
Océ N.V.

Sustainability Report for the financial year December 1, 2004
to November 30, 2005

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



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 in conformity with the 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, 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 reporting period. While the 2004 Sustainability Report covered the calendar year 2004, the present report describes the activities of the Océ group during the period from December 1, 2004 to November 30, 2005, Océ's financial year. The reason for this change is to link up with the reporting period of Océ's Annual Report.

The present report is the first Sustainability Report that has been reviewed by the internal auditors of Océ.

For more detailed information on the reporting principles, see chapter 10.

Requests for printed versions of this Sustainability Report and other corporate publications, such as the 2005 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 2005 Sustainability Report and other corporate publications can also be accessed via our corporate website
[www.oce.com/en/Investor].

Any comments or suggestions relating to the contents of this report and requests for additional information should be addressed to:

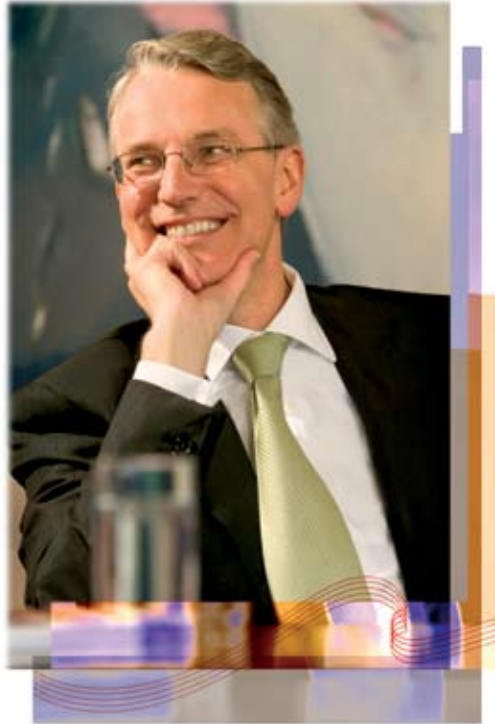
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Reference documents

- 2004 Océ Sustainability Report, published in June 2005 [www.oce.com/en/Investor/sustain]
- 2005 Océ Annual Report, published in February 2006 [www.oce.com/en/Investor/AR]
- SEC Filing Form 20F, published in March 2006 [www.oce.com/en/Investor/AR]
- 2002 Sustainability Guidelines, GRI publication [www.globalreporting.org]

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It is my pleasure to present to you Océ's Sustainability Report, which complements our Annual Report. It gives an account of the company's performance as a responsible corporate citizen.

The first aim of the report is to inform all stakeholders of the company – customers, employees, partners, investors and interested public or private parties – on how we conduct our business and what we do to prevent our operations from having any harmful effects on the environment or society.

We choose to maintain a stable and consistent structure across successive reports. This, together with the overview given in the chapter on GRI Performance Indicators, enables our readers to evaluate the status and progress of our plans in the field of sustainability.

Another aim of this report is to serve as an internal baseline, an annual overview of achievements and shortcomings, as a means to provide direction and as an incentive to all players within the company to formulate plans and targets towards improving our sustainability level year on year. Our long-standing corporate culture forms the basis for many achievements of which we can be justly proud, notably in the field of products and production processes that are safe and that respect the environment, and high ethical standards that govern our business practices and our employee relations. At the same time, this culture stimulates us to a continuous search for opportunities to improve.

An important area for improvement is the degree to which we integrate our sustainability ambitions with our business strategy. We need to learn to increase this integration so that our employees and customers are better aware that these drives are mutually reinforcing. As a first step on this path we started a project in 2005 to identify the sustainability aspects that have a high visibility and relevance to our customers. The only way to safeguard the objectives of corporate sustainability in the future is by ensuring that our ambitions in the area of sustainable business practices converge with our corporate strategy. This knowledge will guide our business approach so that our sustainability performance is seen not just as our corporate "licence to operate", but as a key factor in our business success.

Océ is committed to improving both the quality of its sustainability reporting and its sustainability record even further in the coming years.

June 20, 2006

A handwritten signature in black ink, appearing to read 'Rokus L. van Iperen'. The signature is stylized and fluid, with a long horizontal stroke at the end.

Rokus L. van Iperen, *chairman*

6 The group's holding company, Océ N.V., is a publicly listed company. Océ's ordinary shares are listed on the stock exchanges in Amsterdam, Düsseldorf, Frankfurt/Main and on the electronic stock exchange [EBS] in Switzerland. In the United States, they are traded on NASDAQ as American Depositary Receipts [ADRs]. Options to Océ shares are traded on the Euronext Options Exchange.

Océ's headquarters is at St. Urbanusweg 43, Venlo, the Netherlands. The company's correspondence address is: P.O. Box 101, 5900 MA Venlo, the Netherlands.

The telephone number is [+31] 77 3592222 and the fax number is [+31] 77 3544700. Our e-mail address is info@oce.com and our website is located at <http://www.oce.com>.

For general information about Océ, please call [+31] 77 3592000.

Océ: innovative by nature

Océ is one of the world's leading suppliers of professional printing and document management systems. For offices, industry and the graphics market the company 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.

This relates to printers, scanners, peripheral equipment and printing media but also to document management software and innovative products in the areas of system integration, outsourcing of document management activities and leasing of machines.

Océ focuses primarily on professional environments in which its products are well-known for their productivity and reliability, ease of use and favourable 'total cost of ownership'. The company has built a world-wide reputation as an innovative business in both a commercial and a technological respect.

Océ is commercially active in 80 countries and has its own sales and service establishments in over 30 countries. In Europe and the United States it also operates research and manufacturing facilities in various locations. In 2005 Océ, which employs more than 24,000 people, achieved revenues of € 2.7 billion and a net income of € 79 million.

Business model Océ's business model is based on close cooperation between sales and services and research & development. Thanks to the constant feedback of experience gained from ongoing, intensive contact with users, Océ is able to respond promptly and effectively to changing market requirements.

The company's own sales and service organisation has attuned its activities as accurately as possible to the market segments that are of strategic relevance. In this way the broad product range and technology base of Océ and selected machines of OEMs [Original Equipment Manufacturers] can be optimally deployed to meet customer needs. In a number of countries part of the product range is made available via specialised distributors.

Océ develops its basic technologies and most of its product concepts in its own R&D facilities. In all cases this involves searching for ways of providing specific solutions for each customer's current and future needs. The desire and the ability to develop totally new concepts to meet these needs is the source of the company's broad and unique technology base. Océ's innovative capabilities are also enhanced and strengthened through alliances with strategic partners and through cooperation with co-developers and OEMs for machines in the high, medium and low volume segments.



Océ's ambitions and strategy

Ambitions

Customers Océ aims to be one of the top-three suppliers in the strategically relevant market segments by offering a complete range of [full-line] document management products and services.

Employees Océ aims to offer an inspiring working environment.

Shareholders Océ aims to achieve returns that give the company a top position in its sector of industry.

Partners Océ aims to build up a network of partnerships that is one of the strongest in its sector of industry.

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

Strategic objectives

Customers To maintain its leading position in high-production transaction printing and to achieve this position in high-production document printing in both corporate and commercial environments. | To remain a strong supplier of services in the area of document management and business services. | To offer complementary products and imaging supplies which create full-line solutions. | To strengthen its leading position in wide format printing. | To achieve a leading position in high-production display graphics.

Employees To be an attractive employer world-wide. | In the Netherlands, to be one of the ten most attractive companies for graduates and one of the top-five for technical specialists.

Shareholders To achieve a long term return on total assets [ROA] of 12% and a return on equity [ROE] of 18%. | ROA is an internally focused measure; Océ studies replacement of ROA by an externally focused profitability indicator. | To achieve average annual revenues growth of 10%, of which at least half is organic.

Partners To co-operate in the area of technology with the best specialists in the industry. | To work together with high-quality suppliers and to contract out work to strong partners. | To co-operate with partners in the market who contribute to the distribution of Océ products and standards.

Society To implement the basic principles of the UN Global Compact. | To minimise any unwanted effects of Océ products on the environment.

Océ has divided its operations into two Strategic Business Units [Digital Document Systems [DDS] and Wide Format Printing Systems [WFPS]]. Each of the Business Units is in turn divided into a number of business groups.

The Strategic Business Unit Digital Document Systems focuses on document output and printing solutions for user environments with an intensive document flow. DDS comprises four business groups.

The *Corporate Printing* business group supplies integral solutions for document output management to corporate data centres, central repro departments and office environments, in which the emphasis is on providing support for the core processes [print-for-use]. The customers served by this business group include financial institutions, telecom companies, energy suppliers, government authorities, educational institutions and businesses engaged in trade and industry.

The customer base served by the *Commercial Printing* business group includes marketing service businesses, digital printing firms, specialised printshops and reprographic businesses, most of which use commercial applications [print-for-pay].

The *Océ Business Services* business group uses the products and services of DDS and WFPS to take over from customers all their activities in the area of document processing, printing and copying [complete outsourcing] so as to optimise their printing and document management processes.

The *Software & Professional Services* business group serves Océ customers in all target groups by providing them with software products and project services to support the implementation and use of digital solutions.

Corporate Printing Corporate Printing offers integrated document output solutions for users in corporate environments in which documents play an essential role.

Corporate Printing focuses on three strategic, vertical market segments:

- | Finance, telecoms and utility companies;
- | Public services: government, healthcare and education;
- | Trade and industry: manufacturers, retail and wholesale trade, transport, logistics and consultancy.

Customers in the above segments concentrate primarily on improving the effectiveness of their documents and on achieving maximum efficiency and control over the process. They are aware of the importance of an integrated approach to document processes and applications.

Océ supplies products and services that enable the entire document output workflow to be analysed and optimised, aimed at the implementation and management of these products, which brings cost savings for the customer.

Commercial Printing The Commercial Printing business group focuses on customers who generate income from the equipment itself. In businesses that produce direct mail [marketing services] Océ occupies a leading position world-wide with its high and very high volume printers. In this market Océ also holds a strong position amongst digital print providers. Besides this, Océ is active in segments of the graphics market, especially for time-critical production runs, limited print runs and personalised documents or frequently changing documents such as user instructions. In recent years Océ has built up a strong position in the production of books and newspapers with a limited print run. Although digital printing is currently used only to a limited extent in the graphics world, great potential exists here for limited print runs alongside the traditional offset process.

Software & Professional Services The Software & Professional Services business group is the Océ centre of expertise in the area of output and document management. Together with the customer's experts, this business group catalogues and analyses the customer's print output and document processes and develops proposals for improving them. These often take the form of new printing configurations with intelligent software, which channels each print job to the most suitable and most cost effective equipment for that job. The systems that are used, both hardware and software, are designed and implemented by Océ using its own working method, the Océ Solution Delivery Process. Ever since the introduction of the first digital printers Océ has been developing software to control the ever more integrated and complex printing processes and printing systems. Océ markets a complete range of DDS output management programmes and applications under the name Océ PRISMA.

The business group also supports Océ Business Services in the complete handling of document and printing processes that have been outsourced by customers.

Océ Business Services Océ Business Services is active in a distinct growth market: that for the outsourcing of document management processes and print management activities. Its customers are medium sized and large companies which want to concentrate on their core activities and, as regards other activities, want to assure themselves of the best services that are available in the market. The activities comprise all printroom processes, the operation and maintenance of complete copier/printer systems, machine fleet management, electronic and physical archives management, and scanning and postroom activities. In ten years' time Océ has become one of the foremost companies in this field, both in the United States and in Europe.

The Océ VarioPrint 2050: a productive, versatile document system.



The Wide Format Printing Systems Strategic Business Unit comprises three business groups. The *Technical Document Systems* business group offers technical applications for customers such as construction companies, architectural and engineering offices, industrial, utilities and telecom businesses and the government [print-for-use] and commercial applications specifically destined for use by reprographic businesses and digital print providers [print-for-pay].

The *Display Graphics Systems* business group supplies applications for the graphics industry and the world of advertising and focuses on indoor and outdoor advertising and other forms of graphic communication.

The *Imaging Supplies* business group is specialised in the supply of print media to all customer categories and the supply of toners and inks.

Technical Document Systems The Technical Document Systems [TDS] business group supplies wide format equipment for the scanning, copying, printing, distribution and archiving of technical documents. Its customers are businesses and institutions that use wide format applications to support their own business processes, but also companies [such as specialised repro businesses] that use Océ systems and applications for commercial purposes.

Océ holds a strong, leading position in this market, especially thanks to the quality, productivity and user-friendliness of its systems. Océ has long been the pace-setter in terms of new developments: digitisation, scanning for archiving, electronic distribution and decentralised printing. The expertise that Océ has gained with black and white documents forms an ideal launch pad for marketing colour solutions to meet the growing demand for technical documents in colour. Both in black and white and in colour, Océ's systems stand out because of their high level of productivity in the entire process, from electronic distribution via printing and copying through to finishing.



Wide format equipment for technical documents.

Display Graphics Systems The growing advertising market is the driving force behind the growth of the Display Graphics Systems [DGS] business group, which focuses on the flexible and fast production of posters, banners, billboards and countless other wide format graphics products. Although they have only been on the market for a relatively short time, digital techniques are increasingly replacing traditional analogue techniques such as silk screen printing, photo printing, offset and traditional lettering. Thanks to its improved print quality and the cost effective high production speed, the market for digital printing is expected to continue to grow in the forthcoming years. Océ offers a complete range of advanced printers, software, media and inks world-wide, backed by a high-quality service and support organisation. Océ's subsidiary Onyx Graphics, Inc. is the world market leader for colour controller software for display graphics printing systems. In this area Onyx has complete autonomy and, as market leader, has a substantial proportion of the suppliers in the display graphics market as its customers.

Display Graphics Systems focuses on the flexible and fast production of wide format graphics products.

Imaging Supplies In the market segments in which Océ is active the availability of the right media and imaging supplies plays a major role. Media and imaging supplies therefore represent a significant element in Océ's total offerings due to the importance of the interaction between media and hardware, especially with a view to the high quality of the [colour] applications. Throughout the world the Imaging Supplies business group sells media, inks and toner for small and wide format applications on both Océ equipment and third party machines. Imaging Supplies has its own purchasing, product development, production, converting and logistics systems. With factories in Europe and the United States, Océ is the world's biggest converter of wide format media and also holds a prominent position in black and white wide format media. In wide format CAD and display graphics media the market share is also moving ahead. In small format paper the business group has built up an attractive market share in Europe.



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 2005 Annual Report.

Information about the exact scope of the economic performance data in this section, as well as the scope of the social and environmental performance data in other sections of this report, can be found in chapter 10.

Customers

In 2005 Océ earned revenues of € 2,677 million and its net income was € 79 million. The table below gives a breakdown of total revenues by geographical area.

× € million	2005	as %	2004	as %
United States	931	35	925	35
Europe	1,530	57	1,529	58
Countries outside Europe and the United States	216	8	198	7
Total	2,677	100	2,652	100

At the end of October 2005 Océ acquired Imagistics International Inc. The results of Imagistics for November 2005 have been consolidated into Océ's results, which had a positive effect of € 37 million on revenues.

Suppliers

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

Employees

Payroll expenses in 2005 totalled € 1,184 million. These expenses were made up of the following elements:

× € 1,000	2005	2004
Wages and salaries	964,915	966,595
Social Security	221,690	193,638
Pension costs for:		
defined contribution plans	11,430	13,969
defined benefit plans	-13,997 ¹	53,377
Total	1,184,038	1,227,579

¹ In the 2005 financial year agreement was reached in the Netherlands on a significant change in the pension scheme, which means that with effect from January 1, 2006 pension entitlements will be based on career average instead of final pay. The resultant reduction of € 68.4 million of the provision for pensions was credited to the Statement of Operations in the 2005 financial year.

In 2005 a reorganisation was initiated to achieve a further reduction in costs. This will result in the discontinuation of around 500 jobs in Europe and 250 jobs in the United States. Measures have also been taken in the United States to increase profitability. In part, these run in parallel with the integration of Imagistics International Inc. The reorganisation and integration costs relate to personnel costs and costs in connection with onerous contracts in respect of buildings.

Providers of Capital

The table below shows the net income appropriation.

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x € 1,000	2005	2004
Preference dividend	2,108	3,551
Cash dividend, interim	12,555	12,527
Cash dividend, final	35,995	35,913
To Retained earnings	28,180	26,085
Total net income	78,838	78,076

Net financial expenses as included in net income in 2005 totalled € 18 million and were made up of the following elements:

x € 1,000	2005	2004
Interest and similar income items	-7,076	-6,440
Interest charges and similar expenses	22,311	22,103
Other financial expenses	2,578	2,426
Total	17,813	18,089

Public Sector

Income tax expenses in 2005 amounted to € 12 million. The following table presents additional information concerning total income tax expenses.

x € million	2005	2004
Netherlands	9.3	3.2
Other countries	-7.0	61.0
Current	2.3	64.2
Netherlands	7.9	-10.4
Other countries	1.6	-41.6
Deferred	9.5	-52.0
Total	11.8	12.2

Society

Both at corporate level and through the individual operating companies Océ supports a large number of 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 emphasize Océ's commitment to the communities in which it operates. In 2005 our formally registered donations to the community amounted to € 789,000, of which an amount of € 200,000 was donated to the Tsunami victims.

Principles: values, vision and focus areas

Océ's underlying philosophy is that it wants to serve the interests of all stakeholders – customers, employees, suppliers, business partners, investors and society – in a balanced way. Our policies must ensure that the interests of one party do not prevail in such a way as to disproportionately harm the interests of any other stakeholder.

Customers Océ offers its customers document management solutions that enhance their efficiency, contribute to their profit growth and foster the continuity of their business. Our aim is to provide state-of-the-art innovative products that are robust, effective and reliable and are carefully designed for easy and error-free operation by the end-user. Our products are designed and built for long lifetimes, complemented with long-term provision of product updates, parts and supplies, all aimed at providing enduring customer benefit.

In all of its major business areas Océ provides direct support and service to its customers through fully owned local operating companies, to ensure smooth operation of products and to provide efficient document management solutions. In those areas where customers are served via independent sales partners, Océ's supply-chain organisation provides distributors with training and support to enable a level of end-user support comparable to our own channel.

We take care that our products have the least possible negative impact on the environment and do not cause any danger or nuisance in the customer's working environment.

Employees Océ aims to provide an inspiring and rewarding environment for its employees, characterized by open communication, an innovative atmosphere and fair working relations. We define and maintain a system of high human and ethical standards for our corporate behaviour, our managers and our employees.

Océ treats its employees as autonomous individuals, inviting and empowering them to express their opinions in their relations with superiors, colleagues and subordinates. We promote a coaching and participative style of leadership that enables employees to develop themselves to the best of their abilities. These aims are furthered by a regular system of coaching and staff appraisals, by a global competencies management programme and by a leadership programme instilling corporate core values.

Océ offers safe working conditions and ensures clear accountability on this aspect. We provide equal opportunities for people regardless of age, gender, race or sexual orientation. In the event of restructuring and lay-offs our aim is to 'do it fast, firm and fair'. We regularly monitor the working climate and the motivation of our employees. We are committed to promoting constructive and open relations with internal and external employee representatives.

Partners Océ is part of a chain, meaning that the true value of our sustainability is determined in part by the sustainability of our partners in the chain. These partners relate to the whole spectrum of our operations – research and development, manufacturing, logistics and distribution and support of our products. Our main supply centres select suppliers and business partners on the basis of criteria relating to reliability and sustainability. We require that these partners subscribe to commonly accepted systems of ethical standards such as the UN Global Compact. We require that our suppliers and Original Equipment Manufacturing partners meet product safety and environmental standards of a level comparable to our own. The same principle applies to services provided by business partners and employment agencies.

Investors Investors are entitled to transparency from Océ. They are entitled to know about our strategy, our plans and the evolution of our financial position and business. Océ takes a proactive attitude to the implementation of international standards of corporate governance, control mechanisms [Sarbanes-Oxley] and accounting standards [IFRS]. We are committed to fair and open reporting on sustainability in accordance with international standards [GRI], and we intend to improve the level of verification of our sustainability reporting. We aim to be a qualified and eligible investment option for investors in sustainable development.

Society Océ aims to minimise any negative environmental effects of its activities in every respect and throughout the whole supply and distribution chain of its products and services. We accept that the potential environmental impact of our products is a key constraint on our activities. We recognise the importance of eco-design, for example in the development of equipment with low energy consumption, and we design our products with a view to reuse in subsequent lifecycles in order to minimise the environmental burden of eventual landfill. We

have structured our operations and logistical organisation to maximise the return of used products and parts, and we have established an effective asset-recovery operation to optimise reuse and recycling.

In all regions where we operate we act as a good neighbour and a responsible corporate citizen. We monitor the regulatory compliance of our production facilities and premises and we aim for certification where applicable. Where appropriate our managers and employees play an active role in the local community. We stimulate our employees to accept their own responsibility in this respect.

Océ aims to minimise any negative environmental effects of its activities.



Policy: a step-by-step approach

The policy formulated to address the sustainability principles and ambitions described in the previous section is structured along three time frames: the present, the medium term and the longer term.

Phase I: the present The first step in our corporate sustainability strategy focuses on compliance and structure. We regard international and local regulatory obligations as minimum standards that must be observed at all times. Beyond this baseline we systematically develop and implement company rules and policies to anticipate future legislation and to ensure that corporate principles and values are translated into concrete measures.

We subscribe to the UN Global Compact as a standard for corporate behaviour and are equally committed to adopting the obligations and recommendations in the conventions of the ILO and OECD. We actively pursue the realisation of these principles and commitments by incorporating them into our policies and procedures.

In this respect a concrete step with regard to our supply chain was to invite a selected group of suppliers and business partners to adhere to the UN Global Compact principles, by means of an Océ Supplier Declaration. Partners who subscribed to the Declaration will be put on the approved suppliers list. Any complaint reported to Océ with regard to a violation of the UN Global Compact principles will be investigated under supervision of Océ's Corporate Sustainability Officer and reported to the Corporate Sustainability Forum, which will then propose appropriate measures.

Phase II: the medium term Last year's sustainability report identified the following three intended actions in this phase: translating a number of policies and principles into concrete targets, benchmarking our sustainability performance with our peer groups and competitors, and checking the sustainability performance of our partners. The status of these three actions is as follows:

1. We have made a start on the formulation of sustainability targets. The Corporate Sustainability Forum is taking the initiative to make a list of relevant management areas and to propose targets and completion dates. Next year's report will include the status of this action in terms of committed targets and an overview of areas for which targets are yet to be defined.
2. In 2005 we started to benchmark our sustainability performance with our peer groups and major competitors. This exercise will be completed and reported on in 2006.
3. We have made a start on a sustainability check of our partners as described in the previous section. Progress reporting on this aspect will as of now be a recurring topic in our sustainability reports.

Phase III: the long term As the Chairman mentioned in his letter, an important area for improvement is the degree to which we integrate our sustainability ambitions with our business strategy. We need to learn to increase this integration so that our employees and customers are better aware that these drives are mutually reinforcing.

As a first step we started a project in 2005 to identify the sustainability aspects that have a high visibility and relevance to our customers. To this end a client survey was set up to investigate the clients' sustainability interests and priorities. The results of this project will be reported to the Board of Executive Directors and the Strategic Business Units and will be completed in 2006. We expect that integrating the results into our strategic business plans will take several years.

Our ongoing commitment to sustainability will be dedicated to achieving and retaining a position as a truly innovative and reliable company and a valued player in the market as well as in the corporate community. The only way to safeguard the objectives of corporate social responsibility in the future is by ensuring that our ambitions in the area of sustainable business practices converge with our corporate strategy.

Our sustainability track record

- 2005 Our first corporate Sustainability Report, covering the whole Océ Group and all 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 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.

1924: Frans van der Grinten invents an industrial mask [v/d Grinten Luchtkap] to protect the employees from inhaling butter-colouring agents.



Corporate governance

Corporate governance within Océ is based on the legislation, jurisdiction and codes of best practices in the countries in which the company performs its activities. As from 2004 this regards also the implementation of the Sarbanes-Oxley Act. Implementation of this Act is based on regulations issued by the SEC and on adaptations to the corporate governance code that is applicable to companies listed on American stock exchanges.

In the Netherlands the Dutch corporate governance code, Code Tabaksblat [the Dutch Code], consisting of 21 principles and 113 best practice provisions, has been applicable since December 2003. This code was given legal status with effect from January 1, 2005.

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 government and civil society. The Board of Executive Directors and the Supervisory Board have overall accountability for achieving the right balance between these interests, to ensure the continuity of the company.

For more details on corporate governance see the 2005 Annual Report.

Board of Executive Directors The Board of Executive Directors currently consists of three members who are appointed by the General Meeting of Shareholders. In the case of each appointment the holders of the priority shares have the right to draw up a binding nomination, which can be cancelled by a resolution of the General Meeting of Shareholders that has been adopted by a majority of at least two thirds of the votes cast, provided that such votes represent at least one half of the issued share capital. If no binding nomination has been drawn up, the General Meeting is free in its choice. The Supervisory Board appoints the chairman of the Board of Executive Directors and decides on the allocation of the tasks of the Executive Board members in consultation with 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 the advice of the Remuneration Committee. The 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. For Dutch members of the Board of Executive Directors the Dutch labour market is taken as a basis and for non-Dutch members the market conditions of the relevant country. 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 six members who are appointed in the same way as the members of the Board of Executive Directors. The Supervisory Board supervises the policy of the Board of Executive Directors and the course of business in the company and the activities relating thereto. The Supervisory Board is supplied in good time by the Board of Executive Directors with all the information that it requires for the performance of its task. The Supervisory Directors appoint one of their members as chairman.

Profile of the Supervisory Board In consultation with the Board of Executive Directors, the Supervisory Board has drawn up the following profile for its own composition: The Board consists of at least three and at most eight members. The members should operate independently of and critically with regard to each other, based on a good relationship of mutual trust. They should be experienced in the management of an international, publicly listed company and the members should have sufficient time available to fulfil the function of Supervisory Director. In order to ensure continuity a spread in ages is aimed at. Endeavours are made to ensure a broad representation of know-how and

experience in one or more of 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 In practice the following committees operate at Océ:

Selection and Nomination Committee This selects and nominates candidates for appointment as a member of the Board of Executive Directors and as members 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, draws up the remuneration report as referred to in the Dutch Corporate Governance Code and monitors and evaluates the remuneration policy for the Océ Group.

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 was formally established in October 2002 and has its own charter which complies with the requirements set by both the Dutch Code and the Sarbanes-Oxley Act in the USA.

The Board of Executive Directors of Océ N.V.
From left to right: J.F. Dix, R.L. van Iperen [chairman] and J. van den Belt.



Internal committees As part of its internal control framework, Océ furthermore has the following committees:

Internal Audit Committee [IAC] The Internal Audit Committee consists of the Board of Executive Directors together with the operational directors, the Secretary of the Company, the Group Controller and the Group Internal Auditor. Normally the external auditors are also invited to join the meetings of the IAC. The IAC focuses in detail 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. This committee also discusses specific accounting issues and monitors progress towards implementation of the Sarbanes-Oxley Act and the IFRS accounting standards. In view of the size of the operations in the United States an Internal Controls Committee [ICC] has been set up there as an extension of the IAC. The members of the ICC are the CEO and CFO of Océ-USA Holding, Inc. as well as the Presidents of the main US operations, the General Counsel and the Internal Audit Director in the United States, plus the CFO of Océ [who also chairs the ICC].

Disclosure Committee [DC] The DC consists of the Group Controller [chairman], representatives of all operational and non-operational parts of Océ, the Secretary of the Company and the Chief Information Officer [CIO] of Océ, the Group Internal Auditor, the Investor Relations Manager and the head of the Group Consolidation department. The DC advises Océ's CEO and CFO on the quality of the internal controls and the financial reporting. The process that precedes this involves in depth scrutiny and is also discussed in the Audit Committee. Besides section 403 of the

Sarbanes-Oxley Act the DC also oversees the implementation of Section 404 which relates to the quality of financial reporting and the processes on which it is based.

Letter of Representation [LOR] All Managing Directors and Controllers of Group companies as well as all officers who report directly to the CFO of Océ sign a detailed declaration every quarter with regard to financial reporting, internal controls and ethical principles. Any observations made in the LORs are reported to and discussed by the Board of Executive Directors and the Audit Committee.

Whistleblowing Procedure This was formally approved by the Audit Committee in 2004. In the first quarter of 2005 this procedure was introduced in the United States and a start was made on its implementation within Océ's European operations. 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 European operations will be completed in 2006.

Océ and sustainable business practices

Corporate Sustainability Forum In 2003 a Corporate Sustainability Forum was set up to advise the Board of Executive Directors on all sustainability issues, including organisation, policies, procedures and reporting systems. The members of the Forum [photo] 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



The Corporate Sustainability Forum.

Dow Jones Sustainability Index

Since 2004 Océ has been listed 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-indexes.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.



to the chairman of the Board of Executive Directors and acts as a central contact point.

The tasks of the Forum are as follows:

- to incorporate sustainability issues into the business models and strategic planning cycles for the two strategic business units;
- to advise on translation of policies into organisational structures and procedures;
- to report on policies, procedures and measurements in accordance with GRI standards.

The operational side of our sustainability policy has three main strands: product safety, health, safety and environmental protection [HS&E], and human resources. The Board of Executive Directors has delegated responsibility for product safety to the R&D directors. On a yearly base 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 G.m.b.H. 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.

United Nations Global Compact For a number of years 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 2003 Océ formulated a corporate human rights policy within the framework of the UN Global Compact [www.oce.com/en/about/Other/hrights.htm]. In 2004 we focused on the management of the sustainability aspects of our supply chain. We drafted a Supplier/Partner Declaration, which a selected group of our suppliers and business partners were asked to sign and return, stating that they adhered to the principles laid down in the Global Compact. By far the greater majority of them responded positively to this request [see chapter 7].

In 2005 Océ started the formulation of a corporate policy against corruption, as a further implementation of the Océ policy principles. This anti-corruption policy will be formally approved in 2006.

Transparency Océ seeks to provide its stakeholders with maximum transparency. For this purpose we devote much time to the implementation of the Sarbanes-Oxley legislation and other corporate governance codes, to IFRS with regard to financial reporting and accountability and to the GRI recommendations on sustainability reporting. Since the beginning of the 2005 financial year all quarterly presentations and telephone conferences relating to the financial results have been announced in advance and made simultaneously accessible in real time to all shareholders via webcasting.

Océ is proud of the fact that in 2005 the company was rated as one of the ten most transparent companies amongst the large cap and mid cap stocks listed on the Amsterdam stock exchange. Océ is also listed in the Dow Jones Sustainability Index in New York.



22 **Océ OpenHouse** Over the last 13 years Océ OpenHouse, hosted by our site in Poing, Germany, has become Europe's largest annual digital printing fair [photo below]. In 2005 over 5,000 customers from across the globe were impressed with the complete overview of solutions that Océ showed together with its partners in finishing equipment, software and pre-processing equipment. With live application shows, presentations and Bavarian hospitality, it is consistently rated extremely highly by our customers.

Customer first

Customer first is the number one core value that can be seen on walls across Océ's offices. Customers like Rolls-Royce, the FBI, NASA, the Financial Times, the European Commission, Cambridge University Press, Elf Petroleum, the Pentagon, Boeing and Airbus are the ultimate reason for everything we do. We focus our activities on professionals, which is also underlined in our company slogan: "Printing for Professionals".

Our philosophy is to constantly strive to increase the success of our customers, by:

- Listening to our customers to understand their needs;
- Developing the right products and services to meet customer needs;
- Ensuring our customers get the most out of their investments.

Listening to our customers to understand their needs

Organisation at the front line The best way to understand customers is to have direct contact with them. Océ therefore employs some 10,000 document experts on the front line. This is one of the largest direct sales and services organisations in the industry. With the strategic acquisition of Imagistics International Inc. at the end of October 2005, Océ added 2,500 sales and service specialists to its front line. For areas where Océ does not have a direct presence, the company strengthens its sales with carefully

selected local partners that have a high level of professionalism.

Professional programmes Customers expect us to provide a total solution, consisting not only of printers, scanners and finishing equipment, but also of software and services. We have the expertise and experience to optimise the total document process in line with our customers' needs: reducing cost, optimising quality, creating new business opportunities, maximising productivity and shortening the time to market.

Océ OpenHouse 2005.



Over the last few years Océ document experts have been equipped with the Solution Delivery Process. This is a tried and trusted systematic approach for Océ specialists to apply their know-how to the specific needs of customers, thus guaranteeing the right solution. Océ's International Training Centre, with locations in Europe, the Americas and Asia, ensures that Océ sales and service specialists continue to be trained to excel in this approach.

In 2005, the Solution Delivery Process was refined into programmes for specific customer environments. An example is the Professional Office Program [www.office.oce.com]. This programme includes an Office Assessment Service. The assessment results in a cost-benefit analysis for a best-fit office document management strategy. Customers are advised on how to make the transition to a more cost-effective type of office and on how to move on from there. The four typical professional office value levels are Smart Office, Convenience Office, Service Office and Enterprise Office. All offices are advised to move from using desktop printers on many desks to using a multi-functional system on a workgroup level. This not only reduces operating cost, but also has positive effects on the environment:

- More prints will be made double-sided [something regular desktop printers cannot do], which reduces paper consumption;
- Print volumes have proven to go down by 15% by using the Océ mailbox functionality [prints that are not picked up from the printer by the user are eliminated from the process];

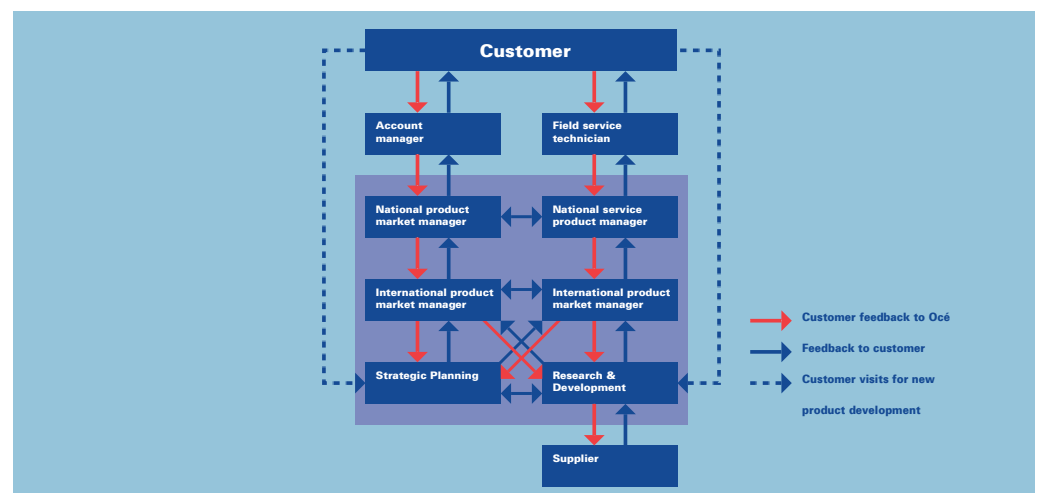
- Total energy consumption is expected to be lower;
- The total level of emissions into the working environment is much lower with one workgroup system than with a large number of desktop printers;
- The number of machines, and hence the volume of waste at the end of the product life, will be diminished. Moreover, Océ has established an effective asset-recovery operation to optimise reuse and recycling.

The Professional Office Program is receiving high customer acceptance as it allows reductions in environmental impact and reductions in customer's operating cost to go hand in hand.

Feedback mechanisms for product functionality

Océ is aware of the value of its intense and frequent direct interactions with customers. Understanding the customer's true needs is the best starting point for developing the right products and services – much better than just looking at competitors. Suggestions and requests for improvements in functionality and performance are passed through the organisation via one-to-one communication, supported by a database [Merlin Tracking System, see chart below].

Suggestions are entered into the database by product specialists from the operating companies. On a frequent basis, multi-disciplinary teams at the head office review the requests and suggestions and decide whether or not they will be implemented in a current or future product. This decision is entered in the database to make sure the operating company can inform the customer about the results quickly.



24 iF Design Award China 2005

In 2005 Océ once again won an award from the International Forum Design. At CeBIT Asia in Shanghai the Océ VarioStream 7000 was awarded the iF Design Award China 2005. “With this award iF is offering specific support for manufacturers and designers from all over the world that want to reach out to customers with well designed products within the Asia-Pacific region. With the Océ VarioStream 7000 series, Océ has introduced the most flexible and adaptable family of web-fed printing systems.”



As an example, Océ account managers in Japan found out that users of the Océ TDS800 wide format printer had to wait for a long time in the morning before they could start printing. Energy-saving regulations dictating that offices should not be heated during the night resulted in office temperatures dropping to as low as 5 degrees Celsius in the morning. Neither the Océ TDS800 nor alternative printers from Japanese brands could operate at such low temperatures. Based on this understanding Océ adapted its technology to work at 5 degrees Celsius. As a result Japanese consumers have fewer issues, a change that is greatly appreciated by our Japanese customers.

Before new products are defined, representatives from Strategic Planning and Research & Development visit customers in the target market. Discussions with customers, Océ account managers and service specialists result in innovative new ideas. Moreover, a good understanding of customer needs not only generates innovative ideas but also makes it easier to take design decisions along the way, greatly reducing the time to market.

Feedback mechanisms for customer

satisfaction The continuous evaluation of customer satisfaction is a key element in ensuring that we remain a respected business partner for our customers and that we focus on the right areas for continuous improvement.

In collaboration with the University of Maastricht [Netherlands], we perform annual surveys to measure and analyse customer satisfaction. This international, standardised survey gives us first-hand information about the quality of our products and services and about how we are being perceived in the market. Customer satisfaction has remained consistently high since we first started measuring it in 1997.

Océ has now reached the stage where specific targets are set for specific areas. These targets are defined per topic and per operating company. In 2004 Océ North America started to measure customer satisfaction in real time by enabling its customers to respond directly to individual events such as the quality of a service visit, the responsiveness of the Océ organisation to a specific complaint or an invoicing issue by means of Web surveys. Océ North America increased overall customer satisfaction by 0.2 in 2005 from 4.3 to 4.5 on a 5 point scale.

Developing the right products and services to meet customer needs

Our customers are professionals that above all demand true productivity and integral cost reductions. The design rules that the 1,800 specialists of Océ Research & Development work by are therefore focused on developing products that are productive, that lower the total cost of ownership and that are safe.

Productivity Productivity is defined as the sum of constant speed, reliability, consistent output quality and ease of use.

Constant speed To find a printer that matches their workload customers often look at the printing speed. Océ offers printing speeds ranging from 22 to 1,200 pages per minute. Although printing speed is a key parameter for productive printing, it is not the be-all and end-all. Often, the specification that really matters is how close to its 'official' print speed the system will run during complex production jobs. Océ products are unique in that they are designed to live up to the customer expectations we raise in our product specifications. For example, in contrast to most colour printers, our Océ CPS900 colour system does not slow down when printing on different kinds of media.

In many cases, the printing time is only a fraction of the time to get a document in the right place in time. Take international newspapers. It takes a long time before a newspaper with hot news is available in other countries. Thanks to Océ Digital Newspaper Network the Financial Times is now available early in the morning at news stands on the same day of publication in South Africa. Emma Lewin, general manager of international joint ventures for the Financial Times, told the media: “The readers’ response has been phenomenal in South Africa. They are proud of the fact that the FT has chosen this market.” As a positive side effect, this new technology also reduces fuel consumption as newspapers no longer need to be transported across the globe.

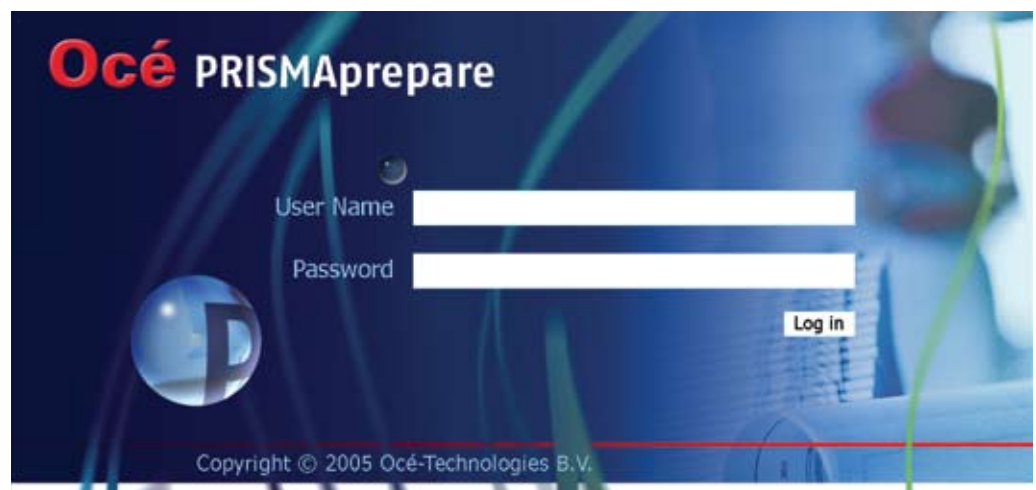
Reliability Reliability relates to the uptime of the system and to the security, integrity and privacy of the user’s information. One of the largest frustrations of printer operators and office workers is malfunctioning equipment. And it is a large hidden cost factor too. For example, on average 50 percent of IT helpdesk calls is related to printing alone. Océ therefore pays a lot of attention to uptime.

Océ products are renowned for their reliability. Intensive durability tests of the Océ VarioPrint 2110 mid-volume production system, performed by independent test institute Buyers Laboratories Inc., resulted in an average of only one paper jam per 400,000 prints. A solid steel construction, paper input via air separation and vacuum feed, and a simple paper path are three of the reasons for this unmatched performance.

Reliability is more than having a good uptime. It is equally crucial that data are processed into the right print images [data integrity]. As an example, NASA had quite some difficulties achieving this in the early stages of the International Space Station Project. Some of the information on drawings and equipment lists with Russian Cyrillic typefaces was missing. Moreover, prints took about 15 minutes because of the file complexities. Océ was given the opportunity to propose an alternative solution. After working closely with NASA experts, Océ was able to supply a reliable system. On top of that, printing time was reduced to 3 minutes.

Reliability also has to do with security. Océ systems are part of a network and document management infrastructure. Reliability and security therefore go hand in hand. Emerging developments in system connectivity within the digital document system and wide format printing system environments have created new security concerns.

To safeguard the security and integrity of its customers’ digital information assets and workflow, Océ has invested heavily in system security, and will continue to do so. The Océ strategy focuses on secure network connectivity, document access, and document storage. The recent Common Criteria Certification provides independent validation that Océ has addressed these security issues through its embedded controller technology. The Common Criteria Certification scheme represents the outcome of international efforts to develop broadly accepted criteria for the evaluation of information technology security [www.commoncriteriaportal.org].



At Océ, security is an integral part of system development, and the company takes a proactive approach to making improvements in the field of security. Currently we are focusing on meeting recognized industry standards and on helping customers to implement government-mandated security regulations in a timely manner.

If reports of new IT security breaches emerge, proper procedures are in place to identify the impact of these breaches and take appropriate action by making Océ system updates available in a timely manner. It is Océ's policy to respond quickly to any security threats experienced by Océ customers. There are two fundamental reasons why Océ can provide this high level of responsiveness:

- 1 The company has established a Security Operations Group to monitor and track security alerts published by amongst others Microsoft, the CERT Coordination Center [Center for Internet Security, www.cert.org] and SANS Institute [SysAdmin, Audit, Network, Security, www.sans.org].
- 2 Océ printers use smart, open, commonly accepted operating systems, based primarily on Microsoft Windows® and Linux® server technology. However, the implementation of this technology within Océ printers is restricted to the need-to-have components, subject to the specifics of the Océ printer product. As a consequence, with these two platforms it is easy to monitor information about critical patches, which can then be quickly implemented on Océ printers.

We also have a pro-active attitude and participate in defining the security of the future by playing an active role in the IEEE-P26000 committee, which is defining security profiles for our industry. See <http://grouper.ieee.org/groups/2600/>. For more information on security, visit www.oce.com and select Océ Security from the homepage.

Océ is committed not only to the protection of its customers' privacy, but also to helping customers protect their customers' privacy. One example is the unique Data Integrity Marks used on the Océ VarioStream printer family. In addition to electronic front-to-back page synchronization, Océ employs a small optical mark on both sides of the document. After the document has been printed, the printer automatically checks these marks to guarantee that the data on the front and back sides match. This ensures that one customer's data does not end up on the back of another customer's document. Only Océ utilizes these small marks with optical verification.

Consumer privacy plays an important role in the way Océ designs its products, services and processes. The functionality of automatic deletion of print jobs from the Digital Mailbox on many of Océ's office products is just an example. The Océ website also has a privacy statement declaring that visitor information is registered only at the visitor's request.

Consistent output quality Quality has a lot to do with customer perception. But practically all customers dislike large differences between different prints of the same document. Especially when customers are printing marketing materials in full colour. Week after week they spend hours calibrating a digital printing system, examining the colours of test print after test print, wasting paper and toner along the way. Océ has developed unique technologies to make our customers more productive and avoid waste prints. The Océ CPS700, Océ CPS800 and Océ CPS900 colour systems all use Océ Color Copy Press with Océ Direct Imaging technology [photo]. This means customers can enjoy consistent colours within a print run, through multiple print runs and on multiple printers automatically without calibration and test prints.

Customers highly appreciate Océ's dedication to quality. For example, Cambridge University Press has a reputation for providing high quality books. It is not always cost-efficient to print smaller runs of publications with lithographic equipment [offset]. Océ has worked closely with Cambridge University Press to see which

applications could be best printed on their existing equipment and which runs could better be printed digitally. "We found in Océ the technology partner able to support our vision for global manufacturing and committed to helping us enhance our competitiveness in the publishing market," says Rod Willett, Executive Director Manufacturing of Cambridge University Press. Quality was a key criterion in selecting the right supplier. David Royal, Books Business Director of Cambridge University Press, explains his choice: "Océ is helping us maintain our historic reputation for quality and at the same time expand our business cost-effectively."

Ease of use A cornerstone of our product-development philosophy is the attention we pay to the different requirements of the wide variety of users of our products. Users should experience physical comfort when using our machines, regardless of age, size or cultural background. In this context, special account is taken of the needs of persons with physical handicaps.

Our products – both hardware and software – are systematically examined to determine their conformity to usability standards, including the US government's Section 508 accessibility

The Océ CPS700, Océ CPS800 and Océ CPS900 colour systems all use Océ Colour Copy Press with Océ Direct Imaging technology.



standards. Most of our products require little or no modification to comply with these standards. Recently Océ developed a new printer driver that can be used to drive the complete range of Océ cutsheet printers. Users who are familiar with e.g. the Océ pre-defined driver templates, Océ page programming and Océ bi-directional communication can reuse this experience from printing to the local monochrome workgroup printer to the departmental colour-capable printer.

Especially for visually impaired users, Océ has taken care in driver development to conform to the US section 508 regulations. The unique Océ printer driver User Interface fully complies with the section 508 regulations by supporting the Microsoft Accessibility Options completely: full support for the Narrator, Magnifier and alternative Desktop Themes for High Contrast and Large Font usage.

For the repro environment, the Océ page programmer has been redesigned to maximise easy definition of complex print jobs for document reproduction. This has been confirmed by extensive internal and external user experience testing.

Océ VarioPrint 1055: Touch to Print.

Key usability solutions that are typical of our products are:

- Ergonomically large buttons;
- Adjustable control panels;
- Task-based user interfaces.

When a unit does need small enhancements, Océ offers modification kits, including:

- Castor kits that will lower a machine to permit greater accessibility to the disabled.
- Braille kits. Océ copiers and printers feature user-friendly soft keys instead of difficult touch screens. Braille pads can easily be added to standard keypads.
- A Multi User STand [MUST] for the controller and user interface, which can be used to adjust the height of the user interface to suit the user.

Océ constantly strives to be unique in making extremely complex applications extremely simple to do. As a result, our customer Elf Petroleum in Norway can copy seismographic originals up to 150 meters long without mistakes and waste by pressing only 1 button. One of Océ's newest ergonomic innovations is Touch to Print. The new Océ VarioPrint 1055 can recognize the user's fingerprint [photo] and automatically print all files from the mailbox that belong to the user.



Health, safety and environmental information The following forms of health, safety and environmental information are available to the public via Océ sales offices and distributors:

- Product Safety Data Sheets on every product
- Material Safety Data Sheets on consumables and supplies such as toner, ink and photoconductors
- User manuals in up to 15 languages, containing information on the safe handling and use of equipment and materials
- Product-related information brochures
- A brochure entitled 'Océ Health, safety and the environment: a corporate policy for sustainable growth'

Product safety The safety of our customers is one of our main concerns. We have incorporated safety standards, tools and tests for checking whether designs are safe into the processes we use for designing and manufacturing our products. Every product we sell:

- complies with all relevant safety laws and standards in the countries where it is sold;
- does not expose its users to danger;
- is not carcinogenic, mutagenic or reproduction-toxic for humans;
- has been assessed and approved by independent experts and institutes;
- is accompanied by adequate health, safety and environmental information for customers and authorities.

We have formulated a set of design requirements to this end. These encompass laws, regulations and standards set by industry associations, plus our own standards insofar as these are more stringent than statutory regulations. As an example, Océ has adopted strict standards for its product development regarding emissions of ozone and noise for its multi-functional office systems. When our

equipment is installed in an office, concentrations of ozone, styrene and dust are very low compared to industry standards. Before any of our products are released onto the market, the approval of independent test institutes, such as TÜV and CETECOM in Germany and UL in the USA, are obtained to ensure they comply with safety standards and do not pose a safety risk in any way.

Implementation of RoHS Directive On July 1st, 2006, the European Union's Directive 2002/95/EC on the restriction of the use of certain hazardous substances [RoHS Directive] will become effective. The RoHS Directive restricts the use of lead, mercury, cadmium, hexavalent chromium, and certain flame retardants [polybrominated biphenyls and polybrominated diphenyl ethers] in new electrical and electronic equipment.

Reuse and recycling

Because of its Design for Recycling, over 75% of the original product is recycled and reused.

Ozone

Unique corona unit technology with air circulation for internal ozone decomposition reduces ozone emissions to 0.002 mg/m³ (1/50th of the most stringent regulation).

Dust

The closed toner system on the Océ TDS450 reduces dust emission to 0.04 mg/m³.

Manufacturing

Depending on parts availability, 15-25% of the parts consist of reused and remanufactured parts.

Innovative design: Océ TDS450



Noise

This workgroup printer has a very low sound pressure level at operator position of 0 dB (A) in sleep mode and 24 dB (A) in standby mode.

Logistics

The packaging consists of cardboard (41% recycled), wooden pallet (100% recycled) and polyethylene (for dust cover only). Reverse logistics procedures are in place for packaging material.

Ease of use

The scanner partly complies with US federal section 508 (wheel chair users, people who are colour blind and those who cannot hear and/or speak).

Energy

The unique Radiant Fusing technology allows 'instant on from sleep mode' and very low energy consumption (printer 6 W in sleep mode and 28 W in standby).

As part of its ongoing effort to develop, manufacture and sell products that cause the least possible burden on the environment, since 1993 Océ has pro-actively eliminated many of the substances that are restricted under the RoHS Directive.

Since 2002, Océ has further increased these efforts and spent considerable amounts of time and resources to eliminate the restricted RoHS substances.

We have informed all our suppliers of the requirements under the RoHS Directive and instructed them to assure that all the products and components they supply to Océ will be RoHS-compliant. Concurrently we have searched for and identified substitutes for parts that contain substances restricted under the RoHS Directive. In all cases in which we had to redesign product parts and subassemblies to eliminate all restricted substances, this redesign progressed according to plan. We have created awareness among all of our management and employees about the new requirements.

In fact, we have even gone beyond the RoHS Directive by voluntarily adopting the new requirements even for those Océ products that may qualify to fall outside the scope of the RoHS Directive.

Océ will continue to undertake efforts to provide its customers with products that not only meet the legal environmental and safety standards in the markets where it sells its products, but even higher standards to meet its commitment to society.

Ensuring our customers get the most out of their investments

Tailor-made solutions Our products are designed for a long life to minimise the environmental burden and to make investments in our products more rewarding for our customers. Most Océ products have a modular design which makes them flexible and adaptable. This way the customer can work with a system that has exactly the functionality that is needed. When needs change over time, the modular architecture allows products to be upgraded to higher performance standards or additional functionality. Our “upgrade before replacement” principle extends the lifetime of our products, maximises the return on investment for our customers, prevents waste and saves resources.

Product end of life Printing and copying intrinsically burden the environment, as they involve the use of paper and the consumption of energy, ink and toner. Furthermore, parts need to be replaced at regular intervals, and the equipment itself has a finite lifetime. We are fully aware of our responsibility for minimising the environmental impact of our products and systems, which is why this impact is a prime design consideration even during a product’s initial development stages.

In most cases Océ operating companies organise appropriate collection, transport and processing facilities for products that have reached the end of their useful lives. Most of our products can be given a second or third life in our Asset Recovery facilities and placed in the market again. When the product is no longer supported it will be recycled. Even products from other vendors that are replaced with Océ systems are accepted for proper processing [for more details, see chapter 8, Our environment].

Paper Since printing is done on paper, people automatically link it to sustainable forestry. And with good reason. We must make sure our natural resources are well managed, so that our children and their children will still be able to enjoy them. The leading organisation in sustainable forestry is FSC [Forest Stewardship Council]. In Europe, PEFC [Programme for the Endorsement of Forest Certification] is a very well known organisation with many branches. Océ Imaging Supplies, like the European Union, recognizes the certification schemes operated by both these organisations as being important and necessary for sustainable forestry. Not only the certification of forests is important, but also the CoC [Chain-of-Custody]. This assures end users that the products they acquire are from a sustainable source. Océ Imaging Supplies in Venlo [Netherlands] is currently preparing itself to become FSC CoC certified. We expect to receive the final approval in the second quarter of 2006.

At present, less than 6% of all forests are certified. Of this 6%, only a fraction [5%] is being used for paper production. This means that there are not many certified papers

Océ aims to add more certified papers to its product range.

available. In Europe, Océ is already converting PEFC certified paper, and in the near future it will also be using FSC certified paper. Océ Imaging Supplies will actively promote these papers with its customers. Océ Imaging Supplies will also promote both certification schemes when negotiating with its suppliers, with the aim of adding more certified papers to its product range. Océ Imaging Supplies refuses to do business with paper mills that damage boreal forests, such as those that occur in Northern Finland. Furthermore, we require our suppliers to be able to trace the wood they use for paper production, so that our customers can be sure that only suitable forests or plantations are being used.

At the Venlo site, Océ Imaging Supplies requires its key suppliers to adhere to the principles laid down in the Global Compact [see chapter 4, United Nations Global Compact].

Since there is not enough certified paper on the market, Océ Imaging Supplies is forced to include other papers in its product range as well. However, we only accept papers that are produced in the most environmentally friendly way possible. The sustainability efforts that paper mills have made so far are based in part on the input of Océ and its customers.



Besides sustainable forestry, Océ Imaging Supplies in Venlo also promotes the use of recycled paper. Recently two new recycled paper grades were introduced: Océ Recycled White and Océ Recycled Extra White. Océ Imaging Supplies moreover expects its suppliers to produce paper with the highest possible environmental care. Suppliers need to have one or more of the following eco-labels: Blue Angel, Nordic Swan, ISO 14001, EMAS, FSC CoC, PEFC CoC or EU Ecolabel.

Service and Support Océ offers a wide range of services with its systems. Océ Consulting Services, Océ Implementation Services, Océ Educational Services and Océ Support Services are defined for practically all products. Océ Consulting Services help customers to improve their document processes to reduce cost and waste. Océ Implementation Services ensure that systems are integrated in the working environment in such a way that security and accessibility are optimised. Océ Educational Services are there to train users and system administrators to use the system efficiently and safely. Océ Support Services help ensure that

productivity and user safety remain constant over the lifetime of the system.

Modular service agreements allow us to satisfy our customers' requirements in a wide range of business applications, from next-day service to 24/7/365 service. All problems are registered and processed using powerful IT tools. Short maintenance and repair times are key demands. Various counters control the lifetime of parts. Trace programmes are loaded into our printing systems to facilitate safe error diagnosis. Our service engineers have special software installed on their laptop computers that generates multimedia documents to assist in repairs and give instructions.

Our printers can be linked both to local call-screening desks run by our operating companies and to support centres at our head office. We can offer remote service for customers who require continuous functional control and problem analysis by experts, as well as software upgrades. Modern communication techniques are used to ensure that our printer systems operate without interruption.

Service and support.



Océ Business Services Mrs Liz Bax, General Services Manager at Rolls-Royce: “Océ has outperformed the service we were expecting and is bringing innovation to the organisation. Océ reduced the cost of document services by over 2 million British pounds in 2 years, in line with Rolls-Royce requirements.”

Outsource investments to Océ Business

Services Our customers expect that our expertise will bring them more efficiency and less waste to lower their total operating cost. Océ Business Services can even make quantitative commitments with regard to these aspects. Océ Business Services is the one-stop shop for organisations to outsource their document processes. Océ can offer all the necessary people, processes and technology to run companies’ print rooms, mail rooms and archives. The main benefits to our customers of outsourcing their document activities and processes to Océ Business Services are:

- Customers can reduce the amount of money and management attention they spend on non-core activities;
- They can control and reduce cost and waste by applying Océ document expertise;
- They experience better service levels and higher satisfaction by having experts run their document processes according to industry best practice.

Océ can offer all the necessary people, processes and technology to run companies’ print rooms, mail rooms and archives.

Océ Business Services regularly performs standardized worldwide survey among its customers. Over the last few years, a vast majority of the customers responding to these surveys have reported that we meet or exceed their performance expectations, that they want to remain in business with us and that they will advertise us to their own business relations.



Human resources are key

A company's success is dependent on numerous factors. Some of them, such as the quality of the markets, economic conditions or the business climate, are beyond the influence of the individuals who run the business. However, companies can certainly influence a number of success factors and in this respect human resources are key. They can for example develop effective selling skills or build a dynamic technology portfolio, or create a climate in which motivation, ethical behaviour, professionalism, customer-friendliness and innovative capabilities are able to flourish.

The people who work for Océ have always proved to be the decisive factor in the company's growth and have responded appropriately when times were less favourable. It is therefore one of Océ's principal aims to be an attractive employer. This aim is achieved in various ways, not only by offering a good remuneration package and a challenging work environment, but also by providing ample opportunities for training and education so that employees can work on their self development.

Océ wants to create a climate in which motivation, ethical behaviour, professionalism, customer-friendliness and innovative capabilities are able to flourish.

Against this background our Human Resources Management [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, efforts 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 HRM policy rests with the Chairman of the Executive Board. At a Corporate level the Senior Vice President 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.

The following sections of this chapter discuss our international human resources policy, the measures we take to guarantee a safe and healthy



Kicking footballs for core values On January 20, 2005, Océ Printing Systems in Poing, Germany launched its Océ core values ‘kick-off’ in the form of a party for its 1,400 employees. The party’s theme was ‘Focus on our values – the Party for Professionals’. This event replaced the traditional Christmas party and featured information booths, an enter-tainer and uniquely symbolic games. ‘Focus on our values’ was organised by Helga Huber and Alexandra Steultjens. ‘Our main goal with the party was to significantly raise employee awareness of the core values,’ explains Steultjens. ‘For our staff to learn more about them – to really internalise them – in a casual and unforgettable way.’ This party was held in the Event Centre at Océ Printing Systems.

working environment, how our employees are involved in decision-making, and our ambition to be an employer of choice. In addition, we have included relevant employee key figures.

International human resources policy

Via its corporate human resources policy, which is applied throughout the world, Océ coordinates shared developments and programmes that are focused on optimising the deployment of its employees. Core values, leadership, competencies management and executive development are four major elements in this policy.

Océ core values To promote a good internal business climate, the management of Océ has laid down seven core values that serve as a guideline for all employees. These core values represent, as it were, the company’s DNA, the genetic blueprint that distinguishes Océ and characterises Océ employees.

When viewed in isolation these core values are not unique. However, when seen in their interrelated context they are identifiable and recognised as characteristic of Océ and its employees and are therefore also used internally in formulating profiles of competencies and as routes towards further self development.

In their day-to-day performance, both internally and externally, Océ employees are held accountable for compliance with these core values. The core values play an important role in the periodic appraisals of employees and in formulating targets, not only for each individual but also for business disciplines.

Leadership The leadership programme is aimed at strengthening leadership qualities, at training new potential leaders and at analysing and optimising mutual relationships within management teams. The programme is based on leadership labs, intensive assessment programmes in which the existing and the desired status of a large number of leadership aspects are determined for each individual employee as well as for teams.

Since top management set the ball rolling in 2004, all management teams in the sales companies and at head office have taken part in the leadership labs. On the basis of these leadership labs personal development plans have been individually agreed to achieve actual implementation of the improvement potential identified. The intention is that progress will be regularly monitored on the basis of a fixed protocol, which means that this programme has been given a permanent place within the corporate human resources policy. The progress of this global programme is constantly being evaluated and where necessary actions are initiated for improvement, coaching, training and development.

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

Competencies management The aim of the competencies management programme is to achieve a continual 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, competencies management had already been introduced in the sales, service and consultancy departments 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. Development agreements are now being made throughout the company to ensure actual implementation of changes and improvements.

Executive development To make sure that executive talent is given the opportunity of developing within the worldwide Océ organisation, the existing practice of international management development and succession planning was expanded during the year under review into a transparent programme for executive development.

The involvement of senior management has been considerably expanded by organising *Executive Development Circuits* for each target group [for example for each type of discipline such as commerce or technology] under the leadership of the Chairman of the Board of Executive Directors or, for the controlling circuit, under the leadership of the Chief Financial Officer.

A safe and healthy working environment

Guaranteeing the safety of our employees and promoting the health and welfare of the people who work for us are two vital aspects of our relations with our staff. Our policy in this respect is driven by compliance with statutory regulations on the one hand, and our responsibility to our staff on the other.

Safety: converting machine with optical security system [Océ Imaging Supplies].



Safety Training Observation Programme at Arkwright For a couple of years the Arkwright site in Fiskeville, USA has been working with the Safety Training Observation Programme [STOP]. Its goal is to train managers, supervisors and team leaders to eliminate incidents and injuries by addressing safe and unsafe behaviour of people in the workplace.

In 2005, 450 specific formal and documented safety observations were made, with approximately 60% showing safe behaviour on the part of the person[s] observed. Many observations of unsafe behaviour concerned failure to wear safety glasses in situations warranting them. The intervention and resulting discussion may have stopped an incident or injury but hopefully also allowed for a dialogue to instil a “safe” way of thinking in all of us.

The underlying principles of our policy on safety are:

- Safety policy forms an integral part of our activities.
- Safety policy is the 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 and Poing 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. The table below presents data on the number of accidents reported in 2005 and [2004]. The data relate solely to accidents at work. 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.

The natural complement to an effective safety policy is a systematic policy to improve the health and welfare 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.

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 welfare. 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. Health measures with a preventive character were taken at a number of sites in 2005. They included:

- medical examinations [e.g. periodic workplace examination, regular eye checkups, annual flu shot];
- wellness programmes;
- training for site safety people;
- ergonomics projects;
- training for fire marshals.

Accidents reported in 2005 and [2004].

	Number of accidents [resulting in injury and lost workdays]	Number of workdays lost	Workdays lost per accident	Lost Time Injury rate
United States	40 [64]	998 [2,026]	25 [32]	0.49 [0.77]
Europe	99 [76]	1,575 [1,579]	16 [21]	0.93 [0.76]
Countries outside Europe and the United States	7 [7]	79 [79]	11 [11]	2.09 [1.95]

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.

Absence due to illness The table below presents the figures for absence due to illness in 2005 and [2004]. The figures show the total volume of absence due to illness [work-related and non-work-related illnesses and accidents]. The original 2004 figures have been converted from calendar days to workdays, to be able to compare them with the 2005 figures. Due to differences in national regulatory environments and differences in recording systems, no unequivocal figures for absence due to illness are available for the United States*. Océ will deliberate internally on how to deal with the different recording systems for future reports.

Employee involvement in decision-making

Alongside all sorts of different legal mandates we meet, Océ has always been an advocate of open communication with employees to inspire our employees' loyalty. Therefore employees are treated as a party to important company decisions. Formal worker representation is arranged via local Works Councils, Océ's European Works Council and/or trade unions. Even in cases where there are no formal legal mandates, some Océ companies have organised formal worker representation.

In 2005, various company decisions were made in close consultation with local Works Councils. For example, the Works Council of Océ Printing Systems [Poing, Germany] worked closely with OPS management on the implementation of a 38-hour working week [as opposed to the previous 35-hour working week] and on an integration directive that pays more attention to the special needs of severely disabled employees. On all these topics agreement was reached. The Works Council of Océ-Technologies B.V. [Venlo, the Netherlands] was involved in the competencies management programme, age-conscious personnel management and the implementation of an alcohol and drugs policy, among other things.

Absence due to illness in 2005 and [2004].

	Average duration of absence in workdays	Absence due to illness as a % of total workdays
United States	n.a. *	n.a. *
Europe	7.2 [8.1]	3.6 [2.8]
Countries outside Europe and the United States	1.9 [1.5]	1.3 [1.4]

Jet Net Jet Net, established in 2003, is a Dutch co-operation between industry, secondary education and government. Its goal is to interest students specifically in science subjects, so that more students opt for a technical study at universities and institutes of higher education after graduating from secondary school. Océ Technologies B.V. has formed part of this cooperation right from the beginning and has developed a close relationship with three regional secondary schools. The activities include guest lessons at school [with practical work], workshops and Océ “Open Days”. In the Netherlands 22 industrial companies and 125 secondary schools were involved in Jet Net in 2005.

Jet Net students visiting Océ
[photo Bram Saeys].



Our ambition to be an employer of choice

Campus-recruitment activities We wish to be an attractive employer, aware as we are of the need to recruit high-calibre staff. We want to offer both new staff and our current employees development opportunities to match their talents and interests. This desire has led to a high level of campus-recruitment activities at universities and colleges of higher education, especially in the Netherlands and Germany, where our main supply centres are located. Because of Océ’s increasingly prominent market position and its excellent track record in technology there are generally no problems in recruiting well-educated and motivated personnel. In the R&D sector the high technological standard of the facilities in Poing and Venlo in particular ensures an adequate influx of new personnel from the scientific institutions located in the vicinity. These two facilities also offer employment opportunities for trainees.

40 **Océ launches Global Océ Professionals programme**
 After a successful pilot, the Global Océ Professionals programme was officially launched in 2005. Twice a year a group of 20 enthusiastic participants from the operating companies and the head offices in Poing and Venlo will run the programme. After a week of teambuilding in the Belgian Ardennes, the group will work for some 7 months on a real life assignment they get from senior management. This programme aims to improve the skills and competencies of selected staff, so that they can work more effectively with people that have different professional backgrounds, cultures and personalities. The programme also aims to support inter-Océ networking opportunities. The ultimate goal is to develop a new generation of Océ professionals, for whom working in a global environment becomes second nature.

Personal development and performance

review All of the Océ entities covered by this report have a clear procedure for regular employee performance reviews. Rolling out competencies management worldwide has positively influenced the attention paid to development reviews and personal development plans. In 2005, 16 of the 17 entities questioned already had them in place.

The table below shows the total amount spent on training and personal development for employees in the reporting entities in 2005. The total cost of training via the Océ International Training Centre has been included for the first time.

Image survey Our ambition to be an employer of choice means that Océ has to monitor the heartbeat of its employees. We often conduct image surveys for this purpose. More than 50 percent of the group companies covered by this report monitor employee satisfaction. The frequency of these surveys varies from once every three months to once every three years. In 2005 6 of the 17 entities questioned measured employee satisfaction.

The issues measured most are:

- Cooperation and communication;
- Working atmosphere;
- Working conditions;
- Management;
- Identification with corporate values and strategy;
- Training and development;
- Remuneration and benefits.

Training and personal development costs in 2005

	[€]
Via Océ International Training Centre	7,300,000
Other training courses	10,000,000
Total	17,300,000

In order to assess the corporate culture and the implementation level of the core values at Océ-Iberia, the operating company hired a human resources consulting firm. At the beginning of 2005, questionnaires were sent to staff in order to get a more accurate picture of how employees felt about their work and at what level they identified themselves with corporate values and strategy. The employees filled out the questionnaires anonymously. The results will contribute to revising the operating company's company-wide action plan. Some actions have already been taken to improve cooperation and communication.

Training and development at Océ.



42 Table 1

<i>Distribution of employees by geographical area</i>	2005		2004	
	number	as %	number	as %
United States	10,913	45	8,340	39
Europe	12,122	50	12,005	56
Countries outside Europe and the United States	1,129	5	970	5
Total	24,164	100	21,315	100

Table 2

<i>Distribution of employees by type of position</i>	2005		2004	
	number	as %	number	as %
Business Services	6,806	28	6,693	31
Sales	5,356	22	4,192	20
Service	5,078	21	4,013	19
Accounting and other	2,666	11	2,037	9
Manufacturing & Logistics	2,453	10	2,512	12
Research & Development	1,805	8	1,868	9
Total	24,164	100	21,315	100

Table 3

<i>Male/female distribution by geographical area</i>	2005		
	number	men as %	women as %
United States	10,913	67.1	32.9
Europe	12,122	79.8	20.2
Countries outside Europe and the United States	1,129	82.1	17.9
Total	24,164	100.0	100.0

Table 4

<i>Employees' average age and average number of years working for Océ, by geographical area</i>	2005	
	Average age in years	Average number of years in service
United States	40	6
Europe	42	14
Countries outside Europe and the United States	42	8
Océ group average	41	10

<i>Table 5</i>	<i>New employees as a % of total workforce, by geographical area</i>	2005	43
	United States	30.2	
	Europe	8.5	
	Countries outside Europe and the United States	11.0	
	Océ group average	17.7	

<i>Table 6</i>	<i>Relative distribution of reasons for leaving Océ [only employees on Océ payroll]</i>	2005					
		Own initiative	Initiative of Océ	[Pre] Pensions	Occupational disability	Death	Total %
	United States	62.0	37.1	0.6	0.1	0.2	100
	Europe	37.4	39.9	17.5	3.4	1.9	100
	Countries outside Europe and the United States	70.0	24.0	4.0	0.0	2.0	100
	Océ group	56.2	37.6	4.7	0.9	0.6	100
	Océ group excl. OBS[*]	42.3	43.7	10.7	2.1	1.2	100

[*] OBS = Océ Business Services, Inc. The percentage of OBS employees that leave Océ on their own initiative is higher than elsewhere at Océ, which is attributable to the nature of this business group [see chapter 5, page 33]

<i>Table 7</i>	<i>External flexible workers and contract workers as a % on top of total number of full-time employees on Océ payroll, by geographical area [employees on Océ payroll = 100%]</i>	2005
	United States	0.9
	Europe	5.6
	Countries outside Europe and the United States	2.7
	Océ group average	3.5

Note: information about the exact scope of the employee key figures given in the tables above can be found in chapter 10.

Co-operation with partners is essential to Océ's business model. Reliable partners enable the company to keep its innovative resources focused on its core competencies and core activities, whilst at the same time offering its customers a full range of products and services that they need for their professional document management. Océ's numerous partners contribute to the company's success in different areas. This is true for all parts in the chain, from the cooperation we seek in our research and development to the support we get in our distribution and logistics organisation. We work intensively with international contract partners in manufacturing and with OEM [original equipment manufacturing] suppliers to enlarge the product portfolio we are able to offer to our customers. Last but not least, we benefit from the activities of local distributors, who act as re-sellers and service providers for our products.

Sustainability ambition

Our main ambition with regard to our partners is to apply the same rules and standards to them as we apply to ourselves, in such a way that our customers need not care about who is serving them, Océ or one of its partners, as long as the product or service they buy is delivered under the Océ banner. In this chapter we will clarify which steps have been and will be taken to realise this ambition.

Océ's partnerships

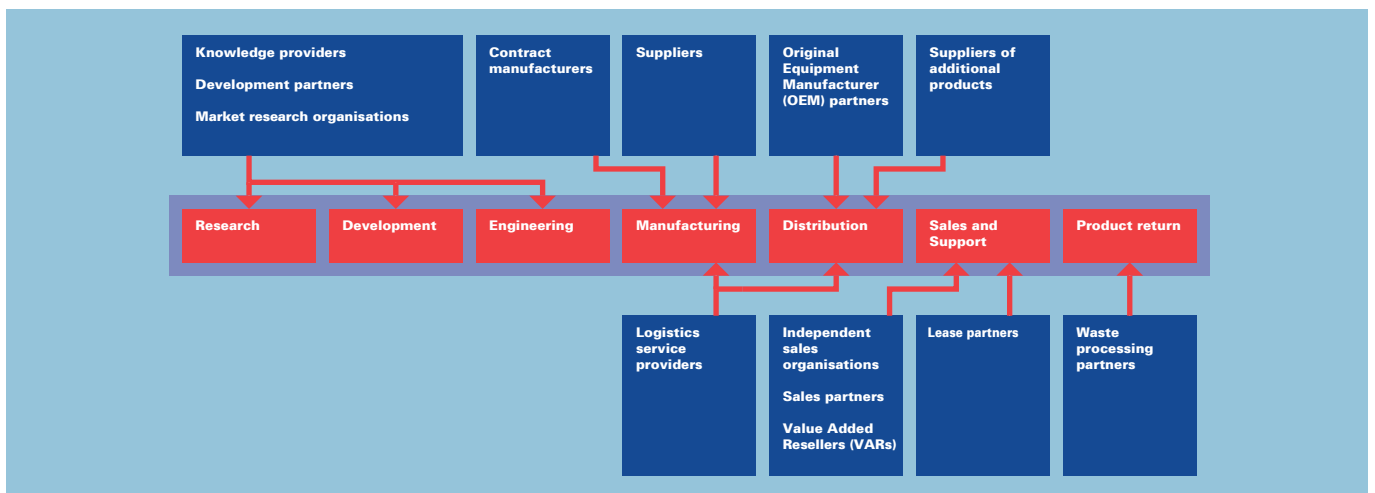
Partners in research and development Océ is an important player in the research and development of document management solutions. We work in different settings together with national and international development and technology institutes. In terms of sustainability we want to be a reliable partner for these institutes. We expect them to have human resources policies that are of the same standard as the policies we apply to our own staff. Free lance workers are becoming more common, which fits in with modern HR strategy regarding self-employed staff and our policies regarding employability. In our relations with universities, for example, we see mutual benefits of joint research projects and traineeships. Océ has an intensive relationship with a selected number of universities and educational institutes, in some of which our senior managers have accepted programme board memberships.

Manufacturing and Logistics partners Océ sources all of its components for machines from selected suppliers. In order to be cost competitive we have intensified the sourcing of parts and materials from low cost areas.

In the year under review we also outsourced a significant part of our manufacturing activities to low-wage countries such as Malaysia, China and the Czech Republic. In order to keep in control of product safety, Océ provides detailed product specifications and assumes full responsibility for product safety and HS&CE aspects of the materials used.

In 2005 we asked our manufacturing business partners and suppliers to sign a declaration stating that they adhere to the principles of the UN Global Compact.

Overview of Océ's partnerships.



Business partners who signed the declaration will be put on the approved vendor list. This vendor list has been introduced in order to safeguard Océ standards in terms of reliability, quality and sustainability of the partnership. Furthermore, at the Venlo site we reviewed the contracts with our Electronic Manufacturing Services [EMS] Partners in 2005. From now on we will only work with EMS partners who have adopted the ethical code of the electrical industry. We granted the Works Council in the Netherlands its request to inspect the contracts between Océ and its EMS partners.

OEM partners Océ offers its customers a product line that covers the entire spectrum of document solutions. Océ's OEM partners complement the products we develop in-house. The Strategic Business Units [SBUs] are responsible for the acquisition of the OEM products that are sold via the operating companies, and for the quality, product safety and other sustainability aspects of the OEM products. A substantial part of our OEM products are labelled, sold, and serviced as Océ products according to Océ standards. Operating companies are not allowed to add the Océ logo to any OEM product without prior approval of the SBU. All other products supplied by our OEM partners are screened to ensure they meet the legally required standards with respect to product safety and related aspects.

Océ Distributors and Resellers Océ utilizes several channels to sell products and services to end-use customers. Direct sales and service is the primary channel, operating in over thirty countries worldwide. Even within these direct Océ countries, our market and geographic reach is expanded through relationships with independently owned resellers. In countries where no Océ operating company is established, Océ utilizes independent distributors. These resellers and distributors represent Océ products and service to customers with on-going support by Océ personnel. The indirect channel is trained in Océ selling and servicing methods as well as customer support requirements. Their performance and market approach is regularly monitored in order to meet Océ requirements.

This close contact safeguards the responsibility Océ has for sustainability aspects. When these requirements are not regularly achieved, the business relationship can be terminated.

Providers of financial services Outside the USA Océ outsources its leasing services to vendor lease partners. The lease companies that Océ has selected have an outstanding reputation in terms of reliability and sustainability, and they are aware of Océ's standards with regard to the way customers want to be treated and with regard to ethical/financial conduct.

Waste processing partners For the treatment of the waste materials from our manufacturing and recycling processes we have selected a number of professional, certified waste companies who guarantee us that waste material is processed at least in accordance with the legally required standards. Companies that cannot meet these standards are excluded from any activity under the Océ banner.

Progress report and areas of improvement

With regard to the sustainability aspects of its partnerships with other companies, Océ can report the following progress and areas of improvement:

- As mentioned earlier in this chapter, our manufacturing business partners and suppliers have been asked to sign a Supplier/Partner Declaration, based on the UN Global Compact principles. In 2005 about 80% of them signed and returned this Declaration. Those who have signed will be listed on the approved vendor list. The Purchasing Department will monitor the approved vendor list.
- HS&E responsibility for OEM products sold and serviced under the Océ logo has been clarified and made explicit. Operating companies are not allowed to sell any OEM product under the Océ logo without the approval of the Strategic Business Units. The Business Units will monitor this process.
- EMS partners are selected on the basis of their ethical standards, and contracts with EMS partners are openly discussed with Océ's Works Council in Venlo [the Netherlands].
- Océ will monitor an approved list of waste processing partners.

- 46 ISO 14001 certificates
- Océ-Technologies [Venlo]
- Océ Printing Systems [Poing]
- Arkwright [Fiskeville]
- Océ-España [Barcelona]
- Océ Schweiz [Glattbrugg]

Océ has more than a century's experience in managing the industrial-scale production of chemicals, reproduction supplies and machinery. An awareness of the importance of properly managing potentially hazardous substances, by-products, solvents and so forth is deeply ingrained in our culture.

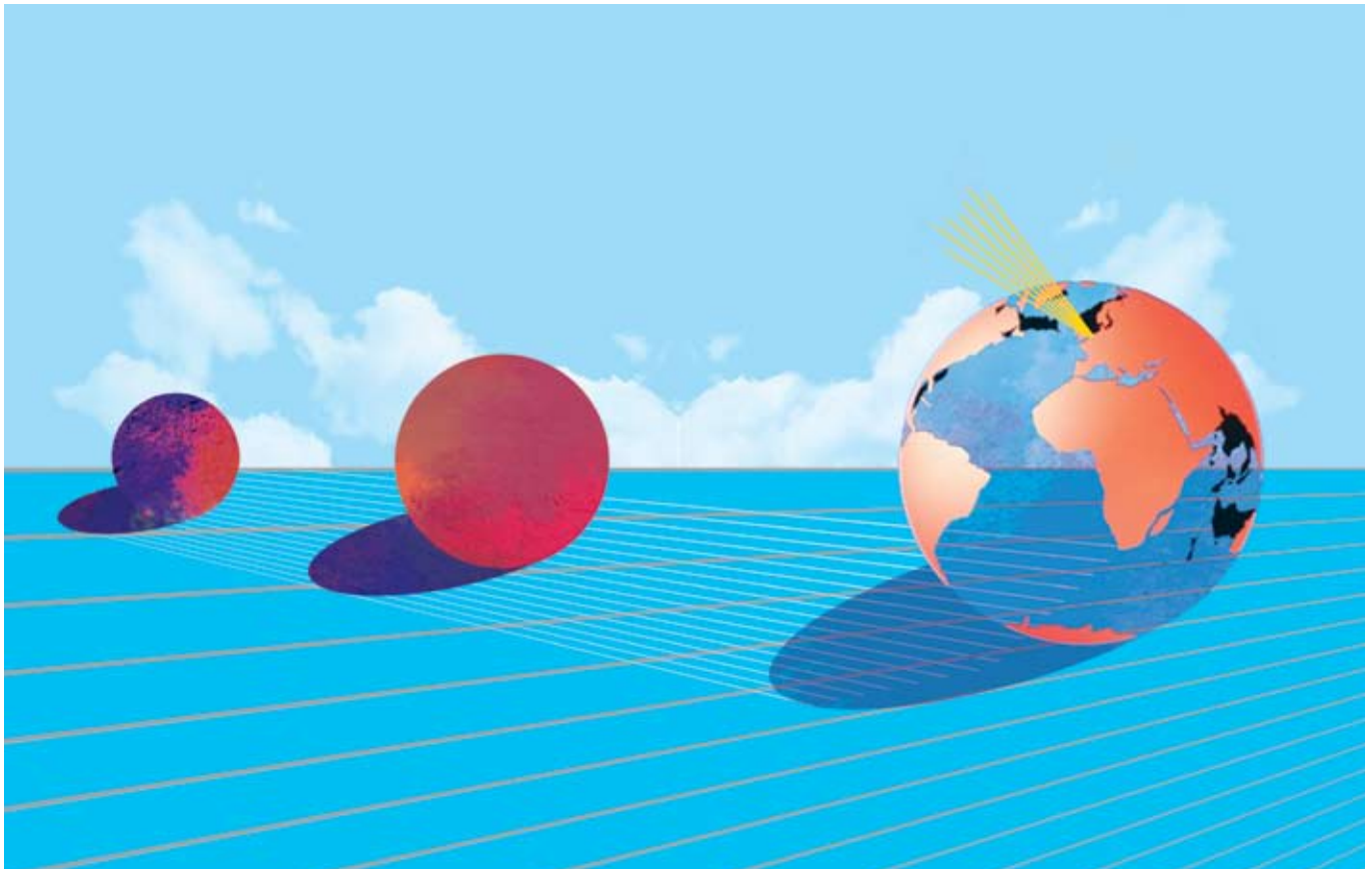
We are committed to protecting the health and safety of our staff and customers, and to minimising the environmental impact of our activities. We regard the observance of statutory regulations in all these areas as a minimum requirement and make systematic efforts to formulate internal codes and guidelines that go beyond this threshold level and anticipate future legislation.

At a corporate level, responsibility for health, safety and environmental protection [HSE] 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 Executive Board has been appointed to oversee the definition and implementation of HSE policy. This steering committee is made up of operational managers for all the relevant disciplines, plus support staff specializing in key sub-themes.

Environmental management systems Our three major production sites at Venlo [the Netherlands], Poing [Germany] and Fiskeville [USA] all have ISO 14001 certificates for the environmental management system with which they control, evaluate and improve their environmental performance. Some operating companies have also secured the ISO 14001 certificate for their environmental management system. Last year Océ-Technologies and Océ Printing Systems were certified against the ISO 14001:2004 guideline. Océ-Iberia is planning to obtain the ISO 14001 certification for Océ-Portugal in 2006.

In this chapter we describe how Océ is implementing key aspects of its corporate HSE policy such as staff awareness and involvement, prevention, risk control, total life cycle, and communication to the general public, partners and customers. The chapter also presents our environmental performance data.



Key areas

Staff awareness and involvement To ensure that all employees are aware of the environmental impact of our activities, information on the subject is included in the induction programme followed by new staff. One element of our environmental management system is an analysis of the need for additional training for staff employed on specific tasks. In addition, we raise the awareness and involvement of our staff by regularly publishing articles on environmental issues in our monthly magazine.

In North America, Arkwright, Océ Business Services and Océ North America set up an Environment, Health and Safety [EHS] Council in 2005 in order to help unify the EHS policy throughout Océ's North American operations, to share best practices, and to leverage the EHS resources. The North American EHS Council [photo] has established safety and environmental goals and objectives to support and promote Océ's sustainability efforts. One of their goals is to promote EHS awareness within Océ in North America, by intensifying communications on EHS throughout the company.

The North American Environment, Health and Safety [EHS] Council.

Prevention Minimising the environmental impact of our activities is a key objective of our environmental policy. We put a lot of effort into minimising waste generation and optimising waste collection, separation, reuse and recycling. All employees are encouraged to improve the company's overall HSE performance by discussing their ideas and putting forward proposals as part of a regular consultative process. As part of the Idea Reward Programme in Venlo we were able to reward several waste reduction ideas of employees. One idea concerned the reuse of specific pallets, as a result of which the number of waste pallets could be reduced by 3000. Another idea was to install a rope-like emergency cutout on a converting machine, which will reduce the amount of paper waste by approximately 50 tonnes in the coming years.

In Poing [Germany] our main contractors have agreed to take part in a regular performance ranking called image ranking. Suppliers and waste management firms are regularly audited by our internal quality and environmental management team. To optimise the delivery process, reusable transport units were used to prevent packaging waste.



Risk control At Océ we regularly analyse the risks to health, safety and the environment and implement measures to control them.

Together with our insurance company we evaluate fire risks and other potential hazards at our sites around the world and then take the appropriate actions on the basis of a loss prevention programme drawn up in response to the evaluations.

In 2004 our supply centre in Venlo started implementing the measures prescribed by the EU ATEX Directive, which sets the standard for control of explosion risks. These measures primarily affect the research and production plants for toner, carrier and photoconductors. This programme is on schedule and will be completed in 2006.

Total life cycle We design products and manufacturing processes with the total life cycle in mind. Our products are designed with a view to their being upgraded, reused and in the end recycled. Typical Océ features such as robustness and longevity mean that our products are suitable for reuse.

Océ can call on more than thirty years of refurbishment experience, resulting in huge environmental benefits on saving material and energy resources. Our Asset Recovery Programme in Venlo focuses on the reuse of machines, units and parts at the highest possible level. The remanufactured machines, units and parts comply with the same high Océ quality standards as newly-produced models. Non-reusable parts are sorted, collected and scrapped via waste recycling firms in an environmentally friendly manner. The professional printers made by our Poing supply centre are designed for upgrade, and used machines can be refurbished for remarketing. At both supply centres the logistics process for spare parts has been optimised for return, resulting in the reuse of spare parts. Returned spare parts are repaired and made fit to last a second, third or even fourth lifetime and returned to stock.

At the moment our ambition to increase the reuse of parts and machines is blocked by the RoHS legislation [see chapter 5, page 29]. In 2004 Océ had already addressed the implications of this new environmental legislation, which has major implications concerning our Factory Produced New Model [FPNM] activities and the reuse of units and parts in our supply centres. In the directive the reuse of non-RoHS compliant parts in Newly Build and FPNM is prohibited.

Although an official investigation report by the Dutch institute TNO confirms the environmental benefits of the reuse of non-RoHS compliant parts in our supply centres, an exemption is still pending.

Communication: public, partners and customers Our formal corporate reports are one of the means by which we inform the general public about all relevant aspects of our HSE policy. The main source of information, apart from the Annual Report, is our Sustainability Report.

Both reports are published on our corporate website, and are sent as hard-copy publications to the competent authorities, our neighbours, employers' organisations, waste disposal firms and colleague companies, various individuals, investors' associations, environmental auditors, etc.

Océ has a policy of actively involving its contractual partners and suppliers in the operational side of environmental protection. An intensive exchange of information with our transport partners encourages them to optimise their routing. We try to give all our suppliers the information they need to do their work properly within the constraints of statutory regulations. For example, we inform our logistics contractors about transport regulations for hazardous goods if they deliver or transport hazardous products or waste for us.

The safety and environmental quality of each of our products, both machines and consumables, are documented in comprehensive Safety Data Sheets distributed by our operating companies.

Environmental performance data

The remainder of this chapter is devoted to quantitative information on the environmental impact of our operations. We obtained reasonably accurate figures from all our manufacturing and remanufacturing facilities, which 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].

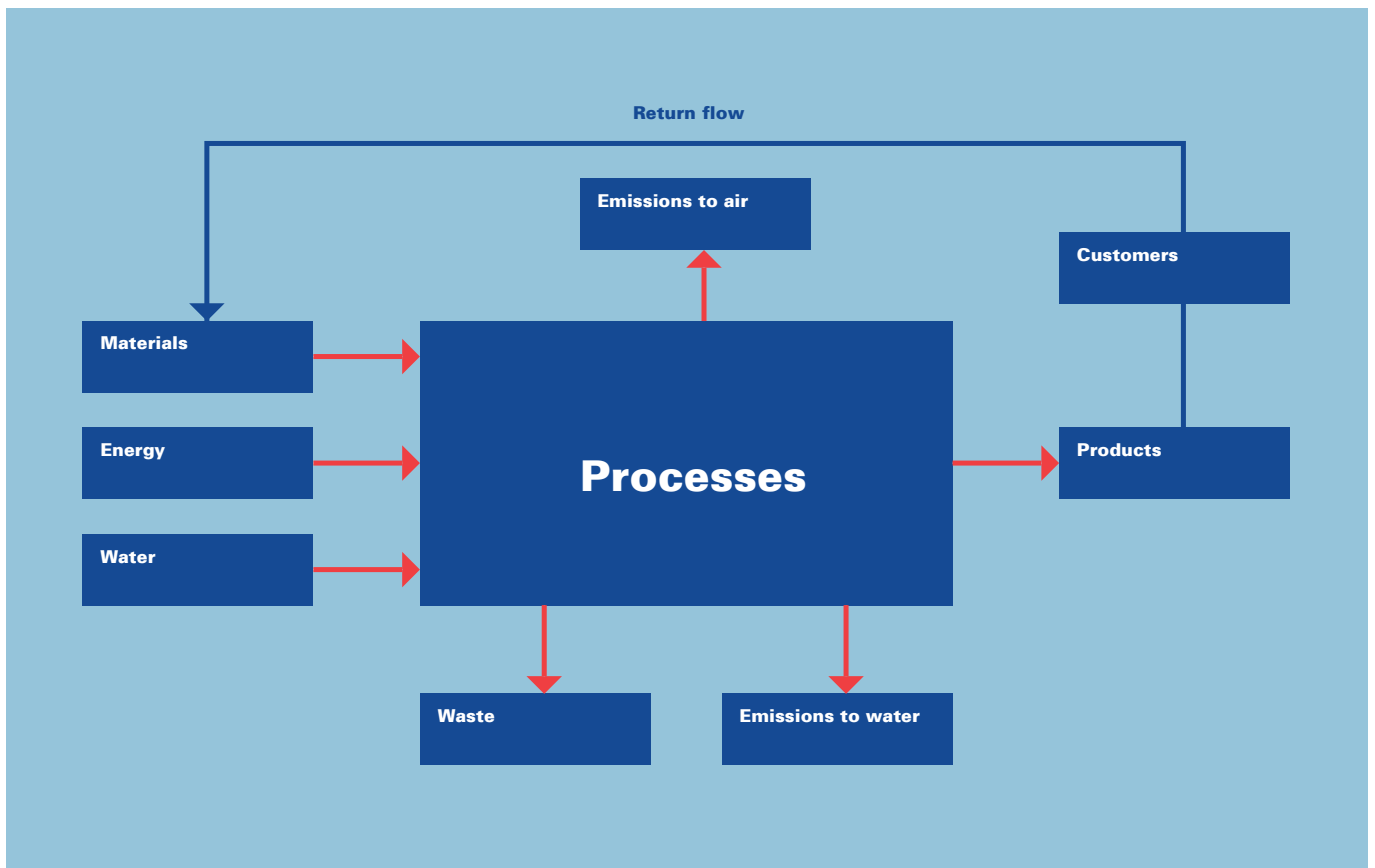
In 2005 we discovered that the data for 2004 from Arkwright did not cover all sites. Where possible, we made corrections for this with regard to the 2004 data, based on estimates. We have compiled data for some of our operating companies that are responsible for sales and service activities. However, 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 data concerned.

We have reported 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;
- 2005 results and targets for 2006.

The figure below gives an impression of the interrelationship between energy, water and material consumption on the one hand, and the production of emissions, effluents and waste on the other. It also shows how waste materials are reused and recycled internally.

Use, reuse and disposal.



Use of materials We have tried to make an estimate of the total amount of materials we use at our production sites in Europe and North America 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 measure the total amount of paper and film used for the production of imaging supplies.

We have estimated the use of metals and plastics at approximately 7,700 tonnes and the use of chemicals and solvents at roughly 6,700 tonnes. Our sites in the USA and Europe used a total of approximately 740 tonnes of solvents. The solvents used were all either non-toxic or low-toxic. Compared to our figures of last year we had to make a correction for the use of liquid nitrogen which had not yet been accounted for. The total use of materials in 2005 amounted to 16,250 tonnes.

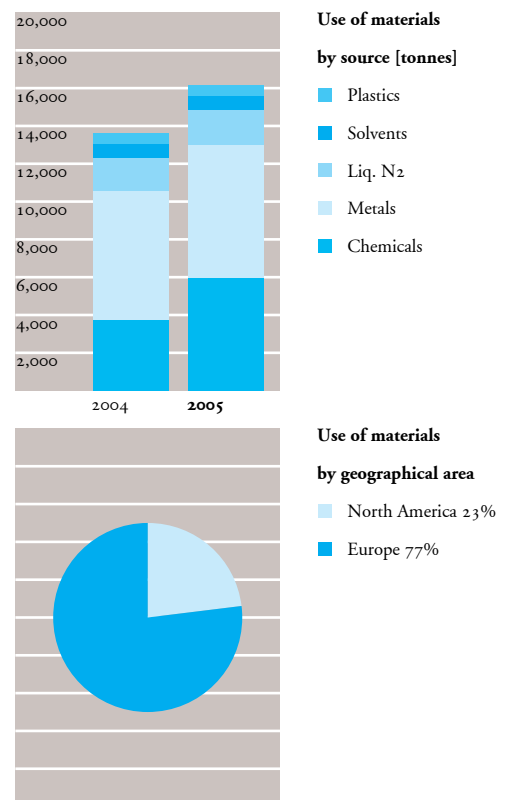
The increase in materials usage compared to 2004 was due to the better coverage from our Arkwright sites and the start of our new toner factory in Venlo for the DDS market.

Ozone depleting substances Our supply centres in Venlo and Poing have programmes to replace ozone depleting substances with hydrogen fluorocarbons in cooling units. With these programmes we are meeting legal regulations. Emissions occur only in the event of incidents involving leakages.

Return flow of materials At our main supply centres in Venlo and Poing and at our North American sites in Itasca, Mt. Laurel and Vancouver, we have set up a system for the return of machines, service parts and some renewable consumables.

Some 30% of the products that are returned are converted into renewed or remanufactured machines or reusable parts. The remaining 70%, consisting mainly of electrical and mechanical components, are collected, sorted and sent to waste recycling firms. Consumables such as photoconductors and toner packaging are recovered from the machines and passed on to waste recycling firms. Some photoconductors are renewed and reused. Overall, over 90% of these materials are reclaimed and remain in the raw-material chain.

In 2005 our dedicated machine overhaul workshop in Venlo had to double its capacity. Here machines of all kinds undergo a dedicated overhaul programme. As this activity offers maximum service and flexibility to the operating companies, for 2006 a further growth of this activity is expected.



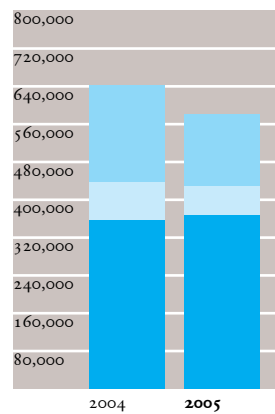
As mentioned before, Asset Recovery in Venlo is a very important supplier of completely refurbished engines, units and modules. In 2005 about 2,000 tonnes of materials were reused in this way. For 2006 we expect this figure to increase by approx. 20%.

Water In 2005 our companies used an estimated 590,000 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 97% of the ground water is infiltrated back into the aquifer.

A water savings programme at Arkwright resulted in a reduction in the usage of drinking and surface water for cooling purposes of about 60,000 m³. In Venlo we used about 20,000 m³ more water than last year for cooling purposes, mainly due to the hot summer. Of the total amount of water about 74% is used for cooling purposes.

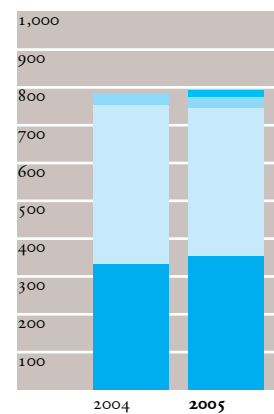
Energy The use of energy is an important environmental indicator in view of the emissions of greenhouse gases caused by the burning of natural gas and other fuels. The total amount of energy [electricity, gas and heat] used for housing and production purposes by the companies covered in this report was 804 TJ [10¹² J]. The original 2004 figure for the consumption of natural gas has been corrected in this report [higher amount of gas use by Arkwright].

The use of electricity or district heating that is produced at external sources results in indirect energy use. We have tried to make an estimate of the use of indirect energy, taking into account that both fossil fuels and renewable or other sources are used for the production of electricity in the reporting countries. We estimate our indirect energy use at about 960 TJ [10¹² J].



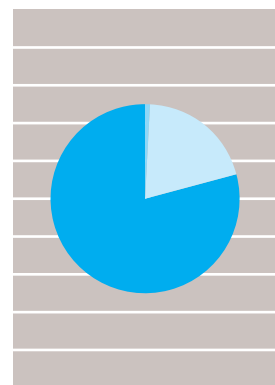
Water consumption by source [m³]

- Tap water
- Surface water
- Ground water



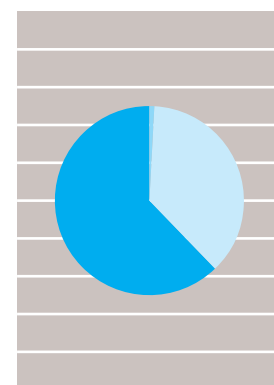
Total energy consumption by source [TJ]

- Sustainable energy
- District heating
- Natural gas
- Electricity



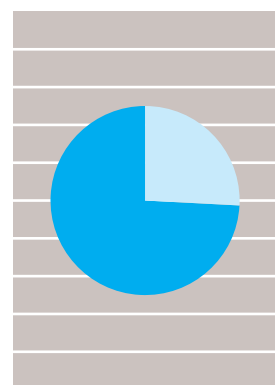
Water consumption by geographical area

- North America 20%
- Europe 79%
- Countries outside Europe and North America 1%



Total energy consumption by geographical area

- North America 37%
- Europe 62%
- Countries outside Europe and North America 1%



Use of water

- Domestic and industrial water 26%
- Cooling water 74%

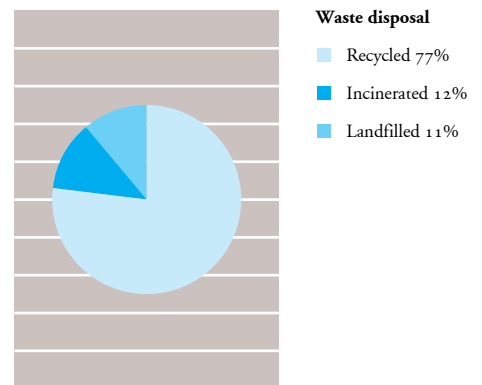
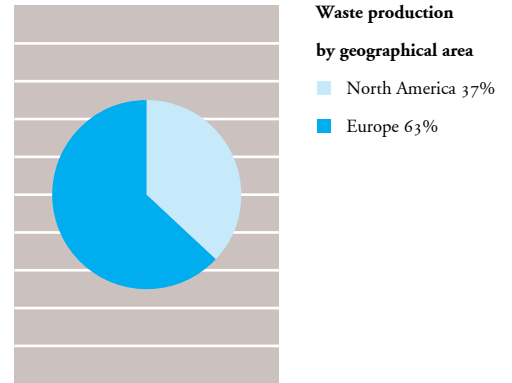
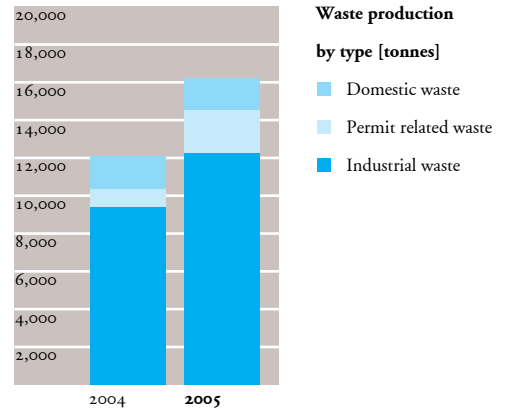
Multi-year energy plan The Kyoto Protocol provides for a reduction of over 10% in the total quantity of greenhouse gases emitted during the period up to 2010. Against this background, our Venlo site conducted a study of ways and means of reducing energy consumption and raising energy efficiency.

We also studied the potential for using ‘green’ or renewable energy sources. In previous years we had invested in heat and cold storage and in combined heat and power systems. In 2005 18 TJ of our energy consumption originated from renewable sources.

Waste The total volume of waste generated at our companies in 2005 amounted to approximately 16,400 tonnes. The difference with the total volume of waste generated in 2004 is mainly due to the better coverage of the Arkwright sites this year.

There are three categories of waste: permit-related waste such as hazardous chemicals, toner, etc.; industrial waste such as paper, metals, packaging, etc.; and domestic waste.

Most of the industrial waste can be recycled, in particular metals and paper. About 40% of the industrial waste, 5,000 tonnes, is generated by the return flow of used copiers and printers. The methods of disposing of the remaining waste vary from country to country. We have reasonably accurate figures from our manufacturing sites and from most operating companies. The other sites are office buildings in different countries, which produce mainly domestic waste. Their figures for the methods of disposal have been estimated.



Emissions to air CO₂ and NO_x emissions The use of natural gas for heating purposes caused direct CO₂ emissions totalling 13,900 tonnes.

At our Fiskeville site, solvent emissions are controlled with the aid of thermal and catalytic oxidisers. This results in additional direct CO₂ emissions amounting to 9,500 tonnes due to the burning of natural gas and solvents. The 2004 calculations proved not to be accurate; we have corrected these figures. Our total direct CO₂ emissions in 2005 amounted to 23,400 tonnes.

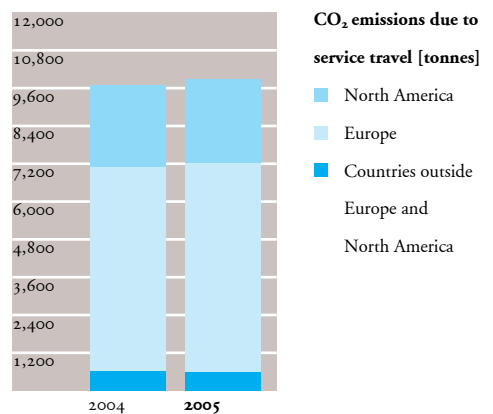
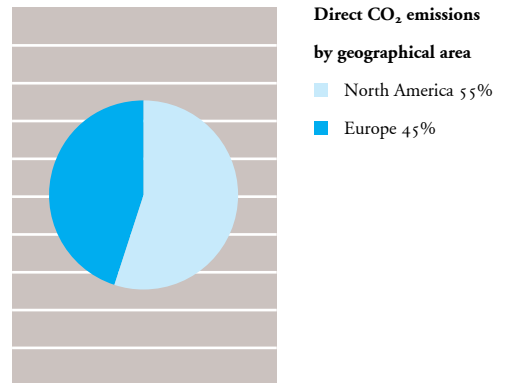
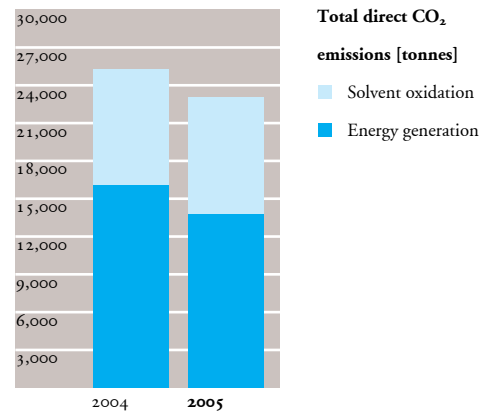
Indirect CO₂ emissions are attributable to the use of electricity or district heating that is produced at external sources. We have tried to make an estimate of the indirect CO₂ emissions, taking into account that both fossil fuels and renewable or other sources are used for the production of electricity in the reporting countries, which results in indirect CO₂ emissions of about 49,320 tonnes.

The use of natural gas and electricity also causes direct and indirect NO_x emissions.

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 world is approximately 37 million. This results in emissions of 10,000 tonnes of CO₂ worldwide.

Solvents and solvent emissions Solvent emissions are an important environmental factor. Our emissions of solvents to air totalled 87 tonnes in 2005.

Emissions to water At our production sites in Venlo and Fiskeville we partially treat wastewater before it is discharged to a sewer and to the local wastewater treatment plant. No untreated wastewater is discharged to surface water. Operating companies are housed in office buildings and also discharge their wastewater to a sewer and to the local wastewater treatment plant. We estimate the total Biological Oxygen Demand [BOD] of our wastewater at 154 tonnes in 2005.



Compliance and environmental incidents In Spain we received three formal notices about the incident we mentioned in last year's report, in which one of the transport companies used by Océ-España was burning toner bottles. We were fined € 300,- and had to restore the site to the condition it was in before the incident. This incident led us to review the arrangements with transport companies. Océ-España will from now on only work with transport companies that have an ISO 14001 certificate or have made a commitment to respect the environment.

No other environmental incidents were reported.

2005 results and targets for 2006

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, 85% of our energy use, 80% of our use of drinking water, 83% of our total waste volume and about 70% of our direct CO₂ emissions.

Océ-Technologies – Venlo

2005 results

Management systems: We were able to integrate our environmental management systems in Venlo as planned and were granted the ISO 14001:2004 certificate.

Energy: Our formal multi-year energy efficiency target is based on a 1% improvement in energy efficiency over the reporting period 2005-2008. In 2005 our overall energy efficiency increased by 0.4%, which means 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 achieve significant savings.

Solvent emissions: we have started a programme to investigate what measures we can take to prevent emissions. This programme will be completed in 2006.

Waste: Our new waste reduction plan is ready for 50% of the Venlo site.

2006 targets

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

Solvent emissions: The programme to investigate what measures can be taken to prevent emissions will be completed. In addition, we will discuss our current emission levels with the local authorities.

Waste: In 2006 we will complete a new waste reduction plan for the Venlo site.

Océ Printing Systems – Poing

2005 results

Management systems: Based on a reassessment we received a new combined

ISO 14001:2004 / ISO 9001:2000 certificate valid until January 2009.

Energy: The implementation of the direct deliveries of toner from Barcelona to the USA has been completed. We deliver approx. 350 tonnes per year. Due to the conversion of transportation we achieved huge savings in emissions caused by trucks.

Materials: The adjustment of our testing programmes for the VarioPrint series have led to annual savings of 1,100 kilograms of testing materials. In addition, the phosphating plant was dismantled in 2005, resulting in an improvement in environmental performance due to a reduction in the amount of hazardous substances used.

2006 targets

Energy and Emissions: We have started an energy saving plan for 2006 and 2007 in order to reduce energy consumption.

Arkwright – Fiskeville

2005 results

Energy: The goal was a 2% reduction in electricity usage per square metre coated from 2004 level. 55

The actual result was a 7.4% increase, due to newer products needing more energy in their preparation and coating.

Materials: The goal was a 2% reduction in solvent usage per square metre coated from 2004 level.

The actual result was a 1.3% reduction, due to higher volume of solvent-based coatings.

Water: The goal was a 10% reduction in city water usage per square metre coated from 2004 level. The actual result was a 53.4% reduction, due to the successful usage of river water for cooling. Furthermore we managed to reduce the total amount of cooling water.

Waste: The goal was a 5% reduction per square metre coated from 2004 level for aqueous hazardous waste, solvent hazardous waste and solid hazardous waste. The actual result was a 70.7% reduction in the combined aqueous, solvent and solid hazardous waste, due to improved efficiencies of waste removal.

2006 targets

Energy: 2% reduction in electricity usage per square metre coated from 2005 level; 2% reduction in gas usage per square metre coated from 2005 level.

Materials: 2% reduction in solvent usage per square metre coated from 2005 level; 5% increase in amount of materials recycled from 2005.

Waste: 2% reduction per square metre coated from 2005 level for aqueous hazardous waste, solvent hazardous waste and solid hazardous waste.

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	2.14 Significant changes since the previous report	60
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	EC3 Cost of all goods, materials, and services purchased	12
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	EC5 Total payroll and benefits broken down by country or region	12
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	EC6 Distributions to providers of capital	13
	EC7 Increase/decrease in retained earnings	13
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	EC9 Subsidies received broken down by country or region	Not inventorised
	EC10 Donations to community, civil society, and other groups	13
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	EN2 Percentage of materials used that are wastes from external sources	None
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	EN3 Direct energy use segmented by primary source	51
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	EN5 Total water use	51
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	Indicator	Page[s]
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	HR 3 Description of policies and procedures to evaluate and address human rights performance within the supply chain	21, 45

Indicator	Page[s]
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HR4 Description of global policy preventing all forms of discrimination in operations, including monitoring systems and results	www.oce.com/en/about/Other/hrights.htm
Freedom of Association and Collective Bargaining	
HR5 Description of freedom of association policy and extent to which this policy is universally applied	www.oce.com/en/about/Other/hrights.htm
Child Labour	
HR6 Description of policy excluding child labour, including monitoring systems and results	21
Forced and Compulsory Labour	
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SO2 Description of the policy and compliance mechanisms addressing bribery and corruption	21
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PR1 Description of policy for preserving customer health and safety during use of products and services, including monitoring systems and results	29 – 30
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Page numbers preceded by “AR” refer to pages in the 2005 Annual Report, referenced on page 2.

For a few GRI Performance Indicators the reader is referred to a specific webpage on Océ’s corporate website.

This has been done in order not to burden the present report with information that is readily available elsewhere.

Scope As stated earlier, 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 sustainability data of Imagistics International Inc., the company that we acquired at the end of October 2005, are not included in this report.

The data in this report are derived from all manufacturing sites and the major operating companies. They cover 77% of Océ's employees worldwide and 84% of Océ's total revenues for 2005.

The economic performance data in chapter 2 and the employee figures in Tables 1, 2 and 3 on page 42 in chapter 6 are an exception to the above-mentioned scope; they cover 100% of Océ's activities, as they are derived from Océ's Annual Report 2005. The results of Imagistics for November 2005 have been consolidated into Océ's results. For further information, see the Annual Report 2005.

Reporting period This report describes the activities of the Océ group in the period from 1 December 2004 to 30 November 2005, Océ's financial year. As the 2004 report covered the calendar year 2004, caution should be taken in comparing the 2004 figures [which have not been adjusted] with the 2005 figures. The reason for this change in reporting period is to link up with the reporting period of Océ's Annual Report.

Accuracy Due to the nature of the data used for this report, the data is 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, 8% of electricity consumption, 10% of gas consumption and 4% of district heating consumption are based on estimates. The same holds for 12% of total drinking water consumption. Obtaining reliable and accurate waste figures turned out to be the most difficult issue. Of the total domestic waste volume reported, 38% is based on estimates. For the permit related waste and industrial waste of the operating companies, the assumption was made that in cases where these figures were not available, the amount of these types of waste streams was zero.

It is our intention to continuously improve our management and data gathering system. We are confident that we will be able to improve the accuracy and consistency of our reports in the next few years.

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 2004 is the level of verification. The present report is the first Sustainability Report that has been reviewed. The review was performed by internal auditors from Océ.

Global Reporting Initiative In 2002, we started reporting on sustainable development in conformity with the guidelines laid down by the Global Reporting Initiative [www.globalreporting.org]. The GRI guidelines have been used to structure this report and to ensure a balanced coverage of as many relevant sustainability parameters as possible, although we cannot claim to have prepared a report ‘in accordance with’ the guidelines, as prescribed in Part A of the 2002 GRI guidelines. In the previous chapter an overview was given of the scope of the GRI indicators. For future Sustainability Reports we will deliberate whether we will continue to follow the criteria set out in the GRI guidelines, and try to cover as many GRI indicators as possible, or define a limited number of specific ‘Océ indicators’.

Review of sustainability reporting in 2005

As in 2004, two studies were carried out in 2005 with regard to the transparency of Dutch companies in their sustainability reporting. One study was carried out by the Dutch Association of Investors for Sustainable Development [VBDO], the other by the Dutch Ministry of Economic Affairs.

The VBDO examined the transparency of 48 Dutch listed companies with regard to sustainability reporting on the basis of the GRI guidelines. In this table Océ was ranked fourth, making it one of the leaders [in 2004: seventh].

The Dutch Ministry of Economic Affairs examined the annual reports of 100 listed companies and 77 unlisted companies. The companies studied were ranked on a ‘transparency ladder’ according to the level of accountability they provide about their corporate social responsibility activities in their annual reports. On this transparency ladder Océ was ranked 29th [2004: 19th].

There are two major differences between the two studies. The first difference is the primary source. The VBDO uses companies’ sustainability reports as the primary source, while the Dutch Ministry of Economic Affairs uses their annual financial reports as the primary source. In addition, the methodology of the VBDO is based on the GRI guidelines, while the Dutch Ministry of Economic Affairs tests the annual reports against seven important aspects derived from the Annual Report Guideline 400.

Europe

<i>Belgium</i>	Océ-Belgium N.V. / S.A.	Brussels	+32 2 7294811
	Océ Software Laboratories Namur S.A.	Gembloux	+32 81 876710
<i>Denmark</i>	Océ-Nordic Holding ApS	Copenhagen	+45 43 297000
	Océ-Danmark a/s	Copenhagen	+45 43 297000
<i>Germany</i>	Océ Holding Deutschland Verwaltungsgesellschaft m.b.H.	Mülheim/Ruhr	+49 208 48450
	Océ-Deutschland G.m.b.H.	Mülheim/Ruhr	+49 208 48450
	Océ Printing Systems G.m.b.H.	Poing	+49 8121 724031
	Océ Document Technologies G.m.b.H.	Konstanz	+49 75 31874010
<i>Finland</i>	Océ-Finland Oy	Helsinki	+358 9 6859110
<i>France</i>	Océ-France S.A.	Noisy-le-Grand	+33 1 45925000
	Océ Print Logic Technologies S.A.	Créteil	+33 1 48988000
<i>Hungary</i>	Océ-Hungária Kft.	Budapest	+36 1 2361040
<i>Ireland</i>	Océ-Ireland Ltd.	Dublin	+353 1 4039100
<i>Italy</i>	Océ-Italia S.p.A.	Milan	+39 02 927261
<i>Netherlands</i>	Océ-Technologies B.V.	Venlo	+31 77 3592222
	Océ-Nederland B.V.	's-Hertogenbosch	+31 73 6815815
	Arkwright Europe B.V.	Venlo	+31 77 3209020
	Océ-America, Inc.	Venlo	+31 77 3592222
	Océ General Partnership	Venlo	+31 77 3592222
<i>Norway</i>	Océ-Norge A.S.	Oslo	+47 2 2027000
<i>Austria</i>	Océ-Österreich Ges.m.b.H.	Vienna	+43 1 86336
<i>Poland</i>	Océ-Poland Ltd. Sp. Z o.o.	Warsaw	+48 22 5002100
<i>Portugal</i>	Océ-Portugal Equipamentos Gráficos S.A.	Lisbon	+351 21 4125700
<i>Romania</i>	Océ-Software S.R.L.	Timisoara	+40 256 200786
<i>Slovakia</i>	Océ-Slovenská republika S.R.O.	Bratislava	+421 2 44010111
<i>Spain</i>	Océ-Iberia Holding Valores S.L.	Barcelona	+34 93 4844800
	Océ-España S.A.	Barcelona	+34 93 4844800
<i>Czech Republic</i>	Océ-Czeska republika S.R.O.	Prague	+420 2 44010111
<i>United Kingdom</i>	Océ [UK] Limited	Brentwood	+44 870 6005544
	Océ Imagistics [UK] Limited	Brentwood	+44 870 6005544
<i>Sweden</i>	Océ Svenska AB	Stockholm	+46 8 7034000
<i>Switzerland</i>	Océ [Schweiz] A.G.	Glattbrugg	+41 1 8291111



North America

<i>United States</i>	Océ-USA Holding, Inc.	Chicago, ILL	+1 773 7143762
	Océ North America, Inc.	Chicago, ILL	+1 773 7148500
		Boca Raton, FL	+1 561 9973100
	Océ Imagistics Inc.	Trumbull, CT	+1 203 3657000
	Arkwright, Inc.	Fiskeville, RI	+1 401 8211000
	Océ Business Services, Inc.	New York, NY	+1 212 5022100
	Océ Reprographic Technologies, Corp.	Phoenix, AZ	+1 602 7441353
	Onyx Graphics, Inc.	Salt Lake City, UT	+1 801 5689900
<i>Canada</i>	Océ-Canada, Inc.	Toronto	+1 416 2245600
	Océ Imagistics Canada Inc.	Mississauga	+1 905 5640195
<i>Mexico</i>	Océ-Mexico S.A. de C.V.	Mexico City	+52 55 50898710

Asia/Pacific

<i>Australia</i>	Océ-Australia Ltd.	Scoresby	+61 3 97303333
<i>China</i>	Océ Office Equipment [Shanghai] Co., Ltd.	Shanghai	+86 21 62729698
<i>Hong Kong</i>	Océ [Hong Kong China] Ltd.	Hong Kong	+852 25776064
<i>Japan</i>	Océ-Japan Corporation	Tokyo	+81 3 54026112
<i>Malaysia</i>	Océ Malaysia Sdn. Bhd.	Petaling Jaya	+60 3 79668000
<i>Singapore</i>	Océ [Singapore] Pte. Ltd.	Singapore	+65 6 4701500
<i>Thailand</i>	Océ [Thailand] Ltd.	Bangkok	+66 2 2607133

Other countries

<i>Brazil</i>	Océ-Brasil Comércio e Indústria Ltda.	São Paulo	+55 11 30535300
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Direct Export/Emerging Markets

<i>Netherlands</i>	Océ Direct Export/Emerging Markets	Venlo	+31 77 3592222
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Financing companies

<i>Australia</i>	Océ-Australia Finance Pty. Ltd.	Scoresby	+61 3 97303333
<i>Belgium</i>	Océ-Interservices N.V. / S.A.	Brussels	+32 2 7294992
<i>Germany</i>	Océ-Deutschland Financial Services G.m.b.H.	Mülheim/Ruhr	+49 208 48450
<i>France</i>	Océ-France Financement S.A.	Saint-Cloud	+33 1 45925055
<i>Spain</i>	Océ-Renting S.A.	Barcelona	+34 93 4844800
<i>United States</i>	Océ-Financial Services, Inc.	Boca Raton, FL	+1 561 9973100

Minority holdings

<i>Cyprus</i>	Heliozid Océ-Reprographic [Cyprus] Ltd.	Cyprus 25%
<i>Singapore</i>	Datapost Pte. Ltd.	Singapore 30%

