



Sustainable development

REPORT 2008 - 2009



L'Art de la Table
1825



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GROSS CONSOLIDATED SALES
IN 2008

1.2 billion
euros

OPERATING INCOME

39 million
euros

PRESENT IN

160
countries

A workforce of
13,000

APPROXIMATELY

5,000,000
items

MANUFACTURED DAILY

World leader and benchmark in tableware

With production sites, distribution subsidiaries and offices located on every continent, Arc International is the world leader in tableware. It provides customers throughout the world with innovative, top-quality products and services.

Arc International has set three strategic development goals: to invest in product/process research and development, to optimise its value chain and to make its brands more visible on fast growing and high-added value markets.

The Group is deeply committed to sustainable development, and constantly strives to achieve a balance between economic requirements, corporate social responsibility and respect for the environment.





Interview

with the Chairman of the Board

Guillaume de Fougères

How important is sustainable development to Arc International ?

It has been our deepest conviction in the Group for many years. Dialogue with all the players implicated in our business, in other words our stakeholders, has been in place for a long time now, and it is working well in all areas. Social progress has always been at the heart of our concerns, and we are strongly committed to taking action on environmental issues. We have introduced concrete measures to reduce our energy consumption and our greenhouse gas emissions.

What are the cornerstones of the Group's development strategy?

We have prioritised three principles. In the first place, we have implemented an innovation policy with regard to both products and processes, which enables us to maintain our technological leadership. Secondly, we promote the growth and performance of our brands. We focus on maintaining our penetration on mature markets and increasing it on emerging markets by organising production and sales activity at local level. And thirdly, we are improving our value chain. We are making progress on this point in a number of ways, particularly by striving to optimise productivity in our industrial facilities and setting up plants as near as possible to demand. The financial crisis hasn't forced us to reconsider our strategy, but, on the contrary, it has urged us to step up our actions. I am confident that all the Group's employees will carry on making progress in these areas.

What was the impact of the transformation plan that the Group put in place in 2007 on the encouraging 2008 results of Arc International?

Beyond the simple question of financial results, the transformation programme has brought a new mindset and a culture of adapting to the realities of the market and the economic environment. The project-based model of working encourages our teams to cooperate and to share both knowledge and know-how.

Do you practise the same type of social commitment in all your facilities around the world?

In accordance with our Global Compact commitment, we are always careful to adhere to the Group's historic values as far as developing people and showing them respect are concerned, while we also take account of local legislation and culture.

Does the Green Table by Luminarc product line symbolise the incorporation of environmental concerns in the design of new products?

Environmental responsibility was a factor at every stage in developing this product. We designed it in glass, which consumes less energy than many other materials used in tableware such as ceramic, and also has a longer lifespan. The recycled cardboard packaging is reusable: it has been designed as a box with a lid, so it could be reused possibly for storage. Green Table satisfies consumers who are altering their behaviour to take account of environmental issues.

Why does this sustainable development report relate to both 2008 and 2009?

By definition, sustainable development entails a process of continuous progress. We have therefore decided to adjust the time period covered by the report so that it reflects the progress that is currently being made at the date of publication. So while the figures relate to the 2008 financial year, the actions that are outlined have been carried out right through to September 2009.





Upholding the principles of the United Nations Global Compact

Established at the initiative of former UN Secretary General, Kofi Annan, the Global Compact lays down a series of key objectives to be met by businesses wishing to comply with the principles of human rights and sustainable development. In signing up to the Global Compact in 2003, Arc International pledged to uphold the ten principles opposite, which deal with human rights, labour practices, protecting the environment and ethics.

Human rights

Businesses should:

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

Key actions taken by Arc International

- 🍏 Commitment to a policy of respecting fundamental principles and rights at work, both by the Group and its suppliers.
- 🍏 Introduction of internal social audits.

Labour standards

Businesses should uphold:

3. The freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labour.
5. The effective abolition of child labour.
6. The elimination of discrimination in respect of employment and occupation.

Key actions taken by Arc International

- 🍏 Signature of a gender equality agreement with the trade unions.
- 🍏 Employment and integration programmes for people with disabilities.
- 🍏 A preference for local labour in all facilities.
- 🍏 Application of the most advanced social standards.

Environment

Businesses should:

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

Key actions taken by Arc International

- 🍏 Commitments to reduce energy consumption and waste.
- 🍏 Reduction of environmental impact of production and distribution facilities.

- 🍏 Construction of buildings in compliance with High Environmental Quality standards.
- 🍏 Awareness-raising on environmental issues for all employees.
- 🍏 Optimisation of transport.

Anti-corruption

Businesses should:

10. Work against corruption in all its forms, including extortion and bribery.

Key actions taken by Arc International

- 🍏 The rejection of corruption is part of Arc International traditional values.

This commitment is in force throughout the world, on all the Group's sites.

An active
approach
to sustainable
development



For Arc International, sustainable development is a mindset, a way of life and a type of behaviour which profoundly affect how the company is governed.



Long before the concept of sustainable development emerged, the Arques Glassworks, in which the Arc International Group has its roots, was a pioneer in numerous aspects of corporate social responsibility. The original Arques site set up a waste packaging recovery system as early as 1920; soon after the Second World War, employees benefited from social protection and financial help with home ownership; sheltered workshops were later created for employees with disabilities and disadvantaged young people.

Sustainable development as a basis for corporate governance

The principles of sustainable development lie at the heart of the Group's governance. Arc International is a 100% family-owned business, managed by a board of directors and a supervisory board, four of whose eight members are independent experts.

In all its actions, the Group's long-term approach is both entrepreneurial and ethical as it seeks to achieve business efficiency based on three strategic pillars:

- 🍏 It must make the **right economic choices** in order to ensure the longevity of its business and provide a fair reward for all parties concerned: shareholders, employees, customers, suppliers, distributors and local communities.
- 🍏 It must fulfill its **social commitments** to its employees, in terms of their personal development, taking into account individual rights and local concerns.
- 🍏 It must act on its **environmental responsibility**. To ensure that in the course of conducting its business, it protects the environment so that its quality is unchanged if not improved by comparison with the period preceding the establishment of its business.

Arc International focuses especially on a number of challenges it considers to be top priority: product development, purchasing policy, risk management and prevention, transport and storage logistics, local integration, employee transport and site accessibility.





VIEWPOINT

François Meurisse,
Sustainable Development Manager



We have devised a sustainable development charter

"In 2008, we defined a sustainable development charter for Arc International Cookware (AIC), which has a workforce of 500. As part of our continuing commitment to the UN Global Compact, the charter reflects our determination to make ongoing improvements. This approach is promoted by senior management and adopted by each employee through his or her annual objectives.



The charter incorporates quality and continuous improvement approaches in our performance appraisal and management systems. Fostering dialogue between all stakeholders, it aims to understand their expectations better and encourage their buy-in. Each unit also develops constructive relations with its local community. This involves providing information and assistance whenever decisions concerning it have to be taken, as well as actively participating in joint operations.

With respect to human resources, the charter promotes personal development, abiding by the principles of gender equality and diversity. It encourages autonomy and promotes social and organisational innovation.

Motivation depends on everybody being involved in implementing the strategy and the action plans. This is notably reflected in the design and development of products, training and project management procedures, and the setting up of processes to encourage ongoing dialogue.

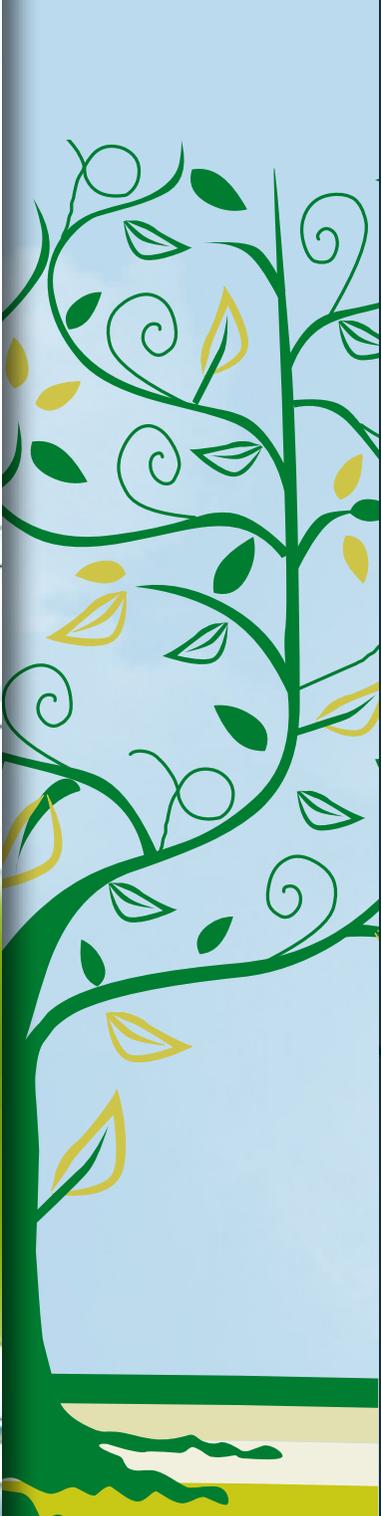
Information and know-how are managed so that each employee is able to take responsible and informed decisions with regard to the implications of projects undertaken.

Finally, the concept of 'eco-responsibility' is promoted in every department in order to reduce the environmental impact of our activities (in terms of energy, waste, pollution, disturbance, etc.) through the exchange of best practices.

The AIC sustainable development programme, which we have called 'Cook'n Care', is a prototype for a future group-wide approach to be rolled out across Arc International."



PYREX®



The relevant economic choices



Arc International has been able to face up to the economic crisis and meet its customers' expectations thanks to efficient management of spending, competitive production facilities, product innovation, lower stock levels and a good market position.



Arc International succeeded in reaching its targets in 2008, in spite of the difficult economic climate. With an operating profit of €39 million, up from €10 million in 2007, the Group has been able to cut back on indebtedness. Although sales revenue has declined, this is due to the disposal of several business activities that were either not strategic or had a negative impact on the Group's results, such as Mikasa and Salviati. In a context of economic crisis, these strong results are essential for the Group's survival, and have been achieved thanks to optimised capacities in Western Europe and sustained business growth in areas with a high development potential. The decision to set up plants in China and the Emirates has also produced excellent results, while the Chef & Sommelier Kwarx collections have been very successful.

Tangible results for the transformation programme

Launched in 2007 to implement the five-year plan defined by General

Management and validated by the shareholders, the Group's transformation programme has coordinated all efforts to turn around and optimise the results.

The outcome has been very positive, contributing €53 million to operating profit. Savings totalling €24 million were achieved in the main spending areas: energy, raw materials, mechanical parts and refractory materials. Many ideas for improvement have been implemented: creation of purchasing families, improvements in synergies, renegotiation of contracts, etc.

Some materials, such as precious metals like platinum and rhodium, have been replaced with less expensive options. The competitiveness plan on the Arques site contributed €9 million to the results. Similarly, the optimisation of distribution models in Europe according to the market generated an additional saving of €9 million. These good results owe much to the active involvement of the 850 employees in the programme. The governance of the Group's Executive Committee and Strategic Committee, which closely monitor projects with weekly and monthly updates, has also been a key success factor.



An upswing on the new markets in the Middle East and Asia

Although revenue in Europe has fallen more than €100 million, margins are improving. In order to limit fixed assets, all Group industrial sites have reduced their stock levels with the Arques site cutting back by 9,500 tonnes. Efforts have also been made in the administration sector, where cutbacks have focused on subcontracting.

As for the International Division, it grew a remarkable 9.5% in 2008. Its sales increased in most countries, notably in Egypt, Saudi Arabia and South-East Asia, up from the previous year by 20%. This positive trend stems from good management of the selection and the launch of new products adapted to the local markets. These encouraging figures are the result of rigorous management, reduced industrial costs, improved relations with local distributors, and teams' motivation and training.

Indicators

🍏 Breakdown of turnover per region

Although substantially down on the previous year following the sale of Mikasa, the sales in North America enabled the Group to meet operating profit targets. Other positive factors were a steady intake of orders, the ongoing stock reduction plan and the systematic follow-up of accounts payable and receivable.

Sales revenue	2006 €1.4 bn	2007 €1.5 bn	2008 €1.2 bn
Europe	59%	59%	65%
North America	27%	23%	12%
International Division	14%	18%	23%
TOTAL	100%	100%	100%



Competitive proposals on the BtoB market

The BtoB business results were satisfactory, even though customers suspended many of their promotional campaigns in the second half of the year. Sales were better targeted and there was added focus on the design of products.

Once again, the Coca Cola glasses manufactured for McDonald's outlets across the world demonstrated the Group's ability to produce large quantities (over 10 million units), on all continents, working to short lead times and close to local markets.

Owing to the drop in restaurant and hotel custom, the Food Service business did not reach its targets. Nevertheless, the gross margin for this activity improved thanks to three factors: an increase in prices, commercial actions to support the sales volume and lower production expenses.

Breakdown of sales revenue per business line

Turnover	2006 €1.4 bn	2007 €1.5 bn	2008 €1.2 bn
Consumer Goods	63%	57%	52%
BtoB	20%	25%	27%
Food service	17%	18%	21%
TOTAL	100%	100%	100%

A dynamic product innovation policy

To preserve its position as technological leader, Arc International develops products with high added value using innovative technologies. The Arques site benefits from unmatched know-how and industrial capacity in the field of tableware. Between 2004 and 2010, over €200 million will have been invested, mainly to upgrade production machinery by adding the latest innovations and by installing technologically sophisticated production lines, like the Kwarx® glass production system. In 2008, the Research and Development budget accounted for 3% of turnover and was devoted to fundamental research and to the development of new products and processes. More than 200 people work in R&D on 40 ongoing research projects. These are spread between four major programmes:

- new materials,
- industrial process improvements,
- environmental impact reduction,
- low energy consumption decorating techniques.

In 2008, the product development team came up with 188 new glass articles and 2,200 new decorations and packaging possibilities.





VIEWPOINT

Jérôme Perrod,
Senior Vice-President, Industry

“ We’re
marketing our
technological
know-how ”

“For some of our areas of expertise, the drop in in-house business meant we could no longer maintain our know-how. Take robotics, for example. In the period from 1980 to 2000, Arc International installed around 20 new robots a year using a team of 20 specialists. In 2007, the Group decided to keep only its maintenance activities. However, although 5 to 6 people are enough to maintain the existing base, the high level of expertise required for this job is such that it relies on the complementary skills of team members. This is why we decided to offer services to outside customers by setting up a commercial structure based on our technological know-how: Axe 3DRobotics. Today, we already have several contracts with Saverglass and other companies. This has enabled us to keep our know-how in-house with a team of 11 people.”

We have created a Technology Centre and along with Axe 3DRobotics, we set up two other structures based on the same model: AGMS (Arc Glass Melting Solutions), for glass melting and furnace design, employing 120 people, and AEC (Athena Equipment and Construction), employing 100 people at Arques and 60 in China.

Two other subsidiaries originally working for the Group alone, MMV, for moulding and shaping, with 180 employees, and C&P, for board and plastic, with 110 employees, have now opened up to external customers. Indeed, we see ourselves as suppliers of customised solutions, able to really listen to our customers’ needs. In the first half of 2009, 120 people from the Technology Centre worked for outside customers, out of a total staff of 560. Our aim is to balance out our revenue, with half coming from Arc International and half externally. We will certainly achieve this in 2009 with Axe 3DRobotics and AGMS.”



Committed to boosting local economics



To help it monitor local market trends better and respond to demand, Arc International has set up production units in the regions where consumption is concentrated. Plants in the United Arab Emirates and China produce mainly for local markets, hence limiting transport costs. Wherever it operates, the Group endeavours to create the same type of close-knit relations it has maintained with the Saint Omer region of Pas-de-Calais (in Northern France) ever since it established its original site in Arques.

🍏 **Arc International France (AIF)**, created in 1825: Arques, Blaringhem, Aire-sur-la-Lys (France), **8,300 employees**

🍏 **Arc Glassware Nanjing (AGN)**, created in 2003: Nanjing (China), **1,030 employees**

🍏 **Vidriería Cristallería de Lamiaco (VICRILA)**, part of the Group since 1980: Lamiaco (Spain), **450 employees**

🍏 **Arc International Middle East (AIME)** created in 2004: Ras-Al-Khaimah (United Arab Emirates), **1,400 employees**

🍏 **Durand Glass Manufacturing Company (DGMC)**, created in 1982: Millville, New Jersey (United States), **690 employees**

🍏 **Arc International Cookware (AIC)**, part of the Group since 2006: Châteauroux (France), **400 employees**



Innovative products designed to last



*60 years of creation

Anniversaries

Three of the Group's leading brands celebrated their anniversaries one after the other in 2008: Cristal d'Arques celebrated its 40th, Arcoroc its 50th and Luminarc its 60th. What better proof of Arc International's staying power and its ability to get its products right?

Shapes and colours for McDonald's

To win the contract, Arc International developed specific shapes and colours at a competitive price for McDonald's. In 2008, 9 million additional units were ordered.



Crisis-friendly entry-level products

Measuring the effects of the economic crisis, the Group decided to introduce some entry-level products to meet consumers' present-day needs. A contract for 10 million Tubo glasses was carried out in Mexico.

A billion balloon glasses

Arc International produced its billionth balloon glass in 2008, 50 years after the first model emerged from the Arques factory furnaces. More than one balloon glass a second is sold somewhere in the world! Having become a standard glass in many countries, it suits most needs at a very affordable price. Over the years, the resistance and durability of this product have been enhanced with the introduction of new production techniques.



A commitment
to
employees
and the
local community



As well as setting occupational safety as a priority, Arc International helps its employees to develop their careers and takes a serious approach to maintaining employment in regions where it was first established.

Numerous initiatives to ensure safety at work

Arc International France has incorporated a project focusing on workplace accident prevention into its overall competitiveness plan. Fire detection devices have been installed in warehouses, while PCB-insulated transformers continue to be removed. No PCB transformers should be left by the end of 2009. A new monitoring and inspection equipment has been set up in the Arc International Cookware facility in Châteauroux. A fixed fire extinction equipment continues to be installed in the main plant rooms at the Vidriería Cristallería de Lamiaco factory in Spain. New fire monitoring and protection equipment has arrived at the new distribution subsidiary warehouse, Arc Distribución Ibérica. The production unit in the Emirates has completely revised all its safety management processes, considerably upgrading the site. Fire prevention and protection measures have been entirely reviewed with the installation of thermographic monitoring of electrical devices, for instance.

A project devoted to occupational health and safety has also been set up to bring the factory into line with the Group's internal standards; it includes awareness-raising, training, safety instructions, procedures, communication, etc. A similar project will be developed in China at the Arc Glassware Nanjing factory in 2009-2010, once furnace production has recommenced.



Simulation exercises

In November 2008, the Arques site organised a major simulation exercise. The scenario was based on a fire causing injury and involved the intervention of outside emergency services. The simulation proved to be an effective way of testing the degree of collaboration between the company's emergency organisation system and that of the local services. In AIC, two exercises involving the Chateauroux fire brigade were carried out in 2008. One of these took place shortly after the casting tank was installed below the furnace. In other subsidiaries, both in France and abroad, there is regular contact with the local emergency services, in particular to inform them of any changes likely to impact fire hazard evaluation.

| A Job Mobility Service to support career development

For several years now, the Group has been adapting its professions and skills for the future, in line with changes to its strategy. A 'Jobs and Skills Forecasting' approach was introduced at Arques to provide assistance with job changes and support employees' career development. A Job Mobility Service was created to inform employees about career mobility and help them prepare their professional projects. Job Committees identify the factors likely to influence future professions while a Job Observatory brings together employee representatives and management to discuss diagnoses and action plans.



| Regenerating the Arques employment site

Arc International has actively committed to helping regenerate the employment area of its historic Arques site in an effort to maintain its vitality in spite of the decline in the Group's local activities. The first regeneration agreement signed with the French government in 2005 has proved to be very successful. The agreement has made it possible to subsidise the creation of 771 jobs (21 more than actually planned) by 22 companies by the end of 2011. 40% of these jobs had already been created by the end of 2008. The Group is now furthering its commitment and actions with a second agreement, signed on November 17, 2008, which will create 580 subsidised jobs by the end of 2010.

The conversion of several of the Group's high value-added activities into subsidiaries in order to open them up to outside customers is also part of this drive to revitalise the economy. The same applies to the outsourcing of maintenance activities as the Group continues to refocus on its core profession. A memorandum of understanding to transfer 122 Arc International employees was signed with GSF, an industrial cleaning company. Compliant with the Group's social commitments, this transfer allowed the company to optimise its cleaning services using professional equipment and proven methods while at the same time protecting jobs. GSF Opale, the new company set up in the sector, will also be able to further its development by generating its own clientele and hence create more jobs in the Saint-Omer area.



■ A memorandum of understanding on employee gender equality

An MOU on professional equality between men and women signed by the Arques trade union organisations was submitted to Works Council members for consultation. This project is a further example of Arc International's determination to promote professional equality, mixed gender employment and diversity in all sectors and at all levels of the company: access to employment, professional training, working conditions, career development, etc. The MOU proposes to set up measures to ensure the greatest fairness in terms of gender recognition. A review has been performed and will be used as a basis for defining an action plan.

■ Employing individuals with disabilities

The Group has furthered its efforts to accommodate disabled workers on its Arques site. A reward-and-fine system now applies to each department according to whether more or less than 6% of its workforce are registered disabled. Financed by the fine system, the annual budget for this initiative is set at €500,000, to be distributed by General Management on the basis of the recommendations of ergonomics specialists and department heads once these have been validated by the company doctors and the safety and environment department after consulting the occupational health and safety committees.

The number of individuals with disabilities employed at Arques remains stable, in spite of the declining business volumes. The Lobel sheltered workshop, created in 1993 for people suffering from slight learning disabilities, regularly feeds employees into conventional industrial employment.



■ New head office in Spain providing access to all

The Spanish subsidiary Arc Distribución Ibérica (ADI) has designed its new headquarters in Saragossa according to HEQ (high environmental quality) standards, taking care to make them entirely accessible to the disabled: corridors, doors and office areas built to facilitate employee movement; accessories (door handles, taps, hand-rails, switches, etc.) selected for use by all employees, whatever their disability; toilets, lifts and workstations sized accordingly; disabled parking spaces available close to a pedestrian area, etc. ADI is also highly involved in helping the disabled find work. 15 disabled individuals have been awarded work contracts over the last four years. These employees benefit from regular appraisals with regards to their induction by the human resources department. An agreement was signed in 2008 to set up a Vocational Rehabilitation Centre inside the company. Together with their personal coordinators, disabled workers will be able to perform various activities to back up those carried out by ADI employees.





Emergency aid for Sichuan Province and the town of Hautmont

Arc International France and Arc Glassware Nanjing supported the local population affected by the earthquake in May 2008 in Sichuan Province, southwest China. A fund-raising operation was organised for employees, and General Management matched the sum collected for more than 20,000 euros. DASUD 62, a relief organisation run by Pas-de-Calais fire-fighters, was handed the French contribution to help it provide emergency rescue services on the spot. As for the Chinese fund, it was given to the Red Cross organisation. The company also joined forces with the solidarity movement in favour of the victims of a tornado that devastated the Hautmont region in northern France. In conjunction with the haulage company TSA, a truck loaded with glasses and tableware was sent to the scene of the disaster, where a thousand families benefited from the donation.



Actions targeting employee health

Arc International France continued the alcohol prevention drive launched in 2007. The campaign is led by 45 in-house volunteers who run a network known as Tolerance-Listening-Respect. The aim is to prevent alcohol-related risks and problems with addiction. The volunteers organise information meetings in all sectors of the company so that each employee is aware of the risks inherent in alcohol abuse. By the end of 2008, 4,000 employees had been informed. The structure also provides managers with a booklet on dealing with an employee suffering from alcohol-related problems.

In the United States, meanwhile, the Millville production site organised a Health Day for all its employees. Prevention stands set up inside the company provided information on a range of issues, including blood pressure monitoring, diabetes, obesity and skin and breast cancer, etc. First aid demonstrations were also given.

Group-wide response to swine flu

The Group has set up an internal coordination unit to deal with the swine flu virus. This structure is tasked with adapting business trips within the Group and centralising information about the development of the epidemic in close collaboration with local health authorities and company units. It is also responsible for the continuation of business in the event of a high rate of absenteeism and adapting continuity plans to local contexts. "Flu coordinators" have been appointed in each unit. Protective masks have also been ordered and a poster campaign has been launched to raise employees' awareness of how to protect themselves against the virus.

**VIEWPOINT**

Marc Pernod,
Safety Coordination Manager

“We are
developing
international
coordination
for safety
measures”



“I joined the Group in late 2007 and it is my job to check that occupational safety initiatives are consistently applied on the different sites. Each site has its own traditional rules and behaviour.

What we are doing is gradually rolling out Group-wide rules. While these are inspired by French regulations, which are highly advanced in this field, they are also compatible with local rules. Until now, our harmonisation initiatives have focused on the most recent sites.

Generally speaking, the Group rules are more stringent and, in terms of safety, they offer greater protection than the local legislation. Since 2008, we have focused on providing staff with safety training. This is especially important for new recruits although we also provide

refresher training for more experienced employees and subcontractors.

In addition, we have partnered with the local Pas-de-Calais fire and emergency services department to train twenty or so men and women from the Arques site staff to serve as volunteer fire-fighters.”



Tableware supports charity



Arc Distribucion Iberica was strongly committed to a campaign run by the Spanish confederation of associations caring for people with cerebral palsy and similar disorders and the Carrefour Solidarity Foundation. Designer Beatriz Villegas fashioned an exclusive 19-piece service consisting of breakfast plates, glasses and cups to be sold in all Carrefour supermarkets in Spain. A percentage of the price of these products was donated to a project to create 20 multi-sensorial stimulation classes fitted with special equipment. Over 2,000 people suffering from cerebral palsy will be able to benefit from these.



Indicators

🍏 Training

The indicators vary from year to year as they depend on training sessions relating to the introduction of new industrial processes linked to developments in the glass industry. In Europe, training stimulates career versatility, helping employees move from one job to another.

[Hours/employee]	2006	2007	2008
Europe	21.00	21.68	22.93
North America	14.38	9.97	5.24
International Division	1.79	2.41	6.54

Focus	2008		
	Industry	Distribution	Average
Europe	24.65	8.56	22.93
North America	5.93	0.35	5.24
International Division	6.48	9.07	6.54

🍏 Accidents

Overall, the figures are lower than average for the sector.

Number of days lost following injury per 1,000 hours worked

	2006	2007	2008
Europe	0.35	0.36	0.44
North America	0.17	0.34	0.36
International Division	0.07	0.06	0.07

Focus	2008		
	Industry	Distribution	Average
Europe	0.42	0.53	0.44
North America	0.33	0.55	0.36
International Division	0.07	n/a	0.007

Number of accidents entailing sick leave of more than 1 day per million hours worked

	2006	2007	2008
Europe	10.27	10.02	12.34
North America	16.29	19.95	13.23
International Division	14.41	10.17	9.13

Focus	2008		
	Industry	Distribution	Average
Europe	10.71	22.45	12.34
North America	5.02	71.91	13.23
International Division	9.13	n/a	9.13

🍏 The Lobel and Briquetterie workshops

Activity in these workshops is stable, in spite of lower production volumes at the Arques site, where they are housed. They offer a genuine opportunity for people with disabilities to find work.

THE LOBEL WORKSHOPS

	2006	2007	2008
Number of people	41	38	38
Number of supervisors	5	5	5
Number of hours worked	56,717	58,333	57,592
Number of people who have successfully moved on since the workshop opened	34	36	36

THE BRIQUETTERIE WORKSHOPS

	2006	2007	2008
Number of people	20	15	20
Number of supervisors	3	3	3
Number of hours worked	31,406	27,178	28,930



Environmental responsibility



While Group employees are being made more aware of the importance of saving energy and managing emissions and waste properly, Arc International also takes a serious approach to the environment in the design of its new product ranges.



A structured plan for saving energy

Initiatives to reduce spending on energy began in 2004 with an energy-saving plan that was rolled out across all Group units. The initial focus was on gas, which represents 60% of energy consumption at the Arques site. Electricity came next in 2006, followed by oxygen in 2007. Hydrogen was added in 2008.

The energy-saving plan operates on three levels. In the first place, the R&D department develops new processes. In 2008, new thermal treatment systems using half the amount of energy required by the previous systems were installed throughout the Group. Secondly, there is a procedure for implementing and exchanging best practices. Introduced in 2006, this approach has since been extended. Today, sector meetings are organised in order to collect feedback from the field. This has had very positive effects in terms of staff motivation, involvement and buy-in to the plan. Proposals made during these meetings are included in action plans that are followed up every month. In 2008, over 350 actions were identified and implemented. The electricity bill has been cut by a further €200,000 within the space of a year thanks to systematic checking for leaks in the energy-intensive compressed air circuits. The third level was added in 2008, when the Group decided to raise employees' awareness about optimising the use of energy by taking into account machine downtime into production schedules and avoiding

downing machines only to start them up again immediately. The savings achieved last year amounted to €100,000. Overall, the complete range of actions undertaken over the last two years have seen the Arques site's energy consumption fall 20%, i.e. an annual saving of between €4 million and €5 million.

This approach to energy saving is found on all Group production sites. It is backed up by a procedure for exchanging recommendations which helps deliver synergies between the units.

Group-wide efforts

All Group employees are aware of the importance of saving energy on Arc International sites. Each measure put in place is subject to tracking indicators, so that the impact of efforts can be precisely and immediately calculated. Since 2008, purchasing departments have been systematically considering energy consumption when preparing calls for tender relating to machinery. Suppliers are expected to commit to their expected consumption levels, which are a key criterion in the decision-making process.

Reduced carbon emissions

All the initiatives to reduce energy consumption have had a positive impact on carbon emissions. The strategic decision to set up production units for the markets in the Middle East and South-East Asia has produced excellent results in terms of harmful emissions since it has enabled transportation to be substantially reduced. In France, customer delivery rounds have been reorganised in order to reduce the number of kilometres covered. In 2008, this led to a saving of 600,000 kilometres, which represents 486 tonnes of CO₂. Among other measures, carbon emissions have been introduced as a criterion when new vehicles integrate our fleet, with a maximum level set per category, and the Group is promoting staff car pooling by creating a car pooling section on its French intranet. Meanwhile, Arc Glassware Nanjing (AGN) has replaced the heavy fuel used for its production with natural gas, and has also achieved ISO 14001 environmental certification.



Optimised water consumption

The Group continues to implement its water consumption optimisation plan. This is based on several recommendations: establishing a water balance, detecting and minimising leaks, eliminating unnecessary water use, implementing alternative sources, assessing resources and their origin, using lower quality water whenever possible and recycling effluents.

Water consumption per tonne of melted glass thus fell by 11% in Spain and by 25% in the United States in 2008.





| A new “High Environmental Quality” head office in Spain

Arc Distribucion Iberica (ADI) has set up a new head office in Saragossa, Spain. 2,000 m² have been allotted to offices and 45,000 m² to a buffer warehouse. The entire building is compliant with the High Environmental Quality (HEQ) standard.

The roof-installed photovoltaic system produces both electricity (100 kW) and hot water. Rainwater is harvested and stored in a holding tank for the toilets and for a garden watering system. Energy spending optimisation systems have been systematically put in place: low water consumption taps, light timers, low consumption light bulbs, etc. A garden containing 200 trees and shrubs and a lake filled with rainwater softens the visual impact of the building. There is a selective waste collection system in the offices and warehouse, and recycled paper is used throughout.

| Waste management

Most units now have a selective waste sorting system. Employees are aware of the importance of waste management and follow three recommendations: they sort waste according to the instructions displayed (plastic wrapping, covers, board and paper, various types of glass, etc.), avoid mixing waste wherever possible and keep a tight control on quantities. Glass recycling is a priority: anything that can be recovered and recycled is. Waste electronic and electrical equipment is dismantled and the components sorted according to recycling possibilities: noble metals (aluminium, copper, stainless steel, etc.), cables, motherboards (containing recoverable precious metals such as gold), scrap iron (e.g. cabinet frames), hazardous materials (e.g. screens), etc. The savings that have been achieved have been channelled into creating jobs for people with disabilities.

| Less paper and better forestry management

Arc International France has launched a programme to reduce personal document printing by 25%. The company is also making sure that its catalogues and brochures are printed on PEFC and FSC certified paper (guaranteeing sustainable forestry management) and using “Imprim’Vert” environmentally-friendly printers (using vegetable-based inks).





VIEWPOINT

Jean-Marie Bonningues,
Vice-President, R&D

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When it comes to technological development, we want to be able to stand out with an offer that provides our customers with better value than that of our competitors. We are also exploring all means of reducing costs. This involves designing new materials, such as the recently developed Kwarx®, but

also getting our processes to consume less energy machine-time. Many of our R&D projects include a study of their environmental impact. One of the four strategic R&D programmes, called the ‘Citizen Programme’, is chiefly intended to reduce energy consumption and increase the amount of electricity used in our plants because electricity is a low greenhouse gas-emitting energy. The other main programmes concerned with materials, covering decorating to forming processes, systematically incorporate environmental factors.

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**The environment
plays a central part
in our Research
and Development
projects**



The ‘Décor’ programme, in particular, has a large section devoted to the gradual introduction of organic decorations. These offer many advantages, from the broader range of colours possible to the enhanced finish. Furthermore, polymerisation requires considerably less energy than non-organic decorations.”



VIEWPOINT

Miguel Ángel Cuesta,
Quality, Safety and Environment Manager,
Arc Distribucion Ibérica (ADI)

Our new HEQ building is good for the environment and gentle on resources



"In the context of the European Distribution Network project, we wanted to put all our stock in one place and group together the seven warehouses we used to use. After drawing up precise specifications, we launched a competition to find a property developer. We wanted the developer to supply the land, put the building up on it and then lease it to us on a long-term basis.



The HEQ standard came naturally.

On the one hand, Arc International wanted to capitalise on its environmental improvements through its membership of the Global Compact and, on the other hand, the developer we selected was eager to create its first HEQ building in Spain. By making our logistics substantially

more efficient, the new warehouse is a key part of our development. At the end of the day, it didn't cost us more to build than a conventional warehouse.

When we launched the project, we used the market cost of a lease in the area as our reference, without including any additional costs incurred in making the building HEQ-compliant. Although the environmental improvements represented an increase of 2% compared with a standard warehouse, we managed to absorb this surcharge during the negotiation phase.

So in fact, we are able to save on consumption, especially with regard to electricity for lighting and hot water production, but also in terms of water for the toilets and watering. The savings amount to €60,000 a year. And there are other positive environmental factors, such as lower carbon emissions thanks to the production of solar electricity or the use of wood in line with rational forestry management practices. In addition, other advantages stem from the level of user comfort.

The building's insulation and ventilation systems improve the interior temperature in both winter and summer, hence providing better working conditions."





Green Table, an eco-friendly tableware range



Indicators

🍏 Tonne of CO₂ emitted per tonne of glass produced

Emissions have decreased in all regions.

	2006	2007	2008
Europe	1.00	1.02	0.99
North America	1.24	1.18	1.11
International Division	1.42	1.35	1.21

🍏 Cubic metres of water per tonne of glass produced

Reducing production volumes in line with market demand had an impact on water-saving performance in Europe in 2007 and 2008. This is because a furnace uses water for cooling even when it is not producing. The amount of water used per tonne produced has therefore risen in spite of the plans to optimise water consumption.

	2006	2007	2008
Europe	4.22	5.38	5.40
North America	3.40	3.62	2.78
International Division	5.49	4.27	4.04

The new Luminarc Green Table line meets the expectations of customers who are adopting a more environmentally-friendly behaviour and lifestyle. Being made of glass rather than ceramic, these products can be manufactured using half the energy and emitting half the amount of CO₂. A plate made of glass is generally 30% lighter than a ceramic plate, and lasts twice as long. On top of this, Green Table articles are manufactured using the Group's least energy-intensive process and are 10 to 15% lighter than existing products.

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Offering simple forms and made of black, white or transparent structured or smooth glass, the line takes the customer back to basics, at a very affordable price. The packaging has been designed to use 100% recyclable kraft board from sustainably managed forests. Printing is in one colour only and uses water-based ink. With its shoebox-like lid, the packaging can also be reused for storage purposes. Ideally positioned in terms of both concept and price, the Green Table product has met with high acclaim.



♻️ Sorting and recycling

Recovered material volumes fell in 2008.

The recycling volume is linked to the amount of material consumed and, with the Group gradually learning to consume less, the need to recycle has been limited.

PLASTICS (tonnes)	2006	2007	2008
Europe	835	864	723
North America	-	-	-
International Division	-	226	186

PAPER/BOARD (tonnes)	2006	2007	2008
Europe	10,528	10,398	8,797
North America	740	816	836
International Division	105	1 018	851

METALS (tonnes)	2006	2007	2008
Europe	3,200	2,173	2,969
North America	176	194	183
International Division	35	58	119



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