. That is why, for this equipment, Océ chooses a limited number of OEM partners whose products meet the highest standards and who use an open



In most instances the products Océ is selling undergo thorough tests before they are admitted [testlab Océ Imagistics].

architecture, are able to deliver worldwide and can guarantee their continuity. This equipment is sold, installed and serviced by Océ. In order to be optimally flexible for its customers, Océ also keeps a list of known suppliers of peripherals that are basically suitable and compatible and a second list of suppliers [preferred partners] whose products have been tested by Océ to comply with all requirements.

Good

"Océ treats us as an operating company; they show a great deal of trust in Hunkeler AG. Océ even involves us in very confidential matters, in the knowledge that we will never abuse the information the company shares with us. Because of this partnership we always have access to all management levels at Océ. Our long-lasting cooperation has led to the important role Hunkeler AG nowadays plays in Océ's spare parts management in Poing."

Additional focus

"I cannot think of many aspects regarding Océ's sustainability behaviour that could or should improve. The only change that would serve us both would be a different timetable for our fairs. Currently Océ OpenHouse and Hunkeler Innovation Days are just one month apart. It would probably be beneficial to our common customers if these two events could be organised with a longer break in between, as we did until 2003.

But in practice this is easier said than done."

OEM partner Hunkeler AG [pre- and post-processing solutions] – Stefan Hunkeler, CEO



Distributors & resellers

Océ is represented in over 90 countries globally. In more than half of these countries Océ representation is via independent local distributors and resellers. These partners have met rigorous selection criteria to ensure they are adequately representing Océ's brand assets. In many cases the representation has lasted for several decades, but in order to ensure that its standards are never compromised Océ continuously monitors all partners. This is not just a question of monitoring, it is a true two-way relationship with Océ advising and supporting the partner in the development of their business. Additionally, Océ also works with distribution partners in countries where Océ itself is present. These partners may act as geographical distribution partners extending Océ's market reach or they may add certain niche knowledge of a market segment. In either case all partners must meet certain criteria before they are allowed to represent the Océ brand. In 2006 Océ developed its International Partner Programme. This programme is aimed at ensuring Océ strengthens its relationships with those partners who are the most critical to Océ's success. Océ has made a commitment to work closely with this select group of partners to jointly build its businesses. The programme includes a series of certifications that the partners have to meet in order to attract increasing benefit levels. In 2007 Océ will roll out the Partner Programme to the US, the UK, France, Italy and Germany. It is initially expected that a approximately 30% of Océ's current partners will qualify for certification status.

Providers of financial services

Océ cooperates with a limited number of leasing companies in different parts of the world in order to offer customers a complete product package, including financing services. Until recently Océ provided these leasing services in-house as part of a complete service package. In outsourcing this part of its service to vendor lease partners Océ has acted very carefully. Océ chose those financial service providers who could prove that on the one hand they had an outstanding reputation in the areas of reliability and ethical behaviour while on the other hand they were fully capable of acting as part of the Océ services.

The biggest part of the leasing portfolio is outsourced to a single service provider, who is part of a Dutch financial group with a good track record in the field of sustainability.

Waste processing partners

For the disposal of waste produced at the various production plants Océ retains specialised waste-processing partners who are qualified according to the local regulations. A very large part of the waste, that is to say the material that cannot be reused by Océ, is very fit for recycling and is brought back into the material streams of third parties through well-controlled channels. Among other things, the large quantities of paper used for testing purposes are recycled. Due to the ban on the reuse of certain parts and units included in the European ruling on hazardous substances [RoHS], in 2006 a much bigger part than usual was offered for recycling instead of being reused as parts in new machines.

In order to have good control of the quality of the waste-processing partners and at the same time keep control of costs, Océ has opted for close cooperation with a small number of professional partners. In some cases, for instance in the separation of waste, these partners even carry out their activities inside the Océ plants, leading to a highly controlled process.

8 | Our environment

Being a high-tech company with a wealth of knowledge and expertise plus a strong sense of responsibility towards society, Océ has a sharp eye for the hazards potentially connected with goods manufacturing, the more so because the processing of chemicals is very much a part of its history.

Based on a strong awareness of potential hazards, Océ has integrated the protection of its personnel and the environment into its day-to-day operations from the very beginning. As technology developed and knowledge increased, Océ stayed at the forefront, participating in many committees and work groups preparing official regulations and directives. Given the position it occupies in society, Océ regards compliance with statutory regulations as a minimum requirement and applies internal guidelines that create a safety zone well above that statutory level.

Corporate responsibility for health, safety and environmental protection rests with the Chairman of the Board of Executive Directors. For each operating company or manufacturing site this responsibility has been delegated to the chairman of the local Executive Board. At each company, responsibility for health, safety and environmental protection is regarded as an integral part of site management. In most companies, a steering committee reporting directly to the local Board has been appointed to oversee the definition and implementation of HSE policy. This steering committee is made up of operational managers for all relevant disciplines, with support staff specialising in key sub-themes.

Environmental management systems

In 2006, Océ-Czeska Republika was the sixth Océ company to be certified to ISO 14001 for its environmental management system in the area of sales, service, Océ Business Services and consultancy. And the number is still growing; Océ-France [Noisy-le-Grand] and Océ-Iberia [Lisbon] have applied for certification and can be expected to complete the process in 2007. Océ-Iberia already has an ISO 14001 certificate for its Spanish facilities but is now applying for certification of the Portuguese company as well. Océ-Technologies and Océ Printing Systems, both certified to ISO 14001, will renew their certification in 2008 and 2009, respectively.

ISO 14001 is a dynamic system that calls for clear target setting and continuous improvement.

ISO 14001 certificates

Océ-Technologies [Venlo]

Océ Printing Systems [Poing]

Arkwright [Fiskeville]

Océ-España [Barcelona]

Océ [Schweiz] [Glattbrugg]

Océ-Czeska Republika [Prague]

Environment Award for Océ-España

On 25 January, the prominent Spanish business magazine *Dirigentes* celebrated its nineteenth edition of awards to best business leaders and best companies of the year. Océ-España received the award in the category Environment for its environmental concern in business activities, both local and international. Océ is among other things a founding member of *Ecofirmática*, a Spanish association promoting environmental activities at Spanish IT-related firms.

Risk control

At Océ risk control is fully incorporated into everyday practice through standards, protocols and strict working methods. Nevertheless, risk management has been made a special responsibility within every company in order to anchor procedures and to be pro-active towards new risks. Especially in production units where chemicals, powders, etc. are used, an explosion risk is present. In Europe this risk is regulated via the EU ATEX Directive. The measures described in this directive have been implemented in the Venlo [Netherlands] factories and R&D facilities, where

Netherlands

Hot 'n cold from deep down

In 2006 operating company Océ-Nederland inaugurated brand new headquarters which, apart from a number of architectural highlights, featured a couple of quite innovative qualities. One of these was the possibility to use the earth under the building to store heat and cold. An advanced installation stores the heat of a hot summer's day at a depth of 100 metres. And conversely, the winter cold from this 'cellar' is used to cool the building in summer. Both ways, energy costs are reduced considerably.

France

Cleaning with care

Cleaning liquids, especially of the type used to clean machines, are not environmentally friendly. Océ-France, which used the year 2006 to prepare itself for the process of applying for ISO 14001 certification, started a programme in order to replace all cleaning liquids by environmentally friendly detergents. With a service-technician workforce totalling 243, this certainly makes sense.

United Kingdom

Save fuel, stay home

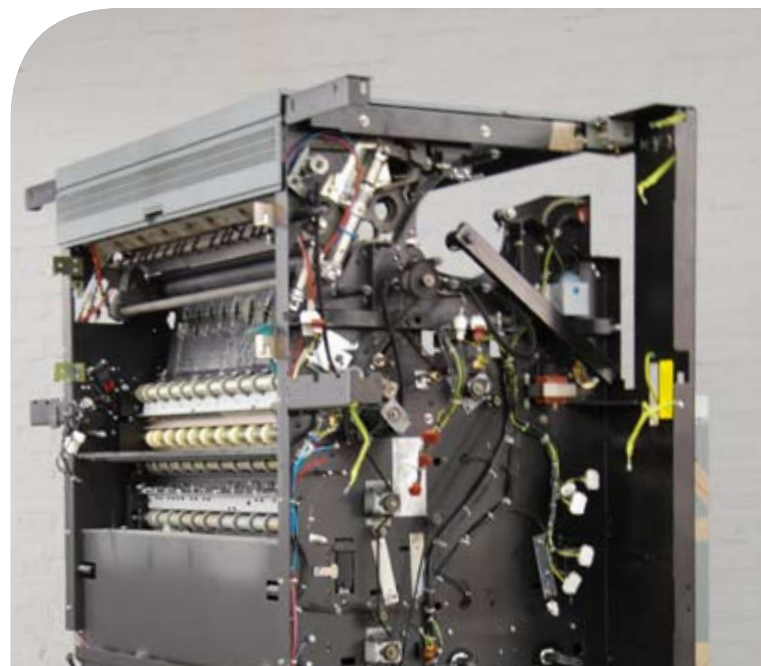
Océ UK has found an effective way of reducing work traffic: stay at home. In 2006 the number of employees who work from their homes was extended further. This translates into fewer kilometres, less time wasted in traffic jams, less stress and lower emissions.

toners are produced and photoconductors and carriers are coated, as well as in the Asset Recovery plant, where chemicals are handled. Risk control covers a broad spectrum. For instance, there is a great deal of risk involved in the many hours that Océ's approximately 5,000 service technicians spend in their cars every day. Océ UK strives to reduce this risk by giving a refresher course to all technicians who often spend time on the road for their jobs.

Reuse and remanufacturing

Reuse and remanufacturing play an important role in Océ's overall manufacturing process. Since Océ's products are typically built for prolonged, intensive use under difficult circumstances, most of the parts in the robust machines have a life span that is far longer than the average period the equipment is active at the customer's site. Therefore, at the end of their economic life, parts and modules are recovered from returning machines to be used as service parts or as parts for new products. In Research & Development Océ has a long-standing tradition of designing new equipment with reused parts [cradle-to-cradle].

Asset Recovery.



Océ has several decades' experience in asset recovery, both centrally organised in manufacturing facilities in Itasca [US], Venlo [Netherlands] and Prague [Czech Republic] and decentrally within our operating companies. Depending on demand even complete machines are refurbished and put back in the market, sometimes equipped with extra functionality. Beside refurbished machines Océ's asset recovery facilities create a constant stream of parts and units to be reused as service parts and in new machines.

Remanufacturing programmes for machines, units and parts are still being expanded. While up till 2006 the remanufacturing activities in Venlo were limited to small format machines, in 2006 wide format machines were also included in the remanufacturing cycle. In the Prague facilities, which have been operational since the early nineties, production was stepped up in 2006.

In the supply centre in Poing [Germany], where very high-volume machines are produced, used machines are refurbished, updated and remarketed. The logistics process for spare parts has been optimised for return, resulting in increased reuse of spare parts. Returned spare parts are repaired and made fit to last a second, third or even fourth lifetime and return to stock.

Many of the larger operating companies have their own facilities where machines returning at the end of their economic life are stripped for service parts or modules or are refurbished to a level at which they can start a second life. Thanks to the reuse and remanufacturing processes and the use of recyclable materials, only a very small fraction eventually ends up as landfill, to be disposed of in a controlled manner.

Logistics

A good logistics process is the key success factor for achieving the flexibility that the market demands. In managing the logistics of new machines, service components and supplies Océ uses an integrated supply chain management system with logistics centres in Europe, the United States and Asia. The aim of the centres is not only to have the required components available in close proximity to the most important sales areas, but also to enable the equipment to be customised at the last possible moment.

Good

"I consider Océ as an example to other companies regarding sustainability, in several respects. First of all because it still develops all of its own products. It is typical of Océ's social character that children of staff members are given the opportunity to get educated in the company and to pursue a career with Océ. And what I think is great about the plant in Poing – not only for the employees who work there, but also for people who pass by, is that the site is always impeccable. A true joy to look at. No harm in making that remark for a change."

Additional focus

"An issue that Océ might pay extra attention to is the rumour that toner is the cause of allergic reactions. I am aware that this is quite a challenge. There has never been any scientific proof of a link between toner and allergic reactions and yet the rumour keeps popping up every now and then. Furthermore I notice that with some creativity Océ could benefit more from the various awards the company hands out on a regular basis. I know of a company that attaches an application form to any certificate it hands out to get the best qualified people to

apply for a position within the company. Why not follow that efficient example?"

*Bayerische
Forschungstiftung
[Germany] –
Professor Dr
Joachim Heinzl*



Good

“Actually there is quite a lot that I’m positive about regarding Océ’s sustainability behaviour. In terms of the execution of fire safety regulations, storage, handling and disposing of dangerous goods and last but definitely not least when it comes to asset recovery, Océ serves as an example for other companies. Therefore it shouldn’t come as a surprise that the City of Venlo regards Océ as a partner. Every three months the City discusses all kinds of environmental issues with Océ, including noise regulations. Right now we are in the process of updating Océ’s environmental licences, which will be issued by the Province of Limburg.”

Additional focus

“Océ could improve its sustainability behaviour regarding the use of sustainable energy. The City of Venlo is making an effort to stimulate the use of so-called ‘green energy’ that doesn’t affect the environment negatively, and Océ still uses relatively minor amounts of such energy. Another area in which Océ could do better is transportation management. The company might for instance consider giving free public transportation passes to commuters instead of paying them a certain amount of money for commuting by car. Océ could also decide to only do business with carriers that have installed soot filters on their trucks.”

Inspector of Environmental Issues for the City of Venlo [Netherlands] – Margriet Stermerding



In the United States, following the acquisition of Imagistics, all service components are now stored in one central location. Logistics activities in that country will shortly be housed within an organisation that is separated from the sales and service activities. In Europe almost all inventories of service components are integrated within one single system which is managed from Venlo and Poing.

As a result of the cooperation with contract manufacturers in Asia, the logistics process has become more complex. Océ has therefore launched an operational excellence programme, aimed at improving the entire process and at the same time reducing costs.

Communication

Communication is a key factor in creating awareness [both within and outside the company] of the importance of sustainability. Awareness levels range from “hardly any interest” to “highly interested”. Some customers merely focus on complying with local regulations, while others ask elaborate information on the sustainability of Océ’s products before even considering an order. The same, in fact, goes for Océ’s employees. Océ is dedicated, though, to make sustainability an everyday topic in all its companies. This calls for a constant and structured flow of news and information about sustainability subjects.

Internal communication

The supply centre in Poing is putting a serious effort into communication. Sustainability data and other important issues are readily available via the intranet and also via billboards put up in places where employees work without PCs. The local internal newspaper, Océ Forum, features an article on sustainability in every issue, four times a year. The increasing attention paid to sustainability seems to be bearing fruit, judging from the number of ideas posted in the suggestions box.

In the United States the EHS Council coordinates and structures the activities in the field of environment, health and safety of the different companies that formed Océ North America in December 2006. The EHS Council was founded in 2005 and launched a substantial package of short and longer term plans in order to leverage the resources present in the integrating companies. The year under review was used elaborating on the chosen strategies and turning them into concrete programmes. Among other things they seek to enhance EHS awareness and establish common EHS policies and training resources. In 2006 they focused on employee education on material handling best practices, reinforcing management and supervisory awareness of ergonomic issues and improving communication on managing causes of injury.

External communication

Océ communicates with the outside world mainly via the Océ Annual Report and the Océ Sustainability Report, but there is also a good deal of interest from the financial world that is addressed directly through Investor Relations. Moreover, customers are increasingly asking questions on sustainability, and when it comes to tendering, special paragraphs containing exhaustive questions about sustainability are almost standard. These are all incentives to put sustainability firmly on everyone's agenda.

Good

"Once a year Océ invites us to discuss all kinds of environmental issues with the company's representatives. I see this as very positive, especially in view of the fact that even on a private level it's not common anymore for neighbours to communicate on a regular basis. Océ really makes an effort to inform nearby residents on new developments regarding sustainability. Traffic to and from Océ is actually the only environmental issue that affects the residents. The moment we comment on that, Océ immediately takes measures to diminish the nuisance, for instance by asking truck drivers to avoid using residential roads."

Additional focus

"The more complex the development and production of document management systems at Océ becomes, the more difficult it is for close neighbours – most of whom know very little about technology – to have an opinion on Océ's sustainability behaviour. Nowadays it can be pretty difficult for us to communicate on the same level as Océ. A situation like that can leave room for suspicion, even when there is no motive for that whatsoever. Therefore we think Océ could make an effort to explain complex corporate environmental issues to its neighbours in simple language. This would definitely improve the quality of communication and as an added bonus create extra mutual trust and respect."

Chairman of the Venlo-Noord [Netherlands] community council – Sef Janssen



9 | Reporting principles and review

Scope

This report covers the activities of all our manufacturing and remanufacturing sites and the major operating companies responsible for sales and service activities.

Océ's own manufacturing and remanufacturing facilities are located in Venlo [the Netherlands], Poing [Germany], Prague and Pardubice [Czech Republic], Fiskeville, Guilford, Charleston, Corona, Itasca and Mt. Laurel [United States] and Vancouver [Canada].

The data in this report are derived from all manufacturing and remanufacturing sites and the major operating companies. The decision as to which operating companies will be included in the Sustainability Report is based on the following selection criteria:

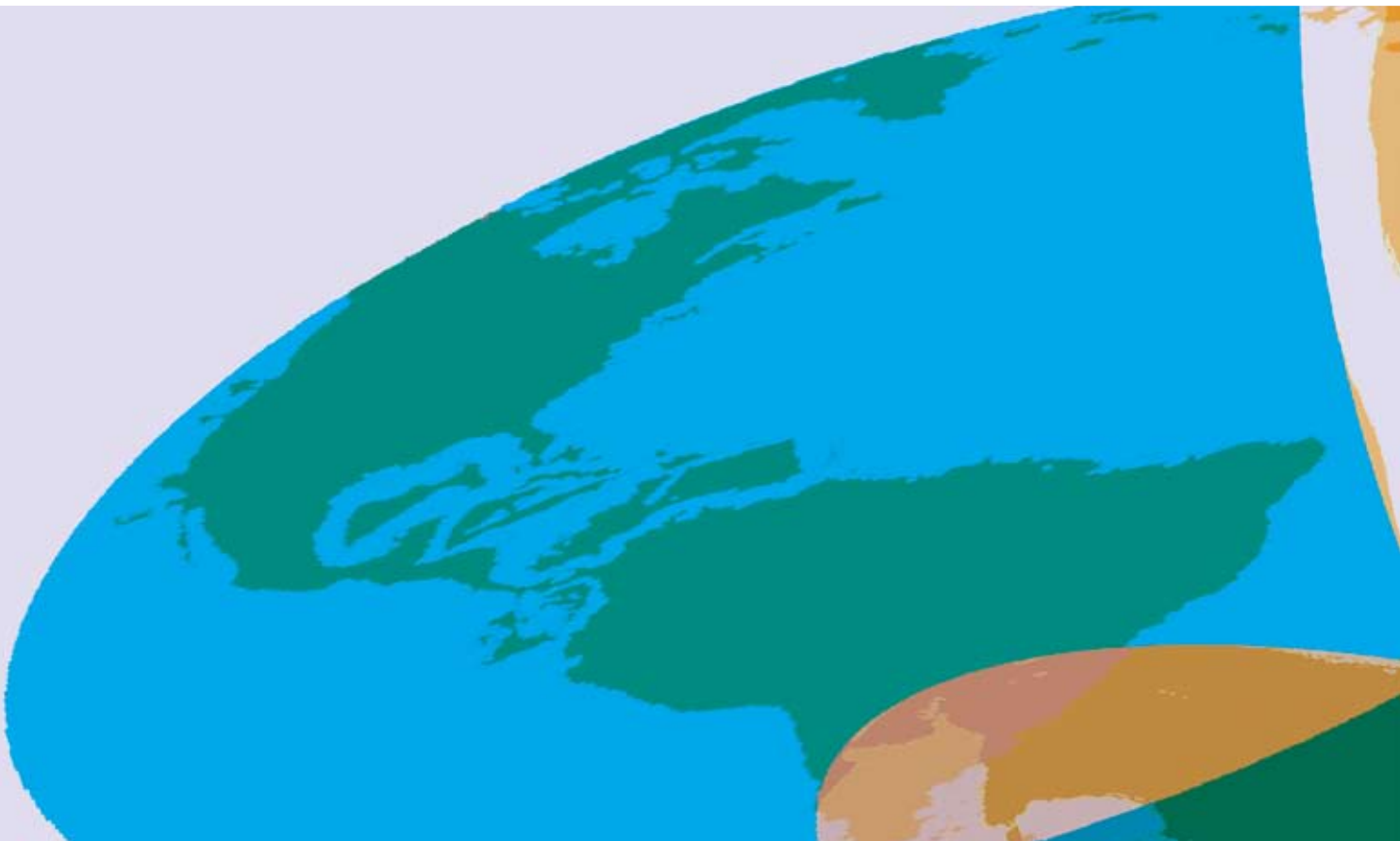
- revenues of the entity >1% of total Océ revenues;
- number of employees >1% of total Océ employees [in Full Time Equivalents].

These selection criteria resulted in a coverage for this report of 90% of Océ's employees worldwide and 87% of Océ's total revenues for 2006. Comparing this with previous year, please note that the sustainability data of Imagistics International, the company that we acquired at the end of October 2005, were not included in the report for 2005, but are included in the 2006 report.

The economic performance data in chapter 10 and the employee key figures in the first four tables of chapter 10 are an exception to the above-mentioned scope. These data cover 100% of Océ's activities, as they were gathered by Océ's Group Controlling Department via the regular system used for Océ's Annual Report.

Reporting period

This report describes the activities of the Océ group in the period from 1 December 2005 to 30 November 2006, Océ's financial year. Caution should be taken in comparing the 2004 figures [which have not been adjusted] with the 2005 and 2006 figures, as the 2004 report covered the calendar year 2004.



Accuracy

Due to the nature of the data used for this report, the data are subject to a degree of uncertainty caused by limitations in measuring and estimating data. We have in some cases been obliged to make estimates in order to ensure that all data cover the same scope. For the environmental performance data in chapter 8, these estimates are based on comparisons between the various operating companies. In the energy consumption figures, 16% of electricity consumption and 7% of gas consumption are based on estimates. The same holds for 30% of total drinking water consumption. Obtaining reliable and accurate domestic waste figures turned out to be the most difficult issue. For entities outside Europe, reliable domestic waste figures were not available. Of the domestic waste volume reported for Europe, 39% is based on estimates.

Verification

The information contained in this report faithfully represents the outcome of a systematic analysis. The findings of the analysis were reviewed by the responsible

management and by the Corporate Sustainability Forum, and the final version was approved by the Board of Executive Directors. However, this report did not follow the formal release procedure adopted by the Corporate Disclosure Committee, as is followed, for example, for the Annual Report.

A major difference with Océ's Sustainability Report for 2005 is the level of verification. The present report is the first Sustainability Report to have been examined by external assurance providers. The results of this external assurance process can be found in the assurance report on page 64.

Global Reporting Initiative

In 2002, we started reporting on sustainable development in conformity with the 2002 Guidelines laid down by the Global Reporting Initiative [www.globalreporting.org]. In October 2006 GRI's third iteration [G3] Sustainability Reporting Guidelines were launched. The G3 Guidelines build upon the tried and proven 2002 Guidelines, and help organisations focus on material issues and support improved sustainability performance. They are harmonised with the UN Global Compact, are more useful for investors and analysts, and bring corporate governance into sharp focus.

In this report we made the switch to the G3 Guidelines. In chapter 12 an overview is given of the scope of the various GRI Performance Indicators in the 2006 Sustainability Report. Regarding the GRI Application Levels system introduced with G3, Océ is of the opinion that this report is positioned at the C⁺ level. It is our intention to continuously improve our sustainability reporting in the coming years.



Review of sustainability reporting in 2006

Transparency Benchmark by Ministry of Economic Affairs

In 2006 the Dutch Ministry of Economic Affairs examined the annual reports of 98 listed and 76 unlisted companies for the third consecutive year to assess these companies' transparency in terms of corporate social responsibility [CSR]. The study concerns the level of accountability that companies provide about their CSR activities in their annual reports, not the CSR activities themselves. The primary sources for the Transparency Benchmark are the companies' annual reports and sustainability reports.

The annual reports were tested against seven important aspects from the Annual Report Guideline 400 [*Richtlijn 400 Jaarverslag*] and the Guide to Sustainability Reporting [*Handreiking voor Maatschappelijke Verslaggeving*]. The companies' overall score as a percentage of the maximum score determined their position on the 'transparency ladder'. In 2004 Océ was ranked 19th, in 2005 29th and in 2006 21st. The recurring recommendations made to Océ were that the company should report more about its dilemmas, put more effort into stakeholder engagement and supply chain management and have its Sustainability Report externally verified.

Responsible Supply Chain Benchmark by the Dutch Association of Investors for Sustainable Development [VBDO]

The VBDO examined the publicly available information of 32 listed Dutch companies to assess these companies' transparency with regard to supply chain management. The goal is to stimulate companies to improve their [reporting on] supply chain management.

The Responsible Supply Chain Management Benchmark method, developed by the VBDO itself, consists of a list of 18 indicators, on which a maximum score of 39 points can be obtained. The indicators are about management, policy, supplier code of conduct, training for purchasers and suppliers and monitoring activities. Océ was ranked 6th, with 17 points [44%]. Recommendations to Océ were to put more effort into training and monitoring. Considering that the best score was 25 points [66%], there is considerable room for improvement across the board in the area of responsible supply chain management.

Corporate Social Responsibility Benchmark by Van Lanschot Bankiers

In October 2006 Van Lanschot Bankiers released a report entitled Dutch Companies and Corporate Social Responsibility. In this report 23 large cap companies and 22 mid cap companies were evaluated and ranked with regard to their engagement in Corporate Social Responsibility [CSR].

Van Lanschot Bankiers developed a CSR scorecard, with three key dimensions: corporate governance, social issues and ecology. On each dimension a number of criteria were used to judge the company. The three dimensions were given equal weight in the analysis.

With regard to the corporate governance dimension, the corporate governance sections in the companies' annual reports and on their websites were used for analysis. With regard to the social and ecological dimensions, the companies' sustainability reports and websites were used as a source. Among the 22 mid cap companies, Océ was ranked 4th, with a score of 89.1%. Océ owes this high score to the fact that it publishes several corporate governance-related documents on its website and reports on sustainability on the basis of the GRI guidelines.

10 a | Performance data

Economic performance data

This section provides selected information on Océ's economic performance based on the structure laid down in the GRI Guidelines. Full details of our financial performance can be found in the 2006 Annual Report.

Please note that the figures presented here relate to the financial year running from 1 December 2005 to 30 November 2006. The 2006 figures were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The 2005 figures were recalculated on the basis of IFRS. More information with regard to the transition to IFRS can be found on pages 90-96 of the 2006 Annual Report.

Changes in 2006 regarding size, structure or ownership

In 2006, Océ completed the initial accounting of Imagistics International Inc., which had been acquired on 31 October 2005. The comparative figures [financial year 2005] presented in the consolidated financial statements include the carrying amounts of the assets and liabilities adjusted as a result of the completion of the initial accounting.

On 9 November 2006 Océ acquired CaseData Inc., a provider of electronic discovery and litigation support services to US law firms and corporations in the United States and the Philippines.

On 2 October 2006 Océ acquired all activities of X Engineering Systems XES Oy, a provider of wide format display graphics in Finland. The acquired businesses contributed revenues of € 1.4 million to the Group for the period from 2 October 2006 to 30 November 2006. If the acquisitions had occurred on 1 December 2005, we estimate that Océ's revenues would have been € 3,125 million.

Additional information regarding these acquisitions can be found on pages 130 and 131 of the 2006 Annual report.

For the changes in equity we refer to the Consolidated Statement of Changes in Equity as disclosed on pages 76 and 77 of the 2006 Annual Report.

Revenues

In 2006 Océ earned revenues of € 3,110 million and its net income was € 57 million. The table gives a breakdown of total revenues by geographical area.

	2006	as %	2005	as %	x € million
United States	1,330	43	931	35	
Germany	310	10	323	12	
The Netherlands	285	9	289	11	
United Kingdom	209	7	182	7	
France	188	6	195	7	
Rest of Europe	558	18	541	20	
Countries outside Europe and the United States	230	7	216	8	
Total	3,110	100	2,677	100	

Total capitalisation

The table below shows the balance sheet total, broken down in terms of debt and equity.

	2006	2005	x € million
Equity	721.4	748.2	
Liabilities	1,884.3	2,099.0	
Balance sheet total	2,605.7	2,847.2	

Operating costs

The cost of all goods, materials and services purchased in 2006 can be estimated by adding the cost price of our products, our selling and marketing expenses, research and development expenses, general and administrative expenses and impairment, and then deducting total payroll expenses. In 2006 this sum totalled € 1,654 million [2005: € 1,383 million].

Employee wages and benefits

Employee wages and benefits in 2006 totalled € 1,354 million. These expenses are made up of the following elements:

	2006	2005	x € 1,000
Wages and salaries	1,109,547	964,915	
Social security	193,861	221,690	
Pension costs for:			
defined contribution plans	17,047	11,430	
defined benefit plans	31,061	-16,035 ¹	
Share based compensation	2,466	1,371	
Total	1,353,982	1,183,371	

¹ In 2005, an agreement was reached in the Netherlands on a significant change in the pension scheme, which means that with effect from 1 January 2006 pension entitlements will be based on career average instead of final pay. The resultant reduction of € 69.4 million in the provision for pensions was credited to the Statement of Operations in the 2005 financial year.

Payments to shareholders

The table below shows the appropriation of net income attributable to shareholders.

	2006	2005	x € 1,000
Preference dividend	1,733	2,108	
Cash dividend, interim	12,619	12,555	
Cash dividend, final	36,178	35,995	
Added to Retained earnings:			
To Retained earnings	4,447	29,221	
Total net income attributable to shareholders	54,977	79,879	

Financial expenses [net] as recognised in net income in 2006 totalled € 46 million and were made up of the following elements:

	2006	2005	x € 1,000
Financial income - interest income	-10,608	-7,076	
Interest charges and similar expenses	53,801	22,311	
Other financial expenses	2,829	3,388	
Total	46,022	18,623	

Community investments

Both at corporate level and through the individual operating companies Océ supports cultural, charitable and sporting initiatives through sponsorship, by purchasing works of art and by making donations. Besides financial donations Océ also supports printing activities at various public events, and the company donates used equipment to schools and hospitals where possible.

These efforts emphasise Océ's commitment to the communities in which it operates.

In 2006 our formally registered donations to the community amounted to € 560,000.

10 b | Performance data

Employee key figures

This section provides selected employee key figures, based on the structure laid down in the GRI Guidelines.

For additional information on the reported figures in this section, see chapter 6.

Please note that the data of the first four tables cover 100% of Océ's activities, as they were gathered by Océ's Group Controlling Department via the regular system used for Océ's Annual Report. For the last two tables the coverage is 90% of Océ's employees worldwide, based on selection criteria mentioned in chapter 9.

Distribution of employees by geographical area [in full-time equivalents [FTE] and headcount]	2006			2005	
	FTE	as %	headcount	FTE	as %
	United States	10,691	45	10,865	10,913
The Netherlands	3,792	16	4,027	3,947	16
Germany	2,813	12	2,868	2,912	12
United Kingdom	1,199	5	1,218	1,199	5
France	1,125	5	1,144	1,174	5
Rest of Europe	3,010	12	3,089	2,890	12
Countries outside Europe and the United States	1,154	5	1,156	1,129	5
Total	23,784	100	24,367	24,164	100

Distribution of employees by function [in FTE]	2006		2005	
	FTE	as %	FTE	as %
Business Services	6,898	29	6,806	28
Sales	5,302	22	5,356	22
Service	4,916	21	5,078	21
Accounting and other	2,506	11	2,666	11
Manufacturing & Logistics	2,396	10	2,453	10
Research & Development	1,766	7	1,805	8
Total	23,784	100	24,164	100

Male/female distribution by geographical area [in FTE and headcount]	2006			
	FTE		headcount	
	men as %	women as %	men as %	women as %
	United States	67	33	67
The Netherlands	85	15	81	19
Germany	82	18	81	19
United Kingdom	68	32	67	33
France	67	33	67	33
Rest of Europe	71	29	70	30
Countries outside Europe and the United States	73	27	73	27

Age distribution by geographical area [in FTE as %]	2006			
	<30 years as %	30-40 years as %	40-50 years as %	>50 years as %
United States	23	24	30	23
The Netherlands	15	26	35	24
Germany	8	24	41	27
United Kingdom	19	33	27	21
France	17	30	36	17
Rest of Europe	15	32	33	20
Countries outside Europe and the United States	19	39	29	13

Training and personal development costs	2006	2005	x € million
	Via Océ International Training Centre	€ 8.3	
Other training courses	€ 8.0		€ 10.0
Total	€ 16.3		€ 17.3

Reported accidents resulting in injury and lost workdays	2006				2005			
	number of	number of	workdays	LTI rate ¹	number of	number of	workdays	LTI rate ¹
	Lost Time	workdays lost	lost per LTI		Lost Time	workdays lost	lost per LTI	
	Injuries (LTI)				Injuries (LTI)			
United States	46	2,161	47	0.44	40	998	25	0.49
The Netherlands	12	120	10	0.32	10	306	31	0.23
Germany	12	168	14	0.46	26	286	11	1.03
United Kingdom	8	114	14	0.77	5	17	3	0.47
France	9	116	13	0.90	21	264	13	2.81
Rest of Europe	49	449	9	2.29	37	704	19	1.73
Countries outside Europe and the United States	8	45	6	2.62	7	79	11	2.09

¹ The Lost Time Injury rate measures the total number of occupational accidents resulting in days away from work per 100 full-time employees per year

10 c | Performance data

Environmental performance data

This section is devoted to quantitative information on the environmental impact of our operations.

We obtained figures from all our [re]manufacturing facilities, which are located in Venlo [the Netherlands], Poing [Germany], Prague and Pardubice [Czech Republic], Fiskeville, Guilford, Charleston, Corona, Itasca and Mt. Laurel [US] and Richmond [Canada].

In addition, we have compiled data for some of our operating companies that are responsible for sales and service activities. However, these companies are generally housed in office buildings and do not always have access to data about consumption of energy and water and the production of waste. Where applicable, we have made an estimate of the relevant data.

We are reporting on our environmental performance using the structure laid down in the GRI Guidelines. The following sections contain information on:

- materials;
- energy and water;
- waste and emissions ;
- compliance and environmental incidents;
- 2006 results and targets for 2007.

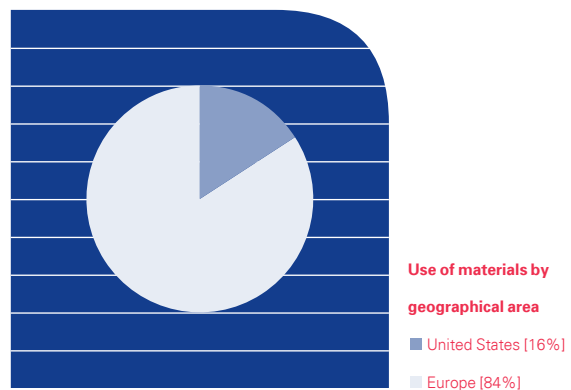
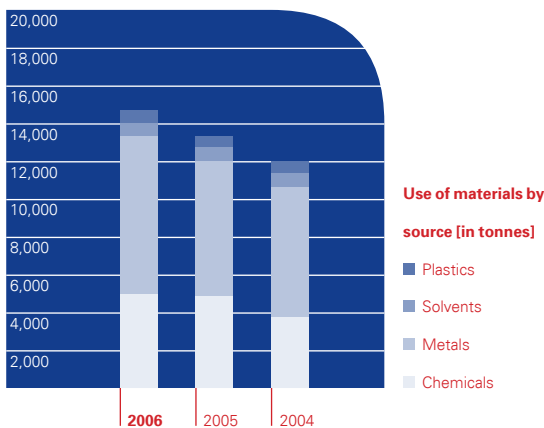
Use of materials

We made an estimate of the total amount of materials we use at our production sites in Europe and the United States for the production of copiers, printers, consumables and imaging supplies. Printers and copiers are made primarily from metals and plastics, while chemicals and solvents are used for the production of photoconductors, toners, silicone products, process drums, imaging supplies and inks. We did not make an analysis of the total amount of paper and film used for the production of imaging supplies.

We have estimated the use of metals and plastics at 9,060 tonnes and the use of chemicals and solvents at 5,600 tonnes. Our sites in the USA and Europe used a total of 655 tonnes of solvents. The solvents used were all either non-toxic or low-toxic. The total use of materials in 2006 amounted to 14,700 tonnes.

In comparison to the figures in our 2005 Sustainability Report we have restated the figure for the use of chemicals in 2005 downward by 1,100 tonnes. The original figure included the use of water for aqueous coatings, which in 2005 had incorrectly been classified as a chemical substance.

Another difference compared with the figures in our 2005 Sustainability Report is that we have decided to exclude information on the use of liquid nitrogen from this years' report, as this material is only used for cooling purposes and not actually consumed.



Ozone depleting substances

Our supply centres in Venlo and Poing have programmes in place to replace ozone depleting substances with hydrogen fluorocarbons in cooling units. With these programmes we are meeting statutory regulations.

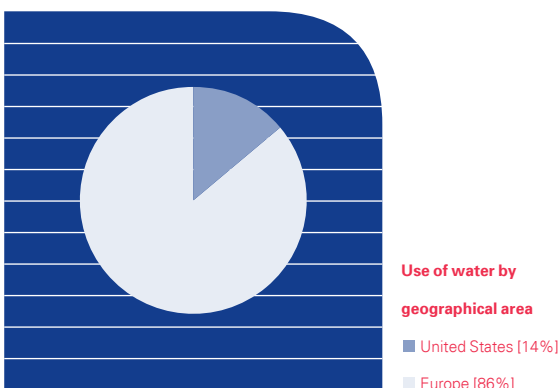
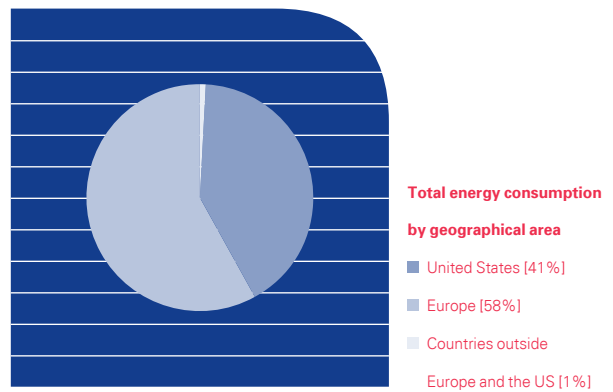
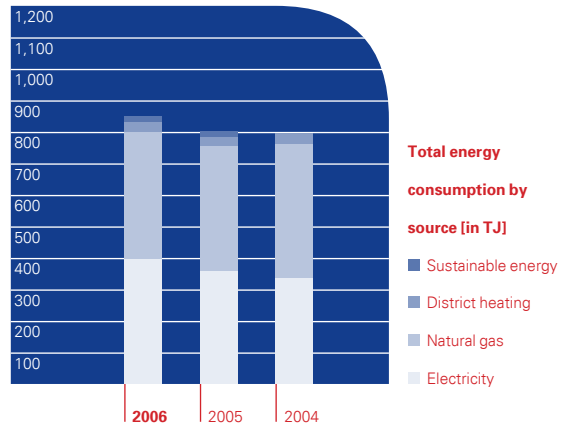
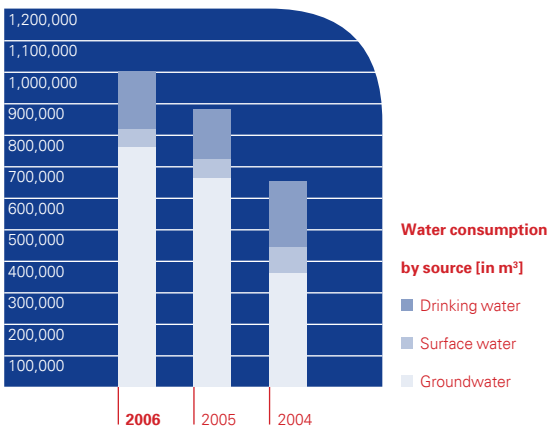
Water

In 2006 our companies used an estimated 1 million m³ of water. Tap water is used for industrial and domestic purposes. At our production sites we use ground water and surface water mainly for cooling purposes. Up to 98% of the ground water is infiltrated back into the aquifer. Of the total amount of water 82% is used for cooling purposes.

In comparison to the figures in our 2005 Sustainability Report we have restated the figure for the use of ground water in 2005 upwards by 290,000 m³. After the replacement of non-calibrated water meters at our Poing site we found that this figure had been miscalculated in 2005.

Energy

The use of energy is an important environmental indicator in view of the emissions of greenhouse gases caused by the burning of natural gas and other fuels. The total amount of energy [electricity, gas and heat] used for housing and production purposes by the companies covered in this report was 850 TJ [10¹² J]. Of the total amount of energy we consumed, 2% was derived from sustainable sources.

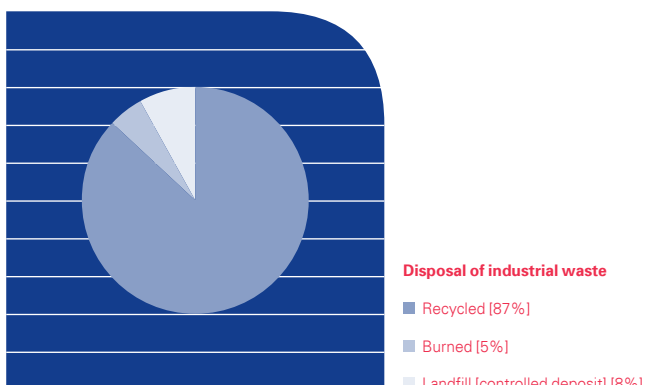
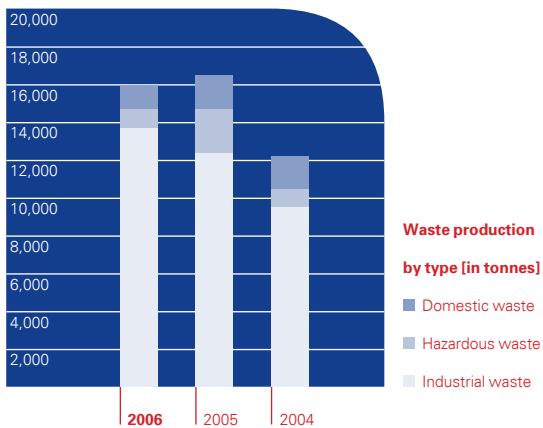


Waste

The total volume of waste generated at our companies in 2006 amounted to approximately 15,900 tonnes. There are three categories of waste: hazardous waste such as hazardous chemicals, toner, etc.; industrial waste such as paper, metals, packaging, etc.; and domestic waste. The total amount of industrial waste includes 1,600 tonnes of wastewater that was transported to an external water treatment facility.

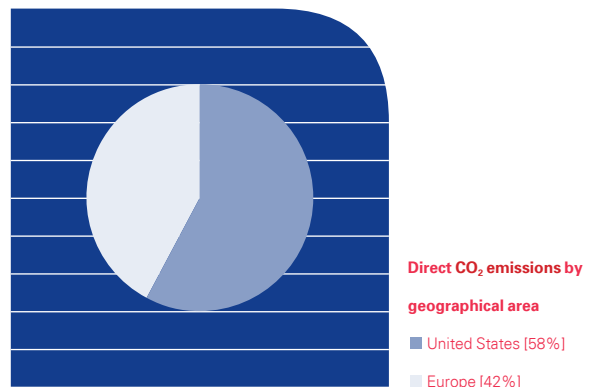
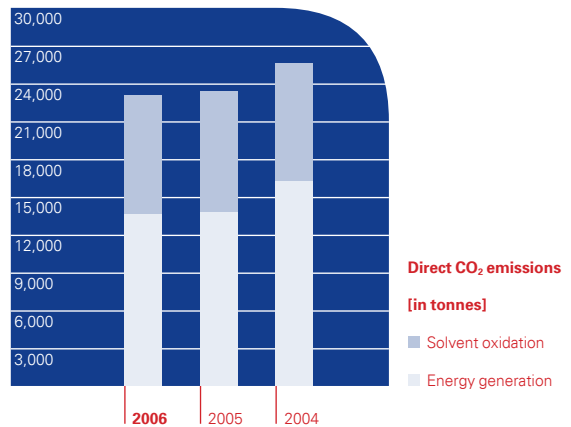
The reported amount of domestic waste for 2006 does not include data from all countries outside Europe.

Most of the industrial waste can be recycled, in particular metals and paper. The methods of disposing of the remaining waste vary from country to country.



Emissions to air

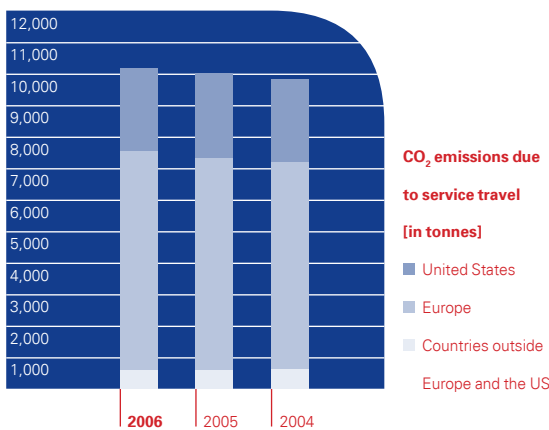
CO₂ and NO_x emissions The use of natural gas for heating purposes caused direct CO₂ emissions totalling 13,600 tonnes. At our Fiskeville site, solvent emissions are controlled with the aid of thermal and catalytic oxidisers. This results in additional direct emissions of about 9,500 tonnes of CO₂ due to the burning of natural gas and the solvents. Our total direct CO₂ emissions amount to 23,100 tonnes.



Indirect CO₂ emissions are attributable to the use of electricity or district heating that is produced at external sources. We have estimated our indirect CO₂ emissions at about 52,300 tonnes.

Océ's production processes do not cause NO_x or SO_x emissions. NO_x is only emitted due to the use of natural gas [directly] and electricity [indirectly].

Energy is also used for the transport of people and products. One of the key aspects of our business is the maintenance of our copiers and printers. The number of kilometres covered by the company cars of our service workforce around the whole world is approximately 38 million. This is equivalent to emissions of 10,200 tonnes of CO₂ worldwide.



Solvents and solvent emissions Emission of solvents is an important environmental factor. Our solvent emissions to air totalled 74 tonnes in 2006.

Discharge of water Of the total amount of industrial water and cooling water discharged at our Venlo site, 26,000 m³ was discharged to the sewer with a total BOD amount of about 1.8 tonnes. Furthermore, as mentioned earlier, in Venlo and in Guilford a total of 1,600 m³ of wastewater was transported to an external wastewater treatment facility.

Compliance and environmental incidents In Venlo we had two leakages of coolants, resulting in the loss of 22 kg of R22 and 7 kg of R407. Also in Venlo, we had a small leakage of about 3 litres of hydraulic oil into the soil through the gaps of the industrial pavement. We have marked the spot and will clean the soil in due course. Furthermore we got a complaint from a neighbour about the noise of trucks early in the morning when we had a period of early production starts. We were able to accommodate our neighbour by making a few changes to our operations.

In Poing the fuel tank of a truck was damaged, causing 465 litres of gasoline to leak to the soil. The soil was excavated and cleaned biologically.

No other environmental incidents were reported.

2006 results and targets for 2007

Océ has not yet set any environmental targets at corporate level. In this report we limit ourselves to the plans and targets of our main production sites. They represent nearly all our materials use, 80% of our energy use, 63% of our use of drinking water, 81% of our total waste and about 88% of our direct CO₂ emissions.

For the targets set in 2005 for the year 2006, see Océ's Sustainability Report 2005.

Océ-Technologies – Venlo

2006 results

Energy: Our formal multi-year energy target is based on an improvement in energy efficiency of 1% over the reporting period 2005-2008. We are still in line with our multi-year plan. We started our energy savings programme in 1998 and it is becoming more and more difficult to make significant savings.

Solvent emissions: The programme to investigate what measures can be taken to prevent solvent emissions has been completed. We will discuss the outcome with the local authorities in order to comply with the new environmental regulations.

Waste: Our new waste reduction plan for the Venlo site has not yet been completed.

2007 targets

Energy: 1% improvement in energy efficiency over the period 2005-2008.

Solvent emissions: Control solvent emissions according to new environmental regulations.

Waste: In 2007 we will complete a new waste reduction plan for the Venlo site.

Océ Printing Systems – Poing

2006 results

Materials: The amount of paper forms used in day-to-day business was reduced by 60%, leading to a cost reduction of 50% as well as a huge reduction in the use of solvents and chemicals needed for the offset printing process.

Energy and emissions: Our energy saving plan for 2006 included several technical changes in our air conditioning system, which enabled us to reduce power consumption by 500,000 kWh per year. This is equivalent to a 226-tonne reduction in CO₂ emissions per year.

2007 targets

Energy and emissions: We started a 'US Toner Warehouse' project in 2006 aimed at direct delivery of toner from Venlo to the US. In the present situation we

deliver the toner from Venlo to Poing and then to the US. We expect cost savings as well as a reduction in emissions caused by trucks.

Arkwright – Fiskeville

2006 results

Energy: Arkwright's total energy usage [Fiskeville] in 2006 decreased relative to 2005, but it did not decrease when normalised to coated product volume. Expressed per square metre coated, electricity usage increased by 3% and gas usage by 8%. Arkwright's business experienced a decrease in coated product volume as well as a change in product mix. Smaller manufacturing runs are typically less energy efficient per square metre produced than longer runs due to the energy involved in starting up the process and bringing it to a steady-state condition. This holds in particular for processes requiring solvent emission controls. A change in product mix due to changing market demands may also have contributed to this relative increase in energy usage.

In addition, the electricity and gas consumption figures reflect record energy draws in the Northeastern United States due to an unusually high number of colder-than-average heating days in the winter and hotter-than-average cooling days in the summer of 2006.

Arkwright made a significant investment in energy efficiencies in 2006 by making improvements to incinerator and general building enclosures and by implementing a lighting conservation programme, which helped to offset the increased energy usage due to the above-mentioned factors.

Materials: Solvent usage per square metre coated in 2006 was roughly equivalent to the 2005 figure. The total quantity of material sent for recycling by Arkwright, measured in tonnes per square metre coated, increased by 52% compared with 2005, due to a major focus on material recycling as a part of Arkwright's environmental management initiatives. This metric includes packaging scrap such as polyester and vinyl film, paper and particle board.

Water: Arkwright continues to use the Pawtuxet River for non-contact cooling water applications and saw this practice yield a modest increase in municipal water usage of 1% per square metre coated from 2005 to 2006. This increase may also be attributable to an increased number of clean-ups, as the manufacturing runs in 2006 were generally smaller in volume, and therefore greater in number, than in 2005.

Waste: Minimisation efforts in the generation of wastes resulting from Arkwright's environmental initiatives resulted in a 4% decrease in routine industrial and hazardous wastes generated per square metre coated.

2007 targets

Arkwright is undergoing a major shift in its business model to a 'lean manufacturing environment' in the 2007 fiscal year, which may result in an even greater number of smaller manufacturing runs as compared to 2006. The influence of this initiative on target setting for environmental objectives is unknown at this time. We expect to maintain results commensurate with the figures presented for 2006.

Océ Display Graphics Systems – Richmond

For ODGS Richmond, no benchmarking took place in 2006 and no goals were set for energy, materials, water, or waste due to changes in the business, specifically new product introduction and limited production volumes. The 2006 results were collected and submitted as part of the Sustainability Report submission. The year 2007 will be the first year in which goals will be set.

2006 results

Energy: Gas consumption in 2006 was 51,260 m³.

Electricity consumption was 1,349,520 kWh.

Materials: The total volume of materials used for production purposes in 2006 was 50 tonnes of metals and 6 tonnes of plastics.

Water: Water was not tracked; therefore no results can be reported. ODGS only uses drinking water from municipal water supply, and ODGS does not use any ground water, surface water or rainwater.

Waste: The chemicals and solvents disposal volumes were approximately 205 litres each. Other industrial related waste was not tracked [e.g. pallets, packaging, etc].

2007 targets

In 2007 our production volumes will be increasing dramatically over the levels from 2006. During 2007 and 2008 we will develop the following plans to reduce the impact:

Energy: We will make a start on the implementation of an energy saving plan for 2007 and 2008.

Waste: In 2007 we will develop a new waste reduction plan for the Richmond site.

1 1 | Assurance report

To the stakeholders of Océ N.V.

Assurance Report

Scope and responsibilities

We have been engaged by the Board of Executive Directors of Océ N.V. ["Océ"] to examine the content of Océ's Sustainability Report for the financial year December 1, 2005 to November 30, 2006 [hereafter referred to as the Report] in the following way:

- to provide reasonable assurance on:
 - the accurate and complete aggregation of the sustainability data as reported from the selected sites and operating companies into the Report;
 - whether the financial data on page 7, 53, 54, 55 [excluding community investments] and 56, are accurately derived from Océ's 2006 financial statements dated January 26, 2007;
 - whether the information regarding ISO certificates on page 45 is reliable.
- to provide limited assurance on the other elements of the Report.

Our assurance engagement consisted of both audit procedures and review procedures. Audit procedures focus on obtaining reasonable assurance, substantiated by sufficient supporting evidence. Review procedures focus on obtaining limited assurance and therefore provide less assurance than audit procedures. Consequently the conclusions with respect to the reasonable assurance and limited assurance part of our engagement are reported separately. In our opinion, this combined engagement fulfils a rational objective.

The Report has been prepared under the responsibility of the Board of Executive Directors of Océ. Our responsibility is to express an opinion on the Report based on our examination.

Reporting criteria

In this assurance engagement, we have used the reporting criteria developed by Océ which are based on the Guidelines of the Global Reporting Initiative [G3]. In the 'Reporting principles and review' section [pages 50 to 52] of the Report, these reporting criteria are explained, including the specific inherent limitations that can influence the reliability of the information. The Report does not cover all of Océ's entities, because the reported data is obtained from selected sites and operating companies. For further details on the scope, refer to the 'Scope' section in the Report [page 50]. We consider the reporting criteria to be relevant and sufficient for our engagement.

Procedures performed

The procedures were performed by a multidisciplinary team of professional auditors and sustainability experts. We planned and performed our procedures to obtain a basis for our conclusions in accordance with the Assurance Standard 3410N "Assurance Engagements relating to Sustainability Reports", drawn up by the professional body of Dutch accountants ["NIVRA"].

Reasonable assurance part of the engagement

Regarding the reasonable assurance part of the engagement, we have gathered audit evidence by:

- assessing and testing the aggregation process of sustainability data as reported from the selected sites and operating companies into the Report;
- examining the existence and validity of the ISO certificates mentioned on page 45;
- reconciling the financial data on page 7, 53, 54, 55 [excluding community investments] and 56 to Océ's 2006 financial statements dated January 26, 2007.

Limited assurance part of the engagement

Regarding the limited assurance part of the engagement, we reviewed the other elements of the Report. Our review procedures consisted of:

- update our understanding of the Océ organisation and the business;
- investigate the acceptability of Océ’s reporting criteria, in relation to the information requirements of Océ’s stakeholders;
- conduct interviews with relevant staff at headquarters in Venlo, aimed at understanding the data collection and reporting process and at evaluating the plausibility of the qualitative and quantitative information in the Report;
- analyse public information to gain insight into sustainability aspects relevant to Océ and its industry during the reported period;
- perform analytical procedures on a sample basis on the reported data and accompanying notes;
- evaluate the application of the GRI standard;
- evaluate the overall format and presentation of the Report, including evaluating the consistency of the information, in line with Océ’s reporting criteria.

Conclusions

With respect to the reasonable assurance part of the engagement

Based on our audit procedures performed, we conclude that:

- the sustainability data as reported from the selected sites and operating companies have been completely and accurately aggregated into the Report;
- the information regarding ISO certificates on page 45 is reliable;
- the financial data on page 7, 53, 54, 55 [excluding community investments] and 56, are accurately derived from Océ’s 2006 financial statements dated January 26, 2007.

With respect to the limited assurance part of the engagement

Based on our review procedures performed, we have no reason to assume that the other elements of the Report are not fairly presented in accordance with Océ’s reporting criteria.

Explanatory paragraph

Without affecting our conclusions, we would like to draw readers’ attention to the fact that the scope of our assurance engagement as described above does not include performing tests of detail on site level or operating company level. Our work was performed at Océ’s headquarters in Venlo only.

Recommendation

Océ is continuously developing its sustainability reporting system and policies as explained in the Report. Our assurance engagement has led to recommendations for improvement. Without qualifying our conclusions presented above, we recommend that Océ devotes explicit attention in the next report to the way in which stakeholder dialogue has been carried out, and how this has influenced the choice of subjects in the Report which are of material importance to Océ’s target group of stakeholders.

Amsterdam, June 20, 2007
PricewaterhouseCoopers Accountants N.V.

P.R. Baart RA

12 | GRI Performance Indicators

	Indicator	Page[s]
Strategy and Analysis	1.1 Statement from the CEO about the relevance of sustainability to the organisation and its strategy	5
	1.2 Description of key impacts, risks, and opportunities	5, 15 - 17
Organisational Profile	2.1 Name of the organisation	2
	2.2 Primary brands, products, and/or services	9 - 12
	2.3 Operational structure of the organisation	9
	2.4 Location of organisation's headquarters	7
	2.5 Number and names of countries where the organisation operates	7, 74 - 75
	2.6 Nature of ownership and legal form	2, AR p5
	2.7 Markets served	9 - 11
	2.8 Scale of the reporting organisation	7, 53 - 56
	2.9 Significant changes during the reporting period regarding size, structure, or ownership	53
	2.10 Awards received in the reporting period	45, 72 - 73
Report Parameters	Report profile	
	3.1 Reporting period for information provided	50
	3.2 Date of most recent previous report	2
	3.3 Reporting cycle	2, 50
	3.4 Contact point for questions regarding the report or its contents	2
	Report scope and boundary	
	3.5 Process for defining report content	15 - 16, 50
	3.6 Boundary of the report	50
	3.7 Specific limitations on the scope or boundary of the report	50 - 51
	3.8 Relevant changes in basis for reporting on joint ventures etc	53
	3.9 Data measurement techniques and the bases of calculations	51, 59
	3.10 Explanation of the effect of any re-statements of information provided in earlier reports	50
	3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods	none
GRI content index		
3.12 Table identifying the location of the Standard Disclosures in the report	66 - 71	
Assurance		
3.13 Policy and current practice with regard to seeking external assurance for the report	51, 64 - 65	

	Indicator	Page[s]	
Governance, Commitments, and Engagement	Governance		
	4.1	Governance structure of the organisation	19 - 21
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	AR p143
	4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	not applicable
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	35, AR p147
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organisation's performance	19, AR p55 - 58
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	19 - 21
	4.7	Process for determining the qualifications and expertise of the board members for guiding the organisation's strategy on economic, environmental, and social topics	19 - 21
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	AR p68 - 70
	4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance	AR p68 - 71
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	19 - 20
		Commitments to external initiatives	
	4.11	Explanation of whether and how the precautionary approach is addressed by the organisation	29 - 30, 39 - 40, 46
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	22 - 24	
4.13	Memberships in associations and/or [inter]national advocacy organisations in which the organisation participates	30 - 31	
	Stakeholder engagement		
4.14	List of stakeholder groups engaged by the organisation	8 - 9, 15 - 16	
4.15	Basis for identification and selection of stakeholders with whom to engage	19	
4.16	Approaches to stakeholder engagement	15 - 16, 20, 26, 35, 48 - 49	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	15, 22	

	Indicator	Page[s]	
Economic Performance Indicators	Economic performance		
	EC1	Direct economic value generated and distributed	53 - 55
	EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	not inventorised
	EC3	Coverage of the organisation's defined benefit plan obligations	AR p121 - 122
	EC4	Significant financial assistance received from government	AR p105
	Market presence		
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	not inventorised
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	not inventorised
	Indirect economic impacts		
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	not inventorised
	Environmental Performance Indicators	Materials	
		EN1	Materials used by weight or volume
EN2		Percentage of materials used that are recycled input materials	not inventorised
Energy			
EN3		Direct energy consumption by primary energy source	60
EN4		Indirect energy consumption by primary source	61
Water			
EN8		Total water withdrawal by source	60
Biodiversity			
EN11		Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	none
EN12		Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	not applicable

Indicator	Page[s]
Emissions, effluents, and waste	
EN16 Total direct and indirect greenhouse gas emissions by weight	61
EN17 Other relevant indirect greenhouse gas emissions by weight	62
EN19 Emissions of ozone-depleting substances by weight	60
EN20 NO _x , SO _x , and other significant air emissions by type and weight	61 - 62
EN21 Total water discharge by quality and destination	62
EN22 Total weight of waste by type and disposal method	61
EN23 Total number and volume of significant spills	62
Products and services	
EN26 Initiatives to mitigate environmental impacts of products and, services and extent of impact mitigation	not inventorised
EN27 Percentage of products sold and their packaging materials that are reclaimed by category	not inventorised
Compliance	
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	62
Social Performance Indicators	<i>Labour Practices and Decent Work</i> Employment LA1 Total workforce by employment type, employment contract, and region 56 LA2 Total number and rate of employee turnover by age group, gender, and region 56 Labour/management relations LA4 Percentage of employees covered by collective bargaining agreements not inventorised LA5 Minimum notice period[s] regarding operational changes, including whether it is specified in collective agreements not inventorised Occupational health and safety LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region 58 LA8 Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases not inventorised Training and education LA10 Average hours of training per year per employee by employee category 57 Diversity and equal opportunity LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity 57, AR p142 - 144 LA14 Ratio of basic salary of men to women by employee category not inventorised

Indicator	Page[s]
Human Rights	
Investment and procurement practices	
HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	not inventorised
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	not inventorised
Non-discrimination	
HR4 Total number of incidents of discrimination and actions taken	not inventorised
Freedom of association and collective bargaining	
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	none
Child labour	
HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	none
Forced and compulsory labour	
HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	none
Society	
Community	
SO1 Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	not inventorised
Corruption	
SO2 Percentage and total number of business units analysed for risks related to corruption	not inventorised
SO3 Percentage of employees trained in organisation's anti-corruption policies and procedures	not inventorised
SO4 Actions taken in response to incidents of corruption	no incidents
Public policy	
SO5 Public policy positions and participation in public policy development and lobbying	not inventorised
Compliance	
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	none

Indicator	Page[s]
Product Responsibility	
Customer health and safety	
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	not inventorised
Products and service labeling	
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	29
Marketing communications	
PR6 Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	not inventorised
Compliance	
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	none

Page numbers preceded by "AR" refer to pages in the 2006 Annual Report, referenced on page 2. This has been done in order not to burden the present report with information that is readily available elsewhere.

13 | Océ Awards 2006

Small format

Océ VarioPrint 1055/1065/ 1075	Cutsheet, black and white, office environment	BERTL 4-star Highly Recommended
Océ VarioPrint 2062/2075	Cutsheet, black and white, office environment	BERTL 4-star Highly Recommended
Océ VarioPrint 2100/2110 Titanium	Cutsheet, black and white, midvolume production environment	BERTL 5-star Exceptional
Océ VarioPrint 6250	Cutsheet, black and white, high volume production environment	ON DEMAND/BERTL Best of Show Award
Océ CPS800/900	Cutsheet, colour, production environment	BERTL 4-star Highly Recommended
Océ im9220/cm4520/cm2520	Cutsheet, colour, office environment	Buyers Laboratory Inc. [BLI] 'Pick of the Year'
Océ fx2080 and fx3000	Cutsheet, black and white, office environment	Buyers Laboratory Inc. [BLI] 'Pick of the Year'

Wide format

Océ TDS450	Mid volume with colour scanner	iF Design Product Award 2006
Océ TDS600	Mid volume print, copier and scanning system	BERTL Best Buy
Océ TDS700	Flexible mid-volume print, copier and scanning system	iF Product Design Award 2006/2007 iF Product Design Communications Award 2006 for the TDS700 Power Logic@controller
Océ TCS300/500	Mid volume and high volume colour printing system	BERTL Highly Recommended

Océ VarioPrint 6250



Océ CPS800/900



Océ TDS700



Océ Display Graphics

Océ Arizona 250 GT	UV flatbed and roll-to-roll printer	DPI Vision Award
Océ LightJet 430/500XL	Photo laser printer	Award WFI Top Wide Format Photo Imager
ONYX Version 7	Graphics workflow solutions	DIMA Award WFI Top Colour Management Software WFI Top RIP Software Digital Output Top 50 Companies

Software

Océ PRISMA	Office with colour scanner	iF Design Award
Ocean	Software user interface	iF Communications Design Award 2006

Océ Arizona 250 GT



Océ LightJet 430/500XL



Océ PRISMA



14 | Principal group companies

Europe

Austria	Océ-Österreich Ges.m.b.H.	Vienna	+43.1 86.336
Belgium	Océ-Belgium N.V./S.A.	Brussels	+32.2 729.4861
	Océ Software Laboratories Namur S.A.	Gembloux	+32.81.876.710
Czech Republic	Océ-Czeska republika s.r.o.	Prague	+420.2.4401.0111
Denmark	Océ-Nordic Holding ApS	Copenhagen	+45.43 29.7000
	Océ-Danmark a/s	Copenhagen	+45.43 29.7000
Finland	Océ-Finland Oy	Helsinki	+358.207.438.710
France	Océ-France S.A.	Noisy-le-Grand	+33.1.4592.5000
	Océ Print Logic Technologies S.A.	Créteil	+33.1.4898.8000
	Océ Business Services S.A.	Neuilly-sur-Seine	+33.1.4592.5000
Germany	Océ Holding Deutschland Verwaltungsgesellschaft m.b.H.	Mülheim/Ruhr	+49.208.48.45.0
	Océ-Deutschland G.m.b.H.	Mülheim/Ruhr	+49.208.48.45.0
	Océ Printing Systems G.m.b.H.	Poing	+49.8121.72.4031
	Océ-Deutschland Business Services G.m.b.H.	Mülheim/Ruhr	+49.208 48.45.0
	Océ Document Technologies G.m.b.H.	Konstanz	+49.7531.87.0
Hungary	Océ-Hungária Kft.	Budapest	+36.1236.1040
Ireland	Océ-Ireland Ltd.	Dublin	+353.1403.9100
Italy	Océ-Italia S.p.A.	Milan	+39.02.92726.1
Netherlands	Océ-Technologies B.V.	Venlo	+31.77.359.2222
	Océ-Nederland B.V.	's-Hertogenbosch	+31.73.6.815.815
	Arkwright Europe B.V.	Venlo	+31.77.320.9020
	Océ-America, Inc.	Venlo	+31.77.359.2222
	Océ General Partnership	Venlo	+31.77.359.2222
Norway	Océ-Norge A.S.	Oslo	+47.2202.7000
Poland	Océ-Poland Limited Sp. Z o.o.	Warsaw	+48.22.500.2100
Portugal	Océ-Portugal Equipamentos Gráficos S.A.	Lisbon	+351.21.412.5700
Romania	Océ-Software S.R.L.	Timisoara	+40.256.200.786
Slovakia	Océ-Slovenská republika s.r.o.	Bratislava	+420.2.4401.0228
Spain	Océ-Iberia Holding Valores S.L.	Barcelona	+34.934.844.800
	Océ-España S.A.	Barcelona	+34.934.844.800
Sweden	Océ Svenska AB	Stockholm	+46.8.703.4000
Switzerland	Océ [Schweiz] A.G.	Glattbrugg	+41.44829.1111
United Kingdom	Océ [UK] Limited	Brentwood	+44.870.600.5544
	Océ Imagistics [UK] Limited	Brentwood	+44.870.600.5544

* Where holdings are less than 95% of total equity, the percentage of capital held is stated. A list of affiliated companies is available for public inspection at the Commercial Registry, Venlo, in conformity with the provisions of Article 379, Book 2 of the Dutch Civil Code.

North America

United States	Océ-USA Holding, Inc.	Chicago, IL	+1.773.714.4401
	Océ North America, Inc. / Océ Imagistics Inc.	Trumbull, CT	+1.800.945.9708
	Commercial Printing Division	Boca Raton, FL	+1.561.997.3100
	Corporate Printing Division	Trumbull, CT	+1.203.365.7000
	Wide Format Printing Division	Chicago, IL	+1.800.877.6232
	Arkwright Inc.	Fiskeville, RI	+1.800.556.6866
	Océ Business Services, Inc.	New York, NY	+1.800.937.2724
	Océ Reprographic Technologies, Corp.	Phoenix, AZ	+1.602.744.1300
	Onyx Graphics, Inc.	Salt Lake City, UT	+1.801.568.9900
	Canada	Océ-Canada Inc.	Toronto
	Océ Imagistics Canada Inc.	Mississauga	+1.514.332.6636
	Océ Display Graphics Systems	Vancouver	+1.604.273.7730
Mexico	Océ Mexico S.A. de C.V.	Mexico City	+52.55.5089.8710

Asia/Pacific

Australia	Océ-Australia Ltd.	Scoresby	+61.3.97303333
China	Océ Office Equipment [Shanghai] Co., Ltd.	Shanghai	+86.21.5496.1188
	Océ Rental [Shanghai] Co., Ltd.	Shanghai	+86.21.5496.1188
Hong Kong	Océ [Hong Kong China] Ltd.	Hong Kong	+852.2166.0333
Japan	Océ-Japan Corporation	Tokyo	+81.3.5402.6112
Malaysia	Océ Malaysia Sdn. Bhd.	Petaling Jaya	+60.3.7966.8000
Singapore	Océ [Singapore] Pte. Ltd.	Singapore	+65.64701.500
Thailand	Océ [Thailand] Ltd.	Bangkok	+66.2.260.7133

Other countries

Brazil	Océ-Brasil Comércio e Indústria Ltda.	São Paulo	+55.11.3053.5300
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Direct Export/Emerging Markets

Netherlands	Océ Direct Export/Emerging Markets	Venlo	+31.77.3592222
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Financing companies

Australia	Océ-Australia Finance Pty. Ltd.	Scoresby	+61.3.9730.3333
Belgium	Océ-Interservices N.V./S.A.	Brussels	+32.2.729.4861
France	Océ-France Financement S.A.	Saint-Cloud	+33.1.4592.5000
Germany	Océ-Deutschland Financial Services G.m.b.H.	Mülheim/Ruhr	+49.208 48.45.0
Spain	Océ-Renting S.A.	Barcelona	+34.934.844.800
United Kingdom	Océ [UK] Finance Ltd.	Brentwood	+44.870.600.5544
United States	Océ-Financial Services, Inc.	Boca Raton, FL	+1.561.997.3100

Minority holdings

Cyprus	Heliozid Océ-Reprographic [Cyprus] Ltd.	25%
Singapore	Datapost Pte. Ltd.	30%

Colophon

Design Carmen Arends, Venlo

Cover illustration Geert Setola, Oirsbeek

Photography Various photographers

Text consultant Martin van den Akker, Tekstiel,
Amsterdam

Interviews John Huijs, De Huijsschrijver

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