

technicolor

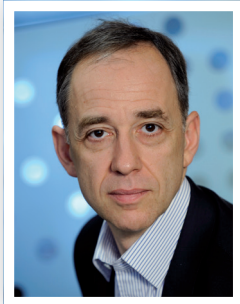


2016 SUSTAINABILITY COMMUNICATION



2016 SUSTAINABILITY REPORT

MESSAGE FROM THE CEO



Dear Stakeholder,

Technicolor has been at the forefront of the transition from analog to digital media communications over the past decade and is now well placed to benefit from strong growth across multiple platforms and industry segments. Ensuring the sustainability of this growth remains a high priority for my entire leadership team. Our Drive 2020 strategic plan was launched in 2015 with strategic acquisitions which were successfully integrated in 2016.

Another foundation has been our longstanding adoption since 2003 and renewed commitment every year to the ten principles of the United Nations Global Compact, notably through our Charters on 'Environment, Health and Safety', 'Ethics' and product environmental Whitepapers. More specifically, Technicolor policies prohibit the use of child labor, forced labor, human trafficking and slavery in its operations and its supply chain and require its suppliers to comply with our standards. The resulting governance processes have helped to place Corporate Social Responsibility at the heart of our business approach and ensure that commercial needs are appropriately balanced with those of local communities, the environment, our business partners and of course our employees.

High on the CSR agenda, Data Security, one of the strong expertise of the Group since its beginnings, remains key to our business long-term sustainability. Cybercrime has a capacity to jeopardize operations and long-term relations of trust established with our partners, our customers, our suppliers, our employees. The Technicolor Security Office (TSO) issued a new Data Security policy. The TSO team was reinforced, more talents were hired, and a global awareness and training campaign for all our employees was launched. A formal Data Protection Policy issued by the Technicolor Ethics Compliance Committee governs legal compliance under the Data Protection EU Directive. An independent Data Privacy Officer is also registered with the French CNIL.

Our Connected Home division integrated CSR in its quality policy, and joined the non-profit Electronics Industrial Citizenship Coalition (EICC) as an applicant member in 2014. Over the past two years, the business demonstrated its ability to implement the EICC Code of Conduct throughout the supply chain and has been recognized as a full member by EICC in 2016.

For the fourth time in a row, a full external audit of our social, environmental and societal information reporting took place, involving more than 20 stakeholders within the organization across multiple countries. Accurate information is vital for the continued progress of our sustainability agenda and the data in this report is a key input to leaders across our business making operational decisions on a wide variety of important topics. Our commitment to align our reporting to the Global Reporting Initiative framework relies on diligent data harvesting processes, and audits help us retain focus year after year.

Employee health and safety remains an important focus, demanding continuous vigilance and innovation to ensure we do everything possible to keep our employees safe. We have also continued our core initiatives to drive eco-design principles into all our products and manufacturing processes and move closer to carbon neutrality, bringing benefits for both customers and the environment.

Contents

Message from the CEO	p.3
----------------------------	-----

Sustainability Overview	p.6
--------------------------------------	------------

1- Company Description.....	p.6
2- Approach to Sustainability	p.8
3- Recent Social Responsibility Achievements	p.10
4- Ethical Business Practices	p.12

Our Actions.....	p.14
-------------------------	-------------

A. Human Resources Management	p.14
--	-------------

1- Workforce Evolution.....	p.14
2- Workforce Composition.....	p.16
3- People Development	p.19
3.1 Major People Development Projects	
3.2 Training	
3.3 Remuneration Policy	
3.4 Collaborative Tools	
3.5 Working Time Management & Absenteeism	
4- Diversity Supports Sustainable Growth.....	p.27
5- Dialogue with Labor Unions	p.30
6- Health & Safety Management.....	p.31
6.1 Managing Health & Safety	
6.2 Training People to Enhance Safety	
6.3 Health & Safety Performance and Progress Assessment	
6.4 On-site Health & Safety Initiatives	

B. Environmental Management	p.34
--	-------------

1- Commitment to Protect the Environment.....	p.34
2- Reducing Environmental Impact.....	p.34
3- EH&S Goals and Progress.....	p.35
4- Continuous Improvements in Environmental Performance.....	p.36
4.1 Audits	
4.2 2012-2015 Goals and Performance	
5- Environmental Initiatives at Technicolor Sites	p.36
6- Technicolor Carbon Footprint and Climate Change Mitigation Initiatives	p.37
7- Eco-design and Life Cycle Assessment	p.38
7.1 Connected Home: A Longstanding Commitment to Eco-design	
7.2 Eco-design as a Business Advantage	
7.3 Eco-design Methodology	
7.4 Eco-design Principles and Tools	

7.5 Involvement in Energy Efficiency related to Regulation, Standards, and Voluntary Agreements	
7.6 Supplier Involvement	
7.7 Communicating Environmental Information	
7.8 Eco-design Achievements	
7.9 Technicolor Eco-design Challenges	
8- Key Environmental Requirements Compliance	p.48
8.1 RoHS - European Restriction of Hazardous Substances	
8.2 WEEE (Waste Electrical and Electronic Equipment Directive) Implementation	
8.3 Battery Treatment and Recycling Processes	
8.4 Packaging Waste Regulation	
8.5 REACH - Registration, Evaluation and Authorization of Chemicals	
8.6 Energy-related Products - ErP (previously EuP) Directive	
8.7 Other Regions - Brief Overview	
9- Technicolor Digital Home	p.56
10- Fulfilling Environmental Responsibilities	p.57
10.1 Acquisitions	
10.2 Environmental Clean-up	
C. External Stakeholders	p.58
1- Responsibilities to Suppliers	p.58
2- Responsibilities to Customers	p.60
2.1 Customer Satisfaction	
2.2 Customer Privacy	
2.3 Quality Approach	
2.4 Case Studies	
3- Community Involvement	p.66
3.1 Educational Initiatives	
3.2 Local Initiatives and Impacts on Local Communities	
Our Results and Performance	p.70
A. Key Sustainability Data	p.70
B. Performance Review	p.75
1- Carbon Disclosure Project	p.75
2- Eiris	p.75
3- Global Compact	p.75
4- GRI	p.75
C. GRI G4 Content Index - Comprehensive Option	p.76
D. UN Global Compact - 2016 Communication on Progress	p.94
Acronyms	p.98

SUSTAINABILITY OVERVIEW

1- COMPANY DESCRIPTION

Technicolor is a worldwide technology leader operating in the Media & Entertainment (“M&E”) industry and is at the forefront of digital innovation.

The Group develops technologies and solutions pivotal to its customers’ needs including content creators and distributors, Pay-TV operators, Over-the-Top and Network Service Providers. These technologies and solutions are also embedded in mass-market services, devices and platforms, broadening its innovation reach beyond

its own product categories. The Group has a valuable Intellectual Property (“IP”) portfolio, especially rich in image and video compression and processing, networking and communication, content management, interactivity, user interaction, security and display technologies. The Research & Innovation division aims at fostering organic growth in close collaboration with the businesses by innovating in next generation video technologies and experiences.

Technicolor’s activities are organized in three operating segments, namely Connected Home, Entertainment Services, and Technology.

In the **Connected Home** segment, Technicolor is a leader in the design and supply of solutions enabling the delivery of digital video entertainment, data, voice and Smart Home services across the Cable, Satellite, Telecom and Over-the-Top (“OTT”) markets.

Connected Home offers a complete portfolio of cutting-edge Customer Premise Equipment (“CPE”) to Pay-TV operators and Network Service Providers (“NSP”), including digital set top boxes, broadband modems and gateways, and other Connected Devices. The segment also develops software solutions enabling better WiFi performance, multi-device communication in the field of the Internet of Things (“IoT”), as well as applications for the Smart Home (home automation, home security, energy management ...) and related professional services.

In 2016, Connected Home shipped a total of 50.5 million products, up from 31.8 million units sold in 2015.

To date, Connected Home highlights include:

- › Delivery of more than 500 million “CPE” products worldwide*;
- › #2 worldwide for broadband modems and gateways (in terms of value);
- › #2 worldwide in digital set-top boxes (in terms of shipped units).

**including shipments previously done by the Cisco Connected Devices business acquired in 2015*

In the **Entertainment Services** segment, Technicolor is a leading provider of services to content creators and distributors. It supports content creators from creation to postproduction (Production Services), while offering global distribution solutions through its replication and distribution services for CD, DVD, and Blu-ray™ discs (DVD Services).

The Entertainment Services segment is organized around the following divisions:

- › Production Services: full set of award-winning services around Visual Effects (“VFX”), Animation and Games activities, as well as digital video and sound Postproduction Services;
- › DVD Services: replication, packaging and distribution of video, game and music CD, DVD and Blu-ray™ discs for global content producers.

In 2016, Entertainment Services highlights include:

- › #1 worldwide visual effects provider for feature films, TV/OTT and for advertising;
- › Nearly 17,000 visual effects shots for feature films and over 4,000 shots for TV content;
- › Contributed to over 4,700 commercials for advertising;
- › approximately 6,500 direct/creative artists;
- › 1.552 billion CD, DVD and Blu-Ray™ discs shipped to more than 40,000 locations.



In the **Technology** segment, Technicolor operates its fundamental research activities (“Research & Innovation”), a world-class Patent Licensing and Trademark Licensing business, with unique expertise to patent the Group’s innovation and monetize its IP portfolio, which includes all of patents, software, hardware, content or trademark that underpins a technology, product or service.

The Technology segment is responsible for driving technology to commercialization in a selected number of domains, especially video, interoperability, local networks and machine learning/digital personalization. Technicolor generates revenues by licensing its Intellectual Property portfolio that addresses the highly scalable elements of the market ecosystem such as Consumer Electronics (“CE”) devices and media-related services.

The Technology segment is organized around the following divisions:

- Research & Innovation, which includes the Group’s fundamental research activities;
- Patent and Trademark Licensing, which generates revenues by licensing the Group’s IP portfolio.

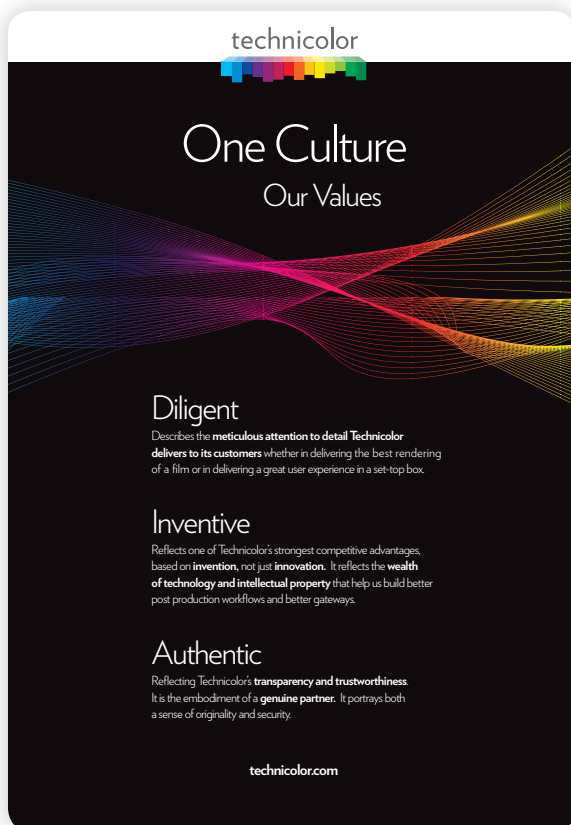
In 2016, Technology highlights include:

- over 50% of consumer electronics manufacturers worldwide integrate Technicolor’s IP;
- a patent portfolio of more than 30,000 patents and patent applications worldwide;
- More than 200 world-class researchers and scientists with skills spanning from video compression, color science, computer vision and computer graphics, to emerging fields such as virtual/augmented reality, light fields, cognitive science, human/computer interaction, network virtualization, heterogeneous networks and deep machine/learning.

The three operating segments of the Group (Connected Home, Entertainment Services, and Technology) are described below:

Operating Businesses				
	Connected Home	Entertainment Services		Technology
		Production Services	DVD Services	
Activity	Solutions & Services including technologies for differentiation and efficiency	Full set of award winning services for films, TV, advertising and games	Entire supply chain for DVD, Blu-Ray and Disc replication	Monetization through Licencing Portfolios
Revenue Stream Example	Revenue primarily generated from the design, integration, manufacture and supply of products such as gateways as set-top boxes	Revenue primarily generated from Visual effects & Animation, Postproduction and Games. Customer agreements are typically project specific	Most customers agreements are multi-year contracts with volume and/or term commitments. No major renewal before 2018	Bilateral Licencing agreements related to the IP portfolio including patents, trademark and technology
Key customers	MVPD and MSO	Studios, TV broadcasters, advertising agencies, OTT services providers and games Publishers	Hollywood studios	Consumer Electronic Manufacturers & Service Providers





2- APPROACH TO SUSTAINABILITY

The Technicolor approach to sustainability is founded upon our core values. We use these to guide us to business success as well as sound environmental stewardship and to ensure that we act responsibly.

As part of our sustainability drive, we establish and nurture partnerships aimed to improve our long-term business outlook.

Three principles guide our actions as we seek to fulfill our social responsibilities:

Understand and Take into Account Stakeholders' Sustainability Expectations

We constantly seek to identify and respond to stakeholder issues. Technicolor is committed to responsible policies and practices in human resources, environmental performance and ethics as we provide quality products and services to customers. These policies and practices extend to our suppliers and subcontractors.

We adhere to the principles of the United Nations Global Compact and the International Labor Organization. Throughout the Company this translates into integrity in business principles and practices, continuous efforts to make more efficient use of resources and an ongoing drive for carbon neutrality.

We want our suppliers to adopt the same sustainability values as ours. We support our customers' sustainability efforts by developing new generations of sustainable products and services. Technicolor also plays an active role in communities where it does business by encouraging educational initiatives and by supporting local community relationships and programs.

Technicolor has been a Member of the United Nations Global Compact since 2003. For more information about the United Nations Global Compact, please visit: <http://www.unglobalcompact.org> and have access to Technicolor Communication on Progress.

Technicolor's Global Compact Communication on Progress is an integral part of this Sustainability Report.



Communicate CSR Goals and Initiatives to Stakeholders

We pledge to deliver concrete, demonstrable proof of our social responsibility practices and achievements.

We provide facts and figures to give stakeholders the information they need to understand, analyze and compare our actions with those of similar organizations. Always an inspiration, we are adapting Global Reporting Initiative (GRI) reporting standards to our disclosures. We are including a GRI G4 Content Index at the end of this report to guide readers to relevant information in our Annual Report or our Sustainability Communication Report. We are publishing the GRI Content Index 'In Accordance' with the **GRI G4 Guidelines – Comprehensive option**. We aim to keep adapting our Sustainability Communication in the future to meet GRI new framework.

Take the Future into Account in Decision-making

We are committed to progressively integrate corporate social responsibility (CSR) data and criteria into business processes across the organization, to ensure that all decisions take CSR considerations into account. In this way, sustainability becomes part of how we do business.

As part of our commitment, we link product and service lifecycle aspects and impacts to their greater societal context, constantly striving to enhance all of our stakeholder relationships.





“ Now more than ever, corporate social responsibility is a business imperative. The more successful companies are those that integrate societal, environmental and economic reflection in how they do business thus reinforcing the links with all their stakeholders. At Technicolor, we know it is in everyone's interest to contribute to the sustainability of the communities we serve and in which we operate. ”

Didier Huck, Vice President,
Corporate Social Responsibility and Public Affairs

3- RECENT SOCIAL RESPONSIBILITY ACHIEVEMENTS

Ethics

The [Code of Ethics](#), governs Technicolor's business decisions, actions, and displays the fundamental values we practice in our day-to-day activities. As part of Technicolor's effort to ensure that employees are familiar with the Code of Ethics and related policies, such as the Whistleblower Policy, the Anti-corruption Policy or the Sourcing Ethics Policy, numerous training programs were implemented by the legal compliance team in concertation with the Ethics Compliance Committee (ECC), including both in-person, WebEx and online courses.

These training initiatives were continued through 2015 and 2016, including training courses focused on the EU Competition-Dealing with Competitors, anti-Corruption and bribery regulations and policies, and preventing sexual harassment.

The Technicolor Data Protection Policy governs legal compliance aspects. It was revised after the Safe Harbor Framework was invalidated by the European Court of Justice in October 2015. The purpose of this policy is to ensure that Technicolor, its staff, contractors, suppliers and other people working on its behalf comply with any applicable provisions of the Data Protection EU Directive where and when appropriate, as well as with any applicable other legislation when processing personal data.

People

Management Academy plays an important role in the support HR provides to managers in the Group. After a pilot period during which sessions were delivered both internally and externally in the U.S., UK, France and Belgium in 2014, we evolved the program to a truly “bootcamp” for management capabilities at group level.

End of 2015, a global plan for Diversity and Inclusion was launched, and during 2016 additional awareness sessions concerning unconscious bias were held in-person with the senior leadership team and also with the HR leadership team. Initial work was prioritized to focus on gender, disability, aging, and ethnicity. The objective of these plans is to improve globally our processes to ensure that practices are not discriminatory at any stage in the Group, but also to promote a mindset of openness and inclusiveness globally. More particularly, on the gender diversity front, the program launched in 2014 was reinforced in 2015 and 2016, in order to better balance gender diversity and increase the ratio of women in business roles, management levels and leadership pipeline. The program was completed by the launch of several local initiatives, especially in UK, France, Poland, and India.

Product

Gateway and Set-Top-Box Life Cycle Analysis (LCA) and eco-design are areas where Technicolor has acquired a solid knowhow and practical experience over the past years. In particular, Technicolor has been a key contributor to European energy efficiency initiatives such as the EU Code of Conduct for Digital TV, EU Code of Conduct for Broadband Equipment, or EU Voluntary Agreement for Complex Set-top Boxes.

In 2015, Technicolor has endorsed the US Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Set-Top Boxes (STB), and the US Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Small Network Equipment (SNE).

In 2014, Technicolor, under its Connected Home division, joined the non-profit Electronics Industrial Citizenship Coalition (EICC) as an applicant member and became a full member in 2016. With more than 110 members, EICC is a recognized coalition of electronics companies that actively seek to improve the rights and well-being of those involved in the electronics industry supply chain.





Community involvement

Technicolor focuses its involvement in community initiatives on digital artists' education. In addition to its support to the Training Academies, the Group supports other educational initiatives to give opportunities to young talent to access to studios and to develop their skills: training students in schools, donating equipment, one week work experience, paid summer internship in VFX studios, supporting third party digital artists schools (India). The Group supports also the India Foundation for the Arts to help advanced projects of cinematographers.

It also continues to support activities in various environments relating to the world of film: launching festivals for new talent, supporting charities, and developing new experimental technologies or supporting joint initiatives with students to foster product and service innovation.

CSR Management

Corporate Social Responsibility (CSR) is managed at the highest level within Technicolor. CSR is formally represented at the Executive Committee level by the Executive Vice President for Human Resources and Corporate Social Responsibility, Fabienne Brunet, reporting directly to the CEO. Executive Committee members evaluate and authorize new company CSR initiatives, review progress and provide supervision in all related domains.

Reporting to the Executive Vice President for Human Resources and Sustainability, a Corporate Social Responsibility Department, headed by Didier Huck, Vice President for Public Affairs & Corporate Social Responsibility, has been in existence since 2007. The CSR Department holds broad authority to propose and coordinate CSR policy implementation and operational deployment. The department benefits from strong senior management support as well as assistance from Technicolor's Human Resources, Sourcing and Environment and Health & Safety network.





“ Technicolor’s Code of Ethics and related policies guide and support our employees each day in accomplishing the Company’s business objectives with ethical integrity. ”

Sophie Le Ménahèze, *Ethics Compliance Committee Secretary*

4- ETHICAL BUSINESS PRACTICES

Ethics Compliance Committee

The Technicolor Code of Ethics, which was first introduced in 1999 and last updated in November 2014, constitutes the foundation for the Company’s core ethics values and practices. It governs Technicolor’s business decisions in our day-to-day activities and has been distributed to all Technicolor employees. It is available on the Company’s intranet.

The ECC, created in 2006, is responsible for all ethical issues related to the Group’s activities. In 2016, the ECC’s members were: Fabienne Brunet (Executive Vice President, Human Resources and Corporate Social Responsibility), Didier Huck (Vice President Corporate Social Responsibility & Public Affairs), Guillaume Litvak (Internal Audit Director), and Sophie Le Ménahèze (General Counsel, Financing and EMEA Corporate Legal Affairs). Didier Huck serves as the Chair of the Committee and Sophie Le Ménahèze as the Committee’s secretary. The ECC reports directly to the Audit Committee. In 2016, the ECC met three times.

An ECC Ethics Training Subcommittee makes recommendations to the ECC concerning training on the Code of Ethics, Whistleblower Policy and related issues. Appointed by the ECC, subcommittee members can include non-ECC members. The Ethics Training Subcommittee may also take steps to implement training, as directed by the full ECC.

Ethics Programs and Initiatives

Over the last few years, amongst other Ethics training courses, members of the finance community completed the Global Financial Fraud Prevention course. During that same time, online training courses focused on the EU competition-Dealing with Competitors, anti-corruption and bribery regulations and policies, and preventing sexual harassment. The Americas population has received training on anti-bribery, competition, anti-corruption, business communications, addressing employee concerns, and fraud prevention. In-person and WebEx trainings took place in Paris and Atlanta in 2016 (notably targeting the Legal group), focusing on the prevention of anti-competitive practices, on anti-corruption and bribery regulations and policies, and data protection. In addition, several in-person trainings took place in Mexico, India and China on various aspects of the Company’s Code of Ethics.

Combined, these training sessions involved more than 10,000 employees for the period 2010-2016.

Whistleblower Policy

The revised Technicolor Whistleblower Policy, launched in May 2006, is designed to make it easier for employees to share questions, concerns, suggestions or complaints about financial, accounting, banking or anti-bribery matters with an appropriate person.

Pursuant to this policy, any bona fide claim that an employee does not wish to direct to his/her management or the human resources, can be made confidentially through an alternative channel, the ECC members, or via EthicsPoint’s telephony and web-based hotline solution, which enables employees to easily and confidentially report alleged violations of the Code of Ethics. Today, nearly all employees throughout the world have the ability to submit a Whistleblower report through Ethicspoint. Like the Code of Ethics, the Whistleblower Policy has been widely communicated to all Technicolor employees and is available on the Company’s intranet.



Anti-corruption Policy

The comprehensive Technicolor commitment to prevent corruption, formalized in our Anti-Corruption policy, seeks to not only comply with the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption and anti-bribery regulations like the UK Bribery Act and the French Criminal Code, but to avoid even the appearance of questionable conduct in connection with Technicolor operations.

In 2012, the policy was revised to recognize additional countries with laws and regulations relating to anti-corruption. In 2016, the Compliance teams of Technicolor have been working on preparing another update to the policy, to be issued in 2017, in order to take into account regulatory changes in certain countries.

Data Protection Policy and Governance

In 2014, The Ethics Compliance Committee published a new Corporate Policy on Data Protection, which was subsequently revised after the Safe Harbor Framework was invalidated by the European Court of Justice in October 2015. The purpose of this policy is to ensure that Technicolor, its staff, contractors, suppliers and other people working on its behalf comply with any applicable provisions of the Data Protection EU Directive where and when appropriate, as well as comply – as appropriate – with any applicable other legislation when processing personal data. The policy applies regardless of where the data is held, i.e. if it is held on Technicolor-owned equipment or outside Technicolor property (for example by a subcontractor).

In addition, an intragroup agreement based on the Standard Contractual Clauses Controller to Controller approved by the EU Commission has been signed in 2016 by all Technicolor parties in order to protect EU personal data transferred within the Technicolor Group outside of the European Union.

Furthermore, an independent “Correspondant Informatique et Liberté” (Data Privacy Officer) was named and registered with the French CNIL. An independent administrative authority, the CNIL mission is to protect personal data, preserve civil liberties and accompany innovation by helping companies integrate personal data requirements within their technological developments.

The role of the Data Privacy Officer is to independently ensure the internal application of the French national data protection legislation, to keep a register of personal data processing implemented in the Company, and to ensure that the rights and freedoms of the data subjects are unlikely to be adversely affected by the processing operations.



A. HUMAN RESOURCES MANAGEMENT

Changes in Technicolor and its market position have brought parallel changes in the mix of our skills and talents. We endeavor to provide training and equal opportunities to Technicolor people worldwide.

The four pillars of the Technicolor approach to human resources development provide the framework for the tools that have been put into place to manage our pool of talents:

- › Talent;
- › Culture;
- › Development;
- › Retention of key people.

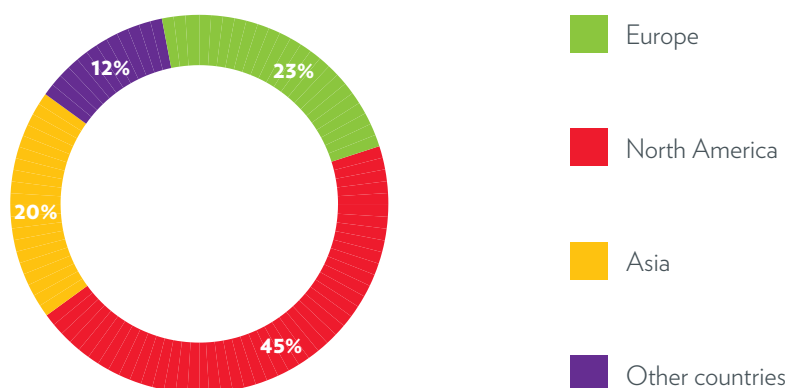
Human resources initiatives range from talent reviews, job grading and remuneration programs to skills mapping, employee referrals and training programs.

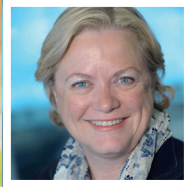
14

1- WORKFORCE EVOLUTION

Technicolor continually adjusts its workforce to meet the demands of the highly competitive, rapidly-changing communication, media & entertainment industries. As of December 31, 2016, the Group employed 17,017 employees, an increase of 1.77% over the previous year, with a geographical split as follows:

Technicolor Active Headcount per Region 2016





“Corporate Social Responsibility must begin at home. Human Resources plays a key role in ensuring that sustainable business practices are embedded in the organizational structure and drive all our activities. Our actions are focused on compensation, diversity, inclusion and people development, and also on environmental awareness and community involvement of our own employees.”

*Fabienne Brunet, Executive Vice President,
Human Resources & Corporate Social Responsibility*

Regional Distribution of Headcount over Three Years

	2016	2015	2014
Europe	3,988	4,231	3,937
North America	7,678	7,790	5,698
Asia (1)	3,387	2,510	2,183
Other Countries (2)	1,964	2,189	2,416
Total Number of Employees	17,017	16,720	14,234
<i>Number of employees in entities accounted for under the equity method</i>	45	352	344
(1) Including India	2,862	1,915	1,755
(2) Including Mexico	1,313	1,395	1,418

Total workforce figures above account for executives, non-executives and workers. Agency workers, trainees and apprentices are excluded (except for 2014 where trainees have been included in the consolidated figures).

French «Intermittent» contracts are not part of the above table. They represent the equivalent of 164 full time jobs over 2016 while their number grew from 256 in December 2015 to 388 in December 2016.

During 2016, 6,664 employees have been hired of which 2,469 permanent employees and 1,826 were made redundant.

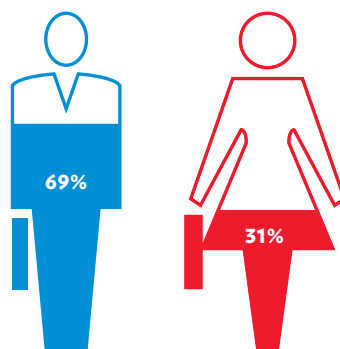
Employees and workforce figures are extracted from the Technicolor worldwide HR repository system currently implemented in all Technicolor locations.



2- WORKFORCE COMPOSITION

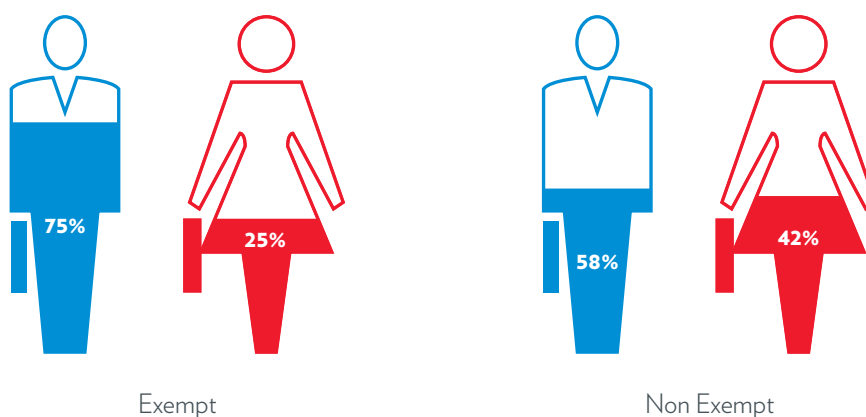
To ensure a good fit between customer needs and Technicolor human resources, the Human Resources & Corporate Social Responsibility Department constantly tracks worldwide workforce data. This global mapping covers gender and seniority as well as functional and geographical information.

Workforce Composition by Gender in 2016



As of December 31, 2016, women accounted for 31% of the total workforce, a level similar to that of 2015.

Gender by Job Status in 2016



Breakdown by Gender for Top Executives, ExCom Members and Members of the Board of Directors in 2016

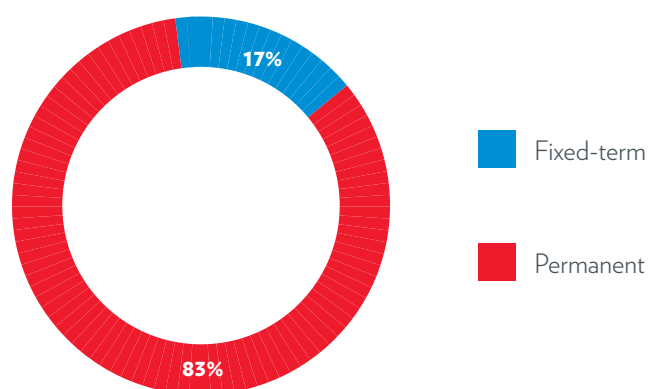
	Women	Men	Total
% Total Workforce	30%	70%	100%
Workforce	5,184	11,833	17,017
% Exempt Jobs	25%	75%	100%
Exempt Jobs	2,883	8,710	11,593
% Management Committee	40%	60%	100%
% Excom	33%	67%	100%
Excom (1)	4	8	12
% Board of Directors	42%	58%	100%
Board of Directors (1) (2)	5	7	12

(1) Including CEO Frederic Rose

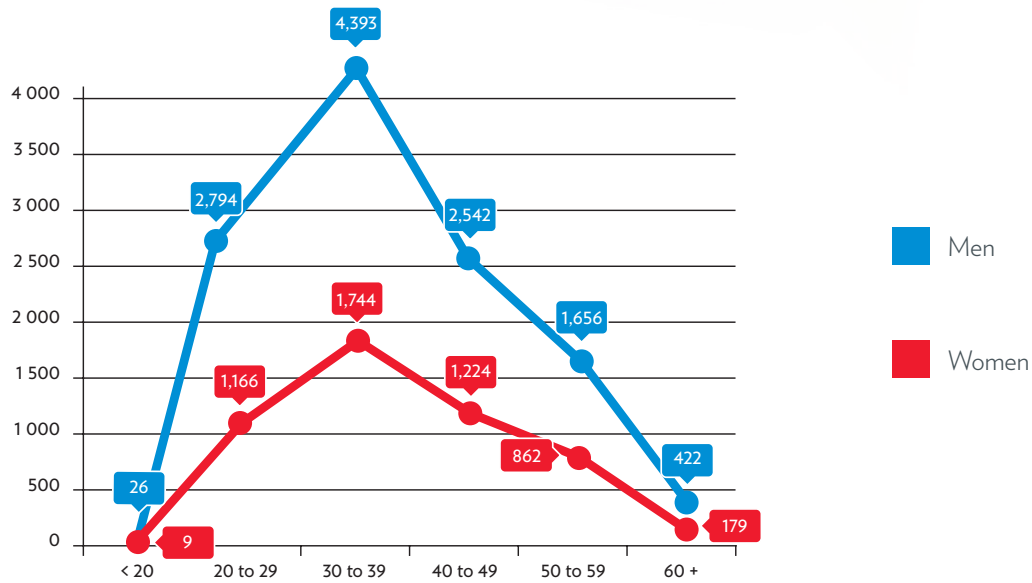
(2) Source Technicolor 2016 registration document (as of March 31, 2017)

17

Breakdown by Type of Contract in 2016

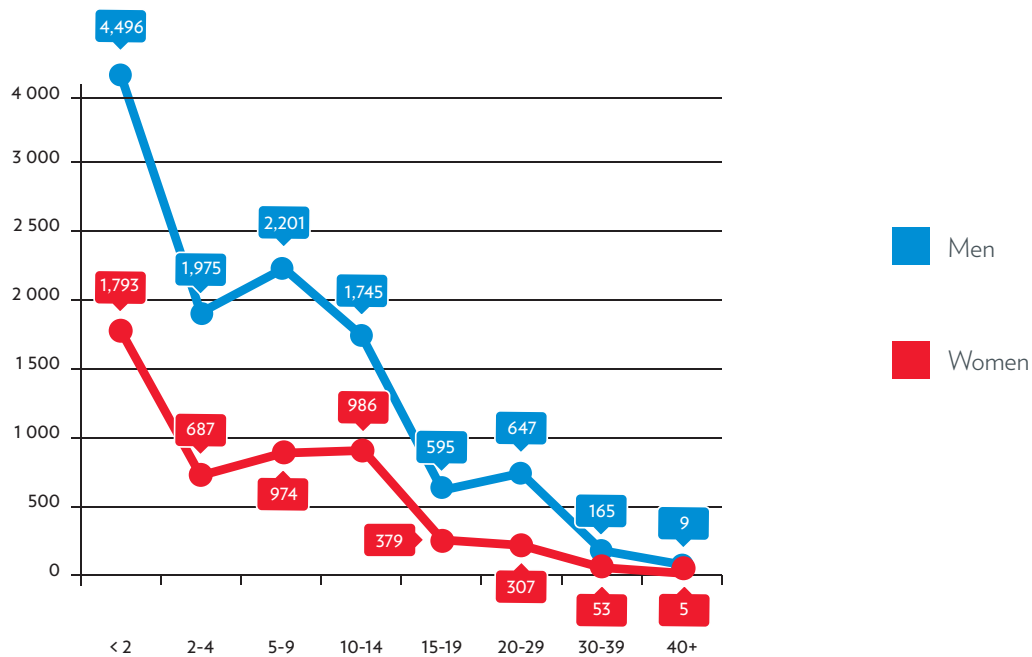


Age Distribution by Gender in 2016



59% of employees are 40 years old or younger; 22% are aged 40-to-50 and 19% are aged over 50.

Seniority Distribution by Gender in 2016



The scale shows the total number of years of employment with Technicolor. 71% of employees have worked for the Company for fewer than 10 years. 19% have worked for the Company for 5 to 10 years.



3- PEOPLE DEVELOPMENT

Technicolor's priorities in Talent and Development focus on leadership development, innovation and excellence in execution to support the growth of our divisions and the implementation of the new Drive 2020 strategic plan.

To adapt to our new strategic focus and market context, we re-examined basic issues: what leadership skills are necessary to meet our new strategies and goals? How do we align our values with our vision and strategy to ensure that everyone is heading in the same direction? These questions provided the basis for a wide-ranging assessment of our ability to fill business-critical positions, now and in the future, including comprehensive succession planning.

Since 2010, we have been operating a new organizational model around three main axes:

- › Strong partnership with Business;
- › Global centers of expertise;
- › Regional Human Resources competence centers, reinforced with HR site leaders.

We also capitalized on our approach to performance management. The ambition is to ensure that expectations are clearly established and that individual results are well managed, in terms of both measurable outcomes and behaviors. In the context of Drive 2020, we also make sure that employees are engaged in the Company's future and will develop the right skills to face coming challenges.

The worldwide employee performance management system, known as STEP (System for Technicolor Employee Performance), was designed as a people development tool: in addition to traditional business objectives evaluation, it includes assessments based on Company values and associated behaviors as well as a plan to sustain employee development.

2016 saw a further consolidation and stabilization of the programs initiated in the previous years.

People development projects cover a broad range of needs and issues:

- › **Continuous Process Improvement for our Performance Evaluation System and Interconnection with our Talent Review:**
 - Address succession plans;
 - Risk analysis for key positions;
 - Risk identification and minimization initiatives;
 - Develop human capital at all levels of the organization;
 - Job architecture.
- › **Development of Key Capabilities through:**
 - Identification and development of key functional and technical skills;
 - Leadership Development Program;
 - Programs to reinforce people and performance management skills.
- › **Enhanced Cooperation between Divisions and Functions through Internal Networks:**
 - Management Networks;
 - Management Academy.



Technicolor priorities in Talent and Development in 2016 were reviewed to support the implementation of the Drive 2020 new strategic roadmap. In addition to our leadership development and management development programs, several actions were undertaken to ensure the coherence of learning and development investments with the execution of the plan.

These actions have included a broad and deep analysis of all the training needs and investments in the Group and a comprehensive assessment of the evolution of jobs and competencies that are key for the execution of the plan, allowing to prepare specific competencies development projects. As an immediate result of these actions, a special focus was given to the topics of innovation, change management and enterprise agility through the creation of new programs and the reinforcement of these topics in existing programs.

The Human Resources Management Committee meets bi-monthly. Internal audits are conducted periodically to measure and evaluate progress for ongoing initiatives.

3.1 Major People Development Projects

Management Networks

The Group Management is organized around two principal bodies: the Executive Committee (EXCOM), and the Management Committee (MCOM).

The Executive Committee is placed under the authority of the Group's Chief Executive Officer and comprises Senior Executive Vice-Presidents and Executive Vice-Presidents in charge of Technicolor's major businesses and of the principal corporate functions (Finance, Human Resources, Communication).

The Management Committee includes the Executive Committee Members as well as leaders of Technicolor's main functions and business operations. Its responsibilities are to ensure achievement of the Group's objectives and to provide leadership across Technicolor.

Management Academy

The Management Academy plays an important role in the support HR provides to managers in the Group. After a pilot period during which sessions were delivered both internally and externally in the U.S., UK, France and Belgium in 2014, we evolved the program in 2015 to a truly "bootcamp" for management capabilities at group level and in 2016 five sessions of the new program were delivered: 4 days of collaborative training sessions were delivered in UK, U.S., Canada and India, impacting 76 managers in all divisions and functions. We also provided participants with 4 additional webex to reinforce the learnings and give them an opportunity to keep working on a couple of topics that were covered during the sessions.

A total of 14,665 hours of training were delivered to managers worldwide in order to enhance management capacities and posture for our employees.

Job Architecture

In order to respond to evolving business needs and provide the foundations for a number of HR programs, an update of the Technicolor job architecture has been conducted in 2013. Operational managers and HR teams from all regions have worked together to build a consistent framework throughout the divisions and geographies.

As a result, a lean and standardized reference document covering all jobs in the Group is now available. This is the first step towards supporting the alignment of existing job structure and job profiles. In a longer-term, it will be used as a base layer for various activities such as Resource and Development Plan (individual development, succession planning, benchmarking, compensation planning).



Resource and Development Plans

After a pilot phase in 2013, all the divisions and functions now monitor their Resource & Development Plan. The ambition is to provide each division or function with a comprehensive HR roadmap that is fully consistent with the business needs and strategy evolutions. These plans that rely mainly on the existing HR processes and tools are built by Human Resources business partners hand in hand with their business leaders. They aim at identifying HR priorities for the future and detail specific HR action plans to support the business evolutions: hiring policies, evolution and mobility, learning and development priorities and training plans, and all HR-related actions that could support the business transformation.

As part of these plans, a comprehensive work has been initiated to identify the evolutions of key jobs. This work includes a review of the mission and responsibilities of jobs as well as the set of competencies that are necessary to achieve excellence in the execution of these jobs. A set of customer facings, R&D and research jobs were the first to benefit from this initiative.

A series of learning tracks were designed to ensure the development of crucial competencies and give new perspectives on the evolution of execution in key jobs. Linked with the learning tracks, professional accreditation programs were designed to recognize the level of competencies and achievements of the employees that have followed the tracks.

The accreditation program launched in 2012 is now available for 8 jobs, representing 274 persons enrolled at end of 2016: Product/Service Line managers, R&D Project managers, Customer Project managers, Solution Architects, Customer Technical Support, New Product Introduction managers, Product Quality Assurance and Project Sourcing managers. Incumbents of these jobs who have completed all the learning tracks designed for their jobs can be candidates to be accredited in. More than 11,000 hours of training were delivered in this program since it started in 2013.

One "Training and Development program" also addresses the specific needs of four key roles identified as critical throughout the Resource and Development Plan process (ex: Producers, Customer Service, Sales, and Heads of Departments). These roles benefit from specific curricula that are defined at job level and delivered internally or externally. The objective is to improve employee engagement and develop and maintain excellence on specific skills that will drive innovation and customer engagement and support the growth of the business in the future.

The MPC Academy also supports globally the efforts to develop excellence in our skills and jobs: this program can be defined as an endeavor to bring in raw talent freshly graduated from University and provides training to prepare them to work on shots; it targets graduate level artists who are recognized as high potential but yet to show a full level of competency. Participants benefit from 8 to 12 weeks of training while being paid, followed by 12 months of employment. This program impacted 317 artists in three locations in 2016 (Bangalore, Vancouver, Montreal) – representing 131,736 hours of training. For more details on this program, see section C.3.1 of this report.



Talent Review and Leadership Development

As we strongly believe that our talents constitute the backbone of Technicolor, a yearly Leadership Talent Review process is conducted in all divisions and corporate functions. The process involves managers at all levels of the organization as well as the members of the Executive Committee and of the Management Committee in the identification of employees with the right level of potential and performance to integrate the Group's talent pool. The members of this talent pool are eligible to benefit from dedicated leadership development trainings, activities and events during the year.

Further to the 2016 Talent Review, the total talent pool represents 9.2% of the exempt population of the Group.

Members of the Leadership talent pool were led to assess their competencies through a 360 evaluation against the leadership profile as expanded to innovation and entrepreneurship in 2013. Individual Development Plans were drawn and executed from the conclusions of this assessment. HR Business Partners or coaches were assigned to each member of the talent pool to guide and support the execution of the Individual Development Plans and the development of leadership competencies.

The Leadership Development programs included workshops on "Leadership & Influence" where members of the talent pool reflect and learn how to take action not only on their leadership development but also on recognizing and fostering talents of others. These workshops took place in Paris and Los Angeles and gathered participants from all geographic regions.

Our support to our employees who have been identified as able and willing to take some group level leadership positions (Group High Potential) has been updated in 2016 to stick to the needs of the Drive 2020 new strategic plan. To do so, we have designed and implemented a Learning Expedition.

The purposes of this new program were to raise awareness of future leaders on one key topic for the Company and to prepare them to act and work as one future team.



HR Development

An HR development program was created in 2011 to reinforce the people development capabilities of HR Team Members and to support the development of skills aligned with Technicolor vision, values and strategy. This initiative has been continued in 2016, and 14 people are fully trained and can operate as internal coaches for High Potentials.



Cooperative Programs in R&D

In the field of research, emphasis is put on cooperation with educational institutions, public research bodies and other companies to keep the technology pace. During 2016, 13 cooperative programs involving academics were running, involving European as well as overseas educational institutions and public research bodies. In addition, Technicolor contributes actively to several technology clusters, including at the governance level, where it operates R&D activities and has established strong relationships with neighboring educational institutions in close proximity to Technicolor research locations such as Stanford University and Berkeley University (California), and Inria (France).



3.2 Training

The objective of Technicolor training policy is to ensure the development of competencies and capabilities are aligned with the Group's strategy and, simultaneously, support employee's growth and development.

Training priorities are set based on the evolution of existing jobs and technologies, on the identification of new capabilities to develop and on the individual needs of employees in terms of job performance and/or of professional evolution. The creation of specific learning tracks per job has been encouraged in each division, resulting in an optimization of training resources and in an increased number of training opportunities. In order to ensure the same quality level as well as alignment and consistency, development programs regarding Leadership, Management and Technical or Functional skills are coordinated at corporate level.

To do so, Talent & Development Center of Expertise supports business heads and HR Business Partners in all aspects regarding Learning and Development. HR Business Partners coordinate the building and monitoring of the Development plans at division or function.

Training is implemented locally by the HR Competency Centers who are in charge of ensuring training actions are optimized between the divisions and that training complies with all local regulations.

The Technicolor training policy is implemented at three levels:

› Company-wide

Technicolor provides development programs for the Company's talent pools in order to develop leadership capabilities, reinforce management implication, consolidate management skills and meet cultural integration challenges.

Talent pools include executives, high potential employees and other employees with key identified experience and skillsets;

› Divisions or Fonctions

When updating their Resource and Development Plan, divisions and functions define training objectives for the year to come, that will be implemented by local Human Resources managers on site;

› Sites

Local HR managers are responsible for training plans that address individual needs as expressed during Objectives/ Performance assessment reviews. As part of this process, each employee discusses and defines specific development plans with his or her manager, including training. They are also in charge of ensuring training initiatives comply with local regulations. Local management tracks consolidation and follow-up.

Overall training initiatives offered in 2016 encompass 302,683 hours of training. Additional training hours of informal on the job training activities and discussion groups having taken place in 2016 are not reported.



3.3 Remuneration Policy

Technicolor wants to be an employer of choice and strives to ensure that our compensation and benefits attract, motivate and retain employees in our ambition to further reinforce our position as a worldwide technology leader in the media and entertainment sector. Remuneration policy is tailored to fairly recognize and acknowledge each employee's contribution to the success of the company. Salary benchmarks are reviewed annually with the help of salary surveys which compare general market salary data with Technicolor salaries.

The results, combined with other normal salary considerations, provide an objective basis for remunerating employees. Based upon the Towers Watson methodology, overall remuneration policy is structured around flexible, competitive compensation elements, fixed and variable, driven by market best practices as well as the Company's objectives for long-term value creation.

Each Technicolor unit is free to recognize the potential and encourage the development of its people according to:

› Competitiveness

Comparisons with market benchmarks for total compensation in peer companies enable Technicolor to offer competitive compensation packages, ensuring that the Company continues to attract and retain high potential talent in the international marketplace;

› Equitable Approach

Technicolor remunerates employees on an equitable basis in each of its geographical locations, in line with local standards. Remuneration policy is set according to the Group's "broadbanding policy" based on each employee's level of responsibility, experience and contribution to the Company's success. Remuneration of senior executives is centralized to ensure an appropriate level of governance and consistency and ease international and cross-business mobility;

› Business and Skills Focus

The remuneration of professionals, engineers and managers is a sound, market-driven policy and ultimately administered to stimulate business performance. A substantial part of the total remuneration package is composed of variable elements which drive a performance culture and support the Company's strategy. These variable elements are meant to stimulate, recognize and reward not only individual contribution, especially innovation and risk-taking, but also and in particular, solid and consistent Group and Divisions performances.

At constant currency rate exchange (end 2016) and at constant population of employees (all employees present both in 2015 and in 2016), the evolution of the base salary payroll mass (without variable elements and social contributions paid by the employer) between 2015 and 2016 increased by 4.08%.



3.4 Collaborative Tools

Following a demand for increased online collaboration expressed in employee surveys, Technicolor's Intranet, my.technicolor, was designed to modernize the way our employees work together around the world.

My.technicolor offers an enhanced user experience, thanks to:

- A personalized homepage with widgets;
- An optimized search engine;
- An intuitive navigation;
- Collaborative tools including Lync;
- The possibility for anyone at Technicolor to contribute to wikis according to their domain of expertise;
- Communities of interest (mini sites) pertaining to locations, business activities, projects or any other topic;
- A new look & feel.

3.5 Working Time Management & Absenteeism

Working time is managed according to the needs of Technicolor's various business activities in both the parent company and its subsidiaries. The Group complies with regulatory obligations and contractual commitments in terms of working time in each country in which it operates. Through various working time management tools, the Group ensures employees do not exceed legal thresholds and are appropriately compensated for any overtime according to their employment agreement. However, a large part of Technicolor's workforce is exempt and paid a flat rate for a number of days worked per year: worked days are then monitored.

Part time and remote working are authorized on a case-by-case basis according to the Group policies and depending on the occupational requirements. At the end of 2016, Technicolor has about 350 part time employees working less than 5 days per week. Over the year, part time employees working at least half time represent 97% of part time employees and part time employees working at least the equivalent of 4 days per week (80% of a full time worker's time) represent 45 to 50% of part time employees. French "intermittent" contracts are not considered as part time employees.

Some activities of Technicolor experience seasonal peak workloads (such as DVD Services) and require significant interim and temporary workers to support client requirements, mainly in the distribution and warehouse sites, in addition to overtime. These seasonal workers are typically directly hired over a period of a few months (temporary) or contracted through a third party labor services company (interim), while overtime for long-term employees is more achievement-related and is used to complete very time-limited peak activity (manufacturing or project development achievement). Interim workers are not included in the year end Group headcount figures, as they are not employees of the Group. The main countries employing seasonal workers are the United States, Mexico, Canada, and to a lesser extent Australia, and Western Europe.

Production Services activities such as visual effects, animation and post-production are mainly project based driven activities and rely for a significant part on fixed-term contracts (including "Intermittents" contracts) to be able to adapt team skills mix, experience and size to the requirement and the timeline of the productions, as this is the common rule in this industry.

Overall, seasonal interim workers represent about the equivalent of 6,250 full time jobs, while at the peak they may more than double the number of workers present on the relevant sites. Fixed-term contracts and "Intermittents" represent the equivalent of about 2,600 full time jobs across the Group activities. Across Technicolor, total overtime represents about the equivalent of 700 full time jobs.

Working time is managed in the Group's various sites via software such as ADP, Punchout, Kronos, Sisnom and Casnet. There are also some additional manufacturing related tools that track working time such as ScheduAll, Laserbase and CETA. Absences are generally defined on an annual basis in terms of holidays, vacations, personal and family medical leave or other possible unplanned absence such as jury duty, as described by bargaining unit contract, employment contract, or regulation. Throughout the year, each employee categorizes any absence according to its definition, and all absences are subsequently reviewed and approved inside the applicable working time tracking software solution. The average rate of employee absenteeism for sickness and unauthorized absence at the Group level in 2016 was 2.6%.



4- DIVERSITY SUPPORTS SUSTAINABLE GROWTH



As the face of Technicolor has evolved, diversity has become one of its most valuable assets and a business imperative in its competitive environment.

With a workforce distributed across Asia/Pacific, Europe and the Americas, business activities in more than 30 countries, and acquisitions of companies with diverse business cultures, Technicolor must be able to recruit and retain the most talented candidates from a broad range of disciplines and experiences.

Technicolor's policy is to provide equal employment opportunity without regard to race, gender, religion, national origin, age, or disability status.

End of 2015, a global plan for Diversity and Inclusion was launched. The objective of this plan is to improve globally our processes to ensure that practices are not discriminatory at any stage in the Group, but also to promote a mindset of

openness and inclusiveness globally and a willingness to bring support and assistance to persons or groups who may be under-represented compared to their regional demographics. The 4 key areas of the plan are gender diversity, disability, aging, and ethnicity.

Early in 2016, additional awareness sessions were held in-person with the senior leadership team and also with the HR leadership team. After that, a learning experience focused on reducing and mitigating unconscious bias was offered to the HR leadership team on a pilot program basis with a duration of about four months. The majority of the participants completing the learning experience achieved long term reduction in unconscious bias partnered with decision-making tools that assist to combat unconscious bias during critical decisions, as with recruitment and hiring. The next step is to roll out this learning experience to an additional leadership group within Technicolor.

Principle of Non-discrimination

Non-discrimination and equal employment opportunity policies, based upon the Ethics Charter and locally augmented according to specific legal requirements if needed, including the anti-harassment policy, are implemented at all Technicolor sites. In several countries, managers and supervisors are provided Legal awareness training sessions about anti-harassment and non-discrimination. Several initiatives continued or were launched in 2016:

- ▶ In France, the "generation contract" initiative to enhance employment of juniors and maintain employment of seniors continued;
- ▶ In the UK, equal opportunities policy is part of the employee handbook and of the induction for all new starters;
- ▶ In India, practice was developed to make provision for mutually agreeable extension of employment for senior workers, past the national retirement age of 58. The Bangalore operation also provides a written document concerning local community conditions and advice for new workers moving in from other areas. Partnering with Oxfam India, the Technicolor team supported 18 local teams in the 2016 Trailwalker "Walk for Equality" event, with walks of 50 and 100 km over three days, while also staging a checkpoint along the route for support and hospitality during the 3-day event.



In addition to the role of the management, detection of discrimination cases also relies on the whistleblower policy allowing any employee to confidentially disclose their situation or the situation of a co-worker, without fear of publicity or adverse reaction. Such cases are reported to the Ethics Committee and investigated with the Audit team. Some countries implement in addition an official trust person or advocate for employees if there is a discrimination issue. Overall, about less than twenty-five cases of discrimination and harassment were reported in 2016.

Gender Diversity

A first program was launched in 2014 under the sponsorship of the EXCOM, in order to better balance gender diversity and increase the ratio of women in business roles, management levels and leadership pipeline. Actions were put in place through a full range of processes and progress continued during 2016:

- ▶ Four women are now members of the EXCOM, representing 33% of the total number of members. At Management Committee level, five women are now members, reaching 40% of the total number of members;
- ▶ A recruitment policy was adopted to encourage gender diversity in senior management positions: Technicolor requires recruitment and personnel search professionals worldwide to ensure that the curriculum vitae of at least one qualified woman is included in every list of finalists submitted for open senior management positions within the Company;
- ▶ Leadership talent criteria are adapted to secure equity between men and women in leadership positions; gender diversity is integrated in divisions Talent review, which outcomes are presented to EXCOM, including dedicated action plans as needed;

In addition, initiatives to promote gender diversity are encouraged locally in India, France, the UK and Poland:



- ▶ In India, the local Women's Network continued to build momentum and several specific events were held during the year 2016 such as one week of Women's Day celebration, 2 Women's Discussion Circle sessions, awareness sessions on sexual harassment, an awareness session about cervical cancer, and a safe travel to home program was launched that provides transportation and personal escort to women working late to ensure they arrive home safely. Technicolor India also developed outreach information and activity at other entity locations such as JAIN school of animation, ICAT Design and Media College, the Asian Institute of Gaming and Animation, Yellow Tree Academy, and the Maya Academy of Advanced Cinema, all with the idea to attract more women to join Technicolor. Also, women were actively encouraged to participate and to present their papers to the Grace Hopper celebration of women in computing that is India's largest Gathering of Women Technologists;

- ▶ In France, an agreement has been reached early 2016 about "Gender Equity".

It includes compensation alignment between men and women, with a dedicated budget, training for managers to appreciate gender diversity, training to support women in developing their leadership and promoting their career;



- › In the UK, Technicolor continued its engagement with Women in Film & Television Network by continuing to sponsor the Creative Technology Award Category for the 2016 Women in Film and Television Awards. Technicolor continued to attract and retain female talent: with the focus on work-life balance and the engagement with our flexible working policy, we had a 42% increase in flexible working request from 2015 to 2016;
- › In Poland, women candidates make up at least 50% of the short list for any open permanent position, and the industrial operation actively manages lifestyle expectation concerning shift duration, physical capability, on-site restaurant offerings, and social events. Women are represented in the same proportion as employment for the site's stakeholder representatives committee, which reviews operational changes and provides input to management.

Employment and Integration of Disabled People

Depending on national legislations, legal requirements to integrate disabled persons or to hire a specified number or percentage of disabled employees, and thus the definition of a disabled employee, may strongly vary, or may not even exist. Also, labeling, categorizing, or making a record of an employee as disabled may be legally prevented in certain countries or subject to the individual authorization by each concerned employee who may refuse. Therefore, statistics cannot reflect the reality with accuracy.

However, beyond the legal requirements when they exist, Technicolor strives to adapt our working places, including factories, to provide equal employment opportunities with no discrimination against disabled people with regard to hiring, training, allocation of work, promotion, or reward, and seeks to eliminate employment barriers and to accommodate disabled employees. In that regard, employment of disabled is part of our non-discrimination policy, and Technicolor has been and continues to be willing to integrate different needs including modified duties, adapted hours, and adapted workspaces.

- › In France, agreements were signed with labor representatives in support of Technicolor's 'Mission Handicap – France' program, which was launched during the second half and focuses on four critical aspects: increase recruitment of persons with disabilities, provided their competence is in line with the position requirements; encourage job retention and career development of employees with disabilities; develop knowledge and expertise on disability within Technicolor through training and coaching; and increase the use of disabled people from service providers – companies employing people with disability have now been specifically contracted to subcontract dedicated tasks;
- › In Canada, Technicolor policy recognizes and promotes the hiring of persons with disability;
- › In Australia, Technicolor partnered with a disability employment agency to hire employees with disabilities, and initial placements were made, progress is on-going;
- › In the UK, the Mill has partnered with Mencap, a charity, to support Mencap's initiative to bring seventy young people with learning disabilities into seventy different companies for a week of professional work experience;
- › In Poland, Technicolor extended effort into families of workers who care for children with disability, providing increased benefits to the family via the worker in these cases.





“At Technicolor, relations with labor unions and employee representatives are conducted on the basis of constructive dialog and mutual respect. Discussions and negotiations take place at European level with the Technicolor European Works Council and at national level with national or site Works Councils. Fostering such relations is critical to the development of an inclusive working environment and the overall success of the Company”

Aude Goulon, Human Resources Competence Center for Europe, India & Asia Pacific

5- DIALOGUE WITH LABOR UNIONS

Under the terms of an agreement with union organizations in Europe, the members of the Technicolor European Works Council meet several times each year. The Council, which consists of union representatives or members of works councils in European countries, addresses topics of a transnational nature. The Council is informed of Technicolor's European operations in respect of personnel, finance, production, sales, and research and development, and their impacts upon employment and working conditions. It is also informed of major structural, industrial, commercial changes as well as organizational transformations within the Group. In 2016, the Council met twice.

In 2016, the European Works Council was composed of:

Country	Number of European Works Council Seats
Belgium	1
France	2
Poland	1
UK	2

Unionization Rate per Country where available *

Country	Headcount	Unionization Rate	Number of Collective Agreements signed in the Year
USA	Over 3,000	2.9%	0
Canada	Between 1,000 and 3,000	3.7%	0
India	Between 1,000 and 3,000	0 %	0
UK	Between 1,000 and 3,000	0 %	0
Mexico	Between 1,000 and 3,000	53%	3
France	Between 1,000 and 3,000	N/A	23
Poland	Between 1,000 and 3,000	3.7%	0
China	Under 1,000	100 %	
Brazil	Under 1,000		5
Australia	Under 1,000	57%	0
Belgium	Under 1,000		1

*In accordance with domestic laws, data regarding the level of unionization is not available in most of European countries (the laws in these countries do not allow this type of statistics to be published).



6- HEALTH & SAFETY MANAGEMENT

The Technicolor Environment, Health and Safety (EH&S) Charter affirms our commitment to conduct business in a safe and responsible manner and to protect employees in their daily work. An effective occupational health and safety program, as defined by Technicolor, looks beyond specific requirements of law to address all hazards.

Our health and safety programs aim to identify potential risks and take appropriate prevention and severity reduction measures. Accident and injury prevention programs focus on local, site-specific health and safety work groups.

Work group members help ensure workplace safety analysis, improvement of written programs and procedures, and training. They also help prevent mishaps stemming from potential physical, chemical, biological and ergonomic risks through inspections and audits, systematic analysis of accidents and incidents, and implementation of corrective measures as needed.

6.1 Managing Health & Safety

Corporate EH&S policies and guidelines establish requirements and provide guidance for working safely. They are periodically revised, and augmented when deemed necessary (recent additions provide First Aid or Working Alone guidance). At local sites, programs and initiatives have been implemented to ensure that Technicolor meets its legal responsibilities and operates in a responsible manner by identifying risks and taking action to eliminate or at least minimize health and safety hazards.

Translated into six languages, the EH&S Charter is available on the Group's Intranet, and is displayed at each industrial site. Employee health and safety initiatives were undertaken at many Technicolor sites in 2016, including:

- › Medical examinations;
- › Ergonomic assessments;
- › Vaccination campaigns;
- › First-aid training;
- › Wellness programs.

In 2016, Technicolor experienced a 5.5 % increase in work-related injury and illness incident rate (number of recordable injuries and occupational illnesses per 200,000 hours worked) from 0.91 in 2015 to 0.96 in 2016.

The work-related lost workday incident rate (number of recordable lost workday injuries per 200,000 hours worked) increased similarly to 0.46 in 2016.

We are committed to achieve annual reductions in the injury rate at our worldwide operations. More information on our approach to tracking annual progress can be found in section B.3 "EH&S Goals and Progress" of this report.



6.2 Training People to Enhance Safety

Technicolor understands that, because each employee can impact EH&S efforts and performance, it is critical that each employee be provided with appropriate tools, resources and knowledge.

EH&S training programs develop awareness and skills that enable employees and contractors to perform their jobs in compliance with applicable laws, regulations and policies and to prevent accidents and reduce risks.

Training programs, evaluated during the corporate EH&S audit process, are a core ingredient in the EH&S performance measurement process. In 2016, about 22,990 hours of documented training were provided on a wide variety of topics, from environmental and safety compliance and protection, injury prevention, emergency preparation and response, to occupational health.

6.3 Health & Safety Performance and Progress Assessment

Launched more than a decade ago, the Technicolor Environment, Health & Safety (EH&S) corporate audit program helps ensure that industrial locations comply with corporate EH&S policies and guidelines as well as applicable EH&S laws and regulations. The audit program has also proved a valuable tool for increasing EH&S awareness throughout the organization, identifying best practices, sharing successful initiatives, creating opportunities for diverse approaches to problem solving, and connecting our EH&S personnel to broader aspects of our multi-faceted business.

As part of our objective of auditing each industrial location at least every three years, six locations were audited in 2016. As a result of these audits, potential improvement items were identified and evaluated, and more importantly, appropriate action plans were developed.



6.4 On-site Health & Safety Initiatives

There were many notable H&S achievements during 2016, highlights of which are given below:

- › The Mexicali site received a Certificate of 100% compliance in the “Empresa Segura” program (safe business program) of the Baja California State of Mexico, which validates an observation and auditing period of several months. Beyond building up awareness on working at height and wearing individual protection equipment, the site also relied on the support of the local health center to propose employees screening tests for illnesses and conditions such as diabetes, cholesterol, and weight;
- › In Australia, the Melbourne site updated its occupational risk assessment and put in place new corrective actions and improvement programs as a consequence, while the Sydney site began using biodegradable air pouches to replace foam peanut fill, reducing possible repetitive motion injuries due to spring-loaded valves that were previously actuated by hand to complete the bulk packaging process;
- › In Piaseczno, Poland, further efforts to separate the flow of pedestrians from vehicle and materials handling equipment were made in different areas;
- › Lawrenceville developed site emergency plan and emergency preparedness training materials, including a desktop site safety reference guide and all were distributed to employees, contractors, and visitors;
- › In India, initiatives were put in place to protect women from harassment or illness, including provision for individual escort home when any woman is working after hours or at night. Self-defense classes were offered as well as medical screening tests such as Pap smear;
- › In France, the Rennes and Issy les Moulineaux sites launched quality of life surveys among employees, and in Edegem, Belgium, stress and burnout prevention training was provided to managers;
- › The Mill in London is promoting health and well-being through stop smoking talks, yoga classes, fitness boot camps, nutrition talks, mindfulness classes and cancer screening checks. Other initiatives include adjustable workstations, discounted gym memberships, and a bike to work scheme. Vancouver MPC also proposes massages, and the Toronto Mr.X site proposes stand-up workstations, yoga sessions, massages and has also a prayer room;
- › The Manaus operations team in Brazil continued to bring focus and awareness to their team regarding cancer, sponsored pink October events throughout the month concerning breast cancer, followed by blue November events concerning prostate cancer.





“While concrete progress in all aspects of EH&S has been made, we continue to strive for health and safety excellence and the conservation of the earth’s natural resources through sustainable business practices. Regular reviews of our global operational policies and standards support this commitment to continuous improvement.”

Tom Sipher, Vice President, Environment, Health & Safety

B. ENVIRONMENTAL MANAGEMENT

1- COMMITMENT TO PROTECT THE ENVIRONMENT

Climate change remains one of the world’s most pressing sustainability challenges and Technicolor is committed to environmentally responsible business practices.

Technicolor understands that consistent, universally applied standards help each site meet local requirements. Standards also provide a base to encourage people at each location to go beyond local regulatory requirements. This approach has been formalized in the Technicolor Corporate Environment, Health & Safety (EH&S) Charter, which provides a framework to manage and foresee environmental risks.

We track a wide range of environmental data at 52 worldwide sites, including waste management (total waste generated, landfilled and recycled), energy consumption (electricity and fossil fuels), water consumption, air emissions (greenhouse gas emissions), main materials used and process wastewater effluents.

A table showing the 52 sites and a description of our tracking methodology is featured in the “Our Performance” section included at the end of this report.

2- REDUCING ENVIRONMENTAL IMPACT

EH&S principles and concerns affect all Technicolor activities. Corporate EH&S managers and EH&S site managers are responsible for EH&S management.

A Corporate EH&S group, established in 1993, develops global policies, guidelines, programs and initiatives, helping each business meet the principles and commitments outlined in the EH&S Charter.

The Corporate EH&S organization reports to Human Resources, headed by the EVP Human Resources and Corporate Social Responsibility, who is a Member of Technicolor’s Executive Committee.

A corporate manager oversees the EH&S network. Links between the EH&S group and various business units ensure that transferable local initiatives are shared quickly among sites wherever appropriate.

Local personnel, supported by local EH&S Committees, are responsible for reviewing and adapting corporate policies and guidelines as well as applicable laws and regulations at each site. They also supervise implementation of site-specific programs and procedures to ensure conformance and minimize health and environmental risks.

Environmental Management Systems (EMS) subject to certification according to the international ISO 14001 standard have been in place at all Technicolor industrial sites with chemical risks above a defined threshold since the end of 2004.

During 2016, a total of 6 sites held ISO 14001 certifications.

Newly acquired industrial sites are expected to achieve EMS certification within two years where it is determined that certification is required.



Technicolor locations with ISO 14001-certified EMS

Site	Segment	Original certification date
Guadalajara	Entertainment Services	October 2004
Manaus	Connected Home	February 2004
Melbourne	Entertainment Services	December 2005
Piaseczno	Entertainment Services	December 2004
Rugby	Entertainment Services	November 2004
Sydney	Entertainment Services	December 2005

3- EH&S GOALS AND PROGRESS

Technicolor has been tracking annual progress toward environmental and resource conservation improvement goals since 1997.

The tracking includes:

- › Reduction of environmental impact on air, water and land;
- › Reduction of consumption of water, energy or raw materials;
- › Corrective actions related to internal EH&S audits and inspections;
- › Development of emergency preparation and response plans and associated training and drills;
- › Development of EH&S committees;
- › EH&S-related employee training.



4- CONTINUOUS IMPROVEMENTS IN ENVIRONMENTAL PERFORMANCE

4.1 Audits

EH&S audits play a vital role in Technicolor's ongoing efforts to improve EH&S management and performance and prevent accidents.

In addition to internal audits within each manufacturing, packaging and film lab site, a comprehensive corporate internal audit program has been implemented since 1996. Audits are conducted by trained, experienced Technicolor auditors. The audit program helps ensure conformance with corporate EH&S policies and guidelines.

The program has also proved to be a valuable tool for increasing EH&S awareness, identifying best practice opportunities, communicating successful initiatives between plants, creating new approaches to problem solving, and sensitizing EH&S personnel to various other issues.

As the result of environmental audits - six of which were carried out in 2016 - improvement items were identified and evaluated, and more importantly, action plans were developed.

4.2 2012-2015 Goals and Performance

Technicolor established the below EH&S goals and objectives for the Group, to be met by its worldwide industrial operations by the end of 2018:

- › 5% annual reduction of injury rate;
- › 20% minimum proportion of energy coming from renewable resources;
- › 75% minimum waste recycling rate;
- › Reporting to satisfy the GRI G4 Guidelines – Comprehensive option (the corresponding GRI Content Index can be consulted at the end of this report).

5- ENVIRONMENTAL INITIATIVES AT TECHNICOLOR SITES

There were many notable EH&S achievements in 2016 a selection of which are given here:

- › The Mill sites are using electricity 100% supplied from renewable sources;
- › MPC locations involve their security teams to turn off lights and air conditioning in office when occupants are away. Bicycling and taxi-sharing practices are encouraged, as is video conferencing in lieu of travel. One location weatherproofed fire escape doors to retain interior climate and improve efficiency. LED lighting bulb substitution programs are in place, and one site has changed sump pump technology to inverter driven pumps to improve efficiency;
- › The Piaseczno DVD production site reduced energy consumption by about 250 kWh per day by eliminating 25% of temperature controllers/regulators and by increasing the insulation on water piping used for mold temperature control;
- › Memphis packaging and distribution has continued campaigns to replace existing lighting with LED lamps through warehousing and operations, conserving power and generating savings year after year;
- › Sydney operations improved harvest and storage of used cardboard to facilitate and optimize collection and recycling;
- › Mexicali and Tultitlan sites improved their recycling rate over 2015, by 3% in Mexicali and 12% in Tultitlan, increasing the profitability of the recycling program, which is registered with the environmental agency of Mexico;
- › Chennai eliminated paper cups in the cafeteria, distribution ceramic mugs to all workers, reducing waste generation by as much as 10,000 cups per month;
- › Bangalore improved paper recycling programs, and began an effort to supply more eco-friendly products in rest-rooms and cafeterias. The operations team also partnered with Oxfam India to improve awareness about sustainability through a "Making the Most out of Waste" project at a rural school located along the Oxfam trailwalker route, where Technicolor volunteers could interact with students aged 6-10 and assist them in their projects to create models of the solar system, food chain, or water cycle out of waste materials;
- › In Manaus, to improve protection of neighboring properties, facility improvements were made to capture 100% of rain water, preventing downstream erosion of land. At the same time, 60% of the harvested rainwater was passed beneficially to the nearby community.



6- TECHNICOLOR CARBON FOOTPRINT AND CLIMATE CHANGE MITIGATION INITIATIVES

As part of its pledge to conduct business safely and responsibly, Technicolor has always measured environmental impact and sought to reduce it through monitoring programs and projects focused on its industrial activities. In 2008, we estimated the Company's carbon footprint at about 425,000 metric tons - nearly 90 tons per million euros of revenue.

Our focus has evolved in recent years, the Company undergoing significant changes, resulting in a growing emphasis on business to business partnerships with Media & Entertainment professionals. Technicolor is now at the forefront of digital innovation and a low carbon intensity company. However, to deliver its products and services to its customers across its different businesses, Technicolor relies on infrastructures and resources that contribute to increase anthropic carbon emissions, and thus participates to global warming and climate change.

Technicolor is a Global Compact member and strives to operate as a responsible citizen in all locations across the globe. As the world summons the best of its science to reduce Carbon emissions, the Group is committed to expand the knowledge and reinforce the control of its impacts to new domains and programs, explore new paths to energy efficiency through dialogue with its business and institutional partners, within the bounds of its expertise and means.

In Brazil, the Technicolor Manaus manufacturing plant dedicated to the production of Set-Top Boxes for the Americas has a long-term plan to improve its carbon footprint. From reverse logistics schemes, to recycling waste, or tree planting carbon compensation initiatives, it has recently built a solar panel electricity generating plant, which production covers 10% of the electricity consumed by the site. An organic plant project is unfolding in parallel, featuring a composting plant, a nursery of fruit, vegetable and ornamental plants, a vegetable garden, all contributing to a decrease of carbon emissions generated by the activity (Manaus already compensates 100% of its emissions), while proposing a more favorable social environment for the employees.

In California, the DVD Services division has launched a comprehensive energy audit with the assistance of



Schneider Electric, with a goal to reduce the Carbon emissions of sites. The site of Memphis, based on expected return on investment, selected 9 projects out of 24 potential energy saving initiatives. Among the nine are waste heat recovery from the compressed air system, repair of a variable frequency drive (VFD) on a compressor, temperature setback of heating and cooling units, replacement of metal-halide lighting fixtures by LED fixtures to quote those yielding the most CO₂ emissions abatement.

For more information on Technicolor initiatives, please consult Technicolor answers to the Carbon Disclosure Project (CDP) questionnaire on the CDP website: <https://www.cdp.net/en/responses?utf8=%E2%9C%93&quries%5Bname%5D=TECHNICOLOR>

Our disclosures have been public since 2006. The report provides an overview of Technicolor carbon footprint management- a key element in our pledge to protect the environment. CDP is a non-profit organization which promotes the exchanges of best practices, fosters dialogue around Climate Change issues including carbon emissions, water shortage, forest conservation, from corporate, governmental or non-governmental bodies.





“ The implementation of Eco-design and sustainable product development methodologies is a key factor in reducing negative environmental impacts associated with production processes. Over the past years, Technicolor has placed sustainable engineering and production processes at the forefront of its agenda which not only benefits the environment but also serves to drive innovation and quality improvement. ”

Geneviève Pinvidic, *Connected Home*, Head of Engineering

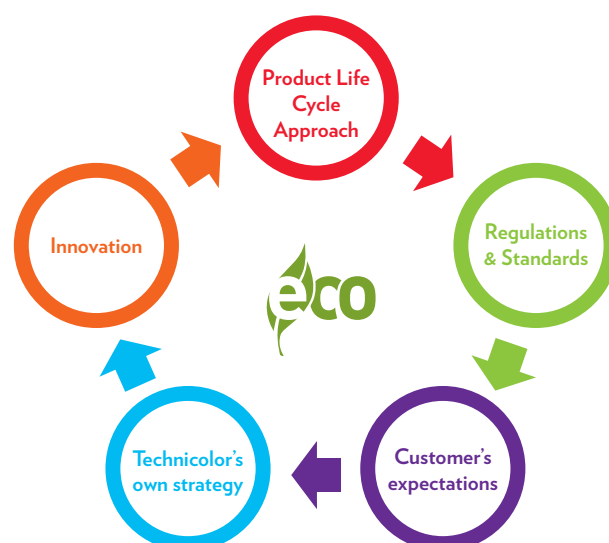
7- ECO-DESIGN AND LIFE CYCLE ASSESSMENT

7.1 Connected Home: A Longstanding Commitment to Eco-design

Technicolor started to implement Eco-design guidelines in 2008 and has long taken a positive stance towards environmental issues in the development, manufacture, use and ultimate disposal of its products. As long ago as 1992, we established our own EH&S charter, committing to conduct our business in a safe and environmentally responsible manner everywhere we operate. Our Business Units rigorously observe international standards, such as the ISO 14000 series and especially ISO 14062, which integrates environmental considerations into design and product development.

As part of its own principles when integrating environmental considerations, the Connected Home division commits the organization to:

- › Comply with all the laws, regulations and industry guidelines endorsed by Technicolor. These include the European Union Code of Conduct on Energy Efficiency of Digital TV Service and Energy Consumption of Broadband Equipment, the European Union's Industry Voluntary Agreement to improve energy consumption of Complex Set-Top Boxes (CSTB), and more recently in 2015 the US Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Set-Top Boxes (STB), and the US Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Small Network Equipment (SNE);
- › Seeks continuous improvement of its environmental management through regular audits;
- › Work with its vendors and suppliers to further drive environmental improvements and impacts, particularly through the management and control of hazardous substances and through waste reduction;
- › Improve the environmental performance of its operations by better managing the entire lifecycle of electrical and electronic equipment including energy consumption during the use phase.



7.2 Eco-design as a Business Advantage

Customer environmental awareness (both that of businesses and end-consumers) is growing and many purchasers take environmental criteria into account when making buying decisions. Responsible consumers also want to be reassured that vendors are taking all steps possible to ensure that the best environmental practices are applied at every stage of manufacturing and delivery processes.

Increasingly, Technicolor's direct customers are making good environmental practice a part of their contract terms - or at least are engaging in a dialogue on the subject. A Connected Home customer satisfaction survey in 2014 showed that 79% of customers take environmental performance into account when selecting suppliers and business partners. Technicolor plans to conduct a new customer satisfaction survey in 2017 for the 2016 period.

Clearly, good "green" design is important to everyone.

Inevitably, meeting market expectations of good environmental stewardship involves some changes, in particular as far as design and manufacturing are concerned. For example, to be able to guarantee that a specific electronic design is as energy efficient as possible, developers have to prioritize energy efficiency when evaluating other design options and criteria.

Furthermore, eco-design considerations may also have an impact on costs, product functionality, user habits, and service implementation while some green efforts have clear cost-savings, as is the case with most energy efficiency projects. It is only when a win-win situation can be demonstrated that all parties - end-users, manufacturers and service providers - will buy into best design practices. Understanding and identifying sustainability benefits requires accurate data and sound analysis about the true environmental performance across the product life cycle. This calls for reliable methodologies and tools.

7.3 Eco-design Methodology

Eco-design is an activity that integrates environmental considerations into product design and development - without compromising quality and performance - over the entire lifecycle of the product.

It therefore includes all environmental regulations and specific environmental product requirements including customer expectations.

International Standard ISO/TR 14062 covers practices and methodologies relating to the integration of environmental considerations into the product design and development process. It describes examples of inputs and outputs for each phase and the tools that need to be applied accordingly from conception through to market launch.

For each product lifecycle state (planning, conceptual and detailed design, testing and prototyping, product market launch, product review, etc.), the actions to be performed to design a product have to be compliant with the product's target environmental specifications. This eco-design methodology has been merged with ETM (Early-to-Market) process methodology, which is the Technicolor-specific product development process deployed across the Connected Home division's development sites and which is compliant with above ISO/TR 14062 international Standard.



7.4 Eco-design Principles and Tools

To support the eco-design process, Life Cycle Assessment (LCA) tools are needed to identify and measure the environmental impacts of a product over its entire life (i.e. from the cradle to the grave).

LCA is standardized in international standard ISO14040 (Environmental Management, Analysis of Life Cycle). Technicolor's Connected Home activity has selected the Environmental Information and Management Explorer (EIME) tool which is considered to be the reference LCA evaluation tool for electronic and electrical equipment.

It measures environmental impact indicators such as global warming (i.e. CO₂ footprint), water eutrophication, resource material depletion, etc., which allow Technicolor to evaluate, compare, improve and communicate product design and environmental performance more effectively.

The table below shows the environmental impacts of a set-top box across its entire lifecycle.

Breakdown of Environmental Impacts over Lifecycle of a Technicolor IP/terrestrial high-end Set-Top Box

Indicator	Unit	Total	Manufacturing	Distribution	Installation	Use	End of life
Air Acidification (AA)	Kg H ⁺ eq	1.70E-02	17%	2%	0%	81%	0%
Air toxicity (AT)	m ³	2.11E+07	19%	2%	0%	79%	0%
Energy Depletion (ED)	MJ	1.55E+03	19%	0%	0%	80%	0%
Global Warming Potential (GWP)	Kg CO ₂ eq.	98	16%	1%	0%	83%	0%
Hazardous Waste Production	Kg	1.44E+00	62%	0%	0%	38%	0%
Ozone Depletion Potential (ODP)	Kg CFC-11 eq.	1.60E-05	16%	1%	0%	83%	1%
Photochemical Ozone Creation Potential (POPCP)	Kg C ₂ H ₄ eq.	3.77E-02	15%	1%	0%	83%	0%
Raw Material Depletion	Y-1	2.98E-13	99%	0%	0%	1%	0%
Water Depletion (WD)	dm ³	1.86E+02	74%	0%	0%	25%	0%
Water Eutrophication (WE)	Kg PO ₄ eq.	1.72E-03	83%	0%	0%	15%	2%
Water Toxicity (WT)	m ³	2.07E+01	23%	1%	0%	53%	23%



The following graph shows the distribution of each environmental impact over the different phases in the lifecycle:

Breakdown of Environmental Impacts over Lifecycle of a Technicolor IP/terrestrial high-end Set-Top Box



It shows that for a Set-Top-Box type of product:

- ✦ The Use phase is the largest contributor to 7 indicators out of 11 - This represents around 80% of all other environmental indicators, including the GW (Global Warming) indicator which defines the product's carbon footprint. The last generation of IP Set-Top Box has now a power consumption below 7 Watts when a channel is displayed, and below 2 Watts in standby mode;
- ✦ The Manufacturing phase represents 99% of RMD (Resource Material Depletion) which calculates the depletion of natural resources;
- ✦ The Distribution phase has a very small impact due to ship transportation - except for WE (Water Eutrophication) caused by cardboard packaging;
- ✦ End-of-life treatments are not responsible for any significant environmental impact. The main impact of this phase is on Water Toxicity (WT) and Water Eutrophication (WE).

This type of impact distribution - where the main environmental impact is generated by the use phase - is generic to all set-top boxes and home gateways and, more generally, to ICT devices powered by mains electricity.



The table below shows the impact of a VDSL home gateway and the distribution of the various environmental impacts over the different phases of the product lifecycle.

Example of a Technicolor DSL Home Gateway

Indicator	Unit	Total	Manufacturing	Distribution	Installation	Use	End of life
Air Acidification (AA)	Kg H+ eq	1.53E-02	8%	2%	0%	90%	0%
Air toxicity (AT)	m ³	1.85E+07	9%	2%	0%	89%	0%
Energy Depletion (ED)	MJ	1.95E+03	6%	2%	0%	92%	0%
Global Warming Potential (GWP)	Kg CO ₂ eq.	111	6%	1%	0%	93%	0%
Hazardous Waste Production (HWP)	Kg	1.78E+00	12%	4%	0%	84%	0%
Ozone Depletion Potential (ODP)	Kg CFC-11 eq.	2.98E-06	37%	6%	0%	56%	1%
Photochemical Ozone Creation Potential (POPCP)	Kg C ₂ H ₄ eq.	2.76E-02	11%	2%	0%	87%	0%
Raw Material Depletion (RMD)	Y-1	9.54E-14	97%	0%	0%	3%	0%
Water Depletion (WD)	dm ³	2.10E+02	21%	9%	0%	70%	0%
Water Eutrophication (WE)	Kg PO ₄ eq.	1.51E-03	36%	049%	0%	12%	3%
Water Toxicity (WT)	m ³	1.65E+01	15%	4%	0%	70%	11%

7.5 Involvement in Energy Efficiency related to Regulation, Standards, and Voluntary Agreements

One of Technicolor's corporate values is a commitment to globally agreed standards and voluntary agreements. Technicolor maintains representation in international environmental and safety standards-setting bodies, just as it does in the relevant engineering committees.

Connected Home division engineers have served on several international boards focusing on energy consumption standards, endeavoring to draw together the work carried out in this respect in Europe, the U.S., Canada, China and Australia.

Within Digital Europe (DE) industry association, Technicolor participates actively to working groups related to energy efficiency in relation with Technicolor products. The role of DE is to provide inputs when a new environmental EU regulation is elaborated. In energy

efficiency regulatory matter, the first objective of DE is to check that regulation pre-study reflects the real situation regarding energy and non-energy related aspects, and to ensure the consistency and the completion of the pre-study. The second objective is to verify that the new regulation provides a real energy saving. The third is to avoid negative impact considering a larger context than energy aspects such as technology, manufacturing, functionalities, price, and all other direct and indirect environmental impacts. To this end, DE provides technical and non-technical inputs, position papers, and proposition, at each stage of the EU regulation elaboration.

Technicolor is also actively involved in voluntary initiatives, to improve product energy efficiency and to push forward energy targets in accordance with Best Available Technology (BAT).

GRI [G4-EN7; G4-EN20; G4-EN27] [G4-DMA Energy] [G4-DMA Products and services] [G4-DMA Public policy] [G4-DMA Customer health and safety] [G4-DMA Product and service labeling]



Externally, there has been an increased drive towards good practice through voluntary codes such as Energy Star in the United States and the European Union's Codes of Conduct on the energy efficiency of Digital TV Service Systems and Broadband Equipment as well as the European Union's Industry Voluntary Agreement on Complex Set-Top Boxes.

Technicolor was an early signatory of the latter Codes of Conduct with the Company putting its name to them in May 2008 which commits Technicolor to developing and bringing to market products that comply with stringent energy efficiency levels.

As it relates to Customer Premises Equipment (CPE), Technicolor was the first CPE vendor to sign the Code of Conduct for Broadband Equipment, putting itself in a leading role for low energy consumption residential gateways.

For a number of years, most of Connected Home's complex set-top-box models marketed in the US have been compliant with the Energy Star program. Technicolor test laboratory in Indianapolis was accredited by the US Environmental Protection Agency (EPA) to perform Energy Star testing on complex set-top-boxes.

This recurrent issue demonstrates that the power or energy consumption model of Code of Conduct for Broadband Equipment (CoC BB) and all other Voluntary Agreements should permanently be reviewed in order to reflect the change of hardware and software functionalities of Home Gateways:

- › The CoC BB power model needs to be relevant also for High End Gateways model;
- › The CoC BB should evolve from a power consumption model to an energy consumption model to reflect the real carbon footprint of a Home Gateway during its use phase.

The traffic condition used for on mode power measurement should follow the increased bandwidth needed by new TV services such as Multi-room TV, UHD definition, Over-The-Top TV.

By designing devices compliant with regulations as well as various Voluntary Agreements, Technicolor is committing to improve energy efficiency and to reduce the carbon footprint of Gateways and Set-top-boxes. By participating to the revision of Voluntary Agreement release and to the elaboration of the European energy efficiency regulation, Technicolor acts for the improvement of energy efficiency of Gateways and Set-top-boxes.

In Australia, Technicolor is an Associate Member of the Subscription Television Industry Voluntary Code for improving the energy efficiency of conditional access set-top boxes.

Company reporting for 2016 demonstrates that Technicolor achieved the power consumption targets respectively set by the Code of Conduct for Broadband Equipment, the Code of Conduct for Digital TV and the Industry Voluntary Agreement on Complex Set-Top Boxes. 2016 reporting demonstrated that:

- › 100% of our set-top box units put on the market in 2016 are compliant with the Voluntary Agreement;
- › 100% of our set-top box new models put on the market for the first time in 2016 are compliant with the Code of Conduct on the energy efficiency of Digital TV Service Systems;
- › 100% of our Home Gateway new models introduced on the market for the first time in 2016 are compliant with the on state power target of the Code of Conduct for Broadband Equipment and 100% are compliant with the idle state power target;
- › Even if all our Gateways (GWs) fully comply with GWs idle mode targets, it remains difficult to reach tier 2016 idle state power targets for high end GWs, this being true for Technicolor and competitors as well.



7.6 Supplier Involvement

As part of its [Code of Ethics](#) and its procurement policy, the Connected Home division has a comprehensive set of guidelines which cover every aspect of the environmental, health, and safety policies of every factory that contributes to its products - whether it is a Technicolor plant or that of a supplier. These policies are designed to ensure that everything within the finished product is produced according to best practice and is fully compliant with Technicolor's Code of Ethics.

Complementing this, we have statements of work in place with our suppliers to ensure that they are also compliant with the Company's Code of Ethics. Supplier ethics audits have been regularly performed by the Connected Home division and are now covered under the Electronics Industrial Citizenship Coalition (EICC) supplier audits.

The products themselves are made in accordance with all applicable laws and without the use of selected, restricted and controlled hazardous materials, and comply precisely with their aim of being energy efficient in use. Concerning the monitoring of Conflict Minerals, which is now also a requirement under EICC, the Connected Home division within Technicolor has made a formal policy statement and requires Conflict Minerals data from its critical suppliers.

Connected Home has incorporated environmental audit elements inside of supplier quality audits, EICC supplier audits and day to day product qualifications. Every manufacturing plant is subject to these audits. These audits validate the plant's own compliance assurance system by spot-checking the plant, the manufacturing cycle, and the components and materials used.

The above-mentioned Eco-design initiatives are not limited to Technicolor, but also ultimately extend to OEM (Original Equipment Manufacturer) and ODM (Original Design Manufacturer) suppliers.

One of the key objectives is to work with our suppliers to ensure we meet environmental regulatory requirements so that energy consumption (ErP directive) hazardous substances (RoHS, REACH), waste electronic and electrical equipment as well as voluntary initiatives (Code of Conduct Digital TV, Code of Conduct Broadband Equipment and Industry Voluntary Agreement for Complex STBs) are managed appropriately.

7.7 Communicating Environmental Information

To facilitate transparency on environmental information, Technicolor's Connected Home division has voluntarily put in place a system whereby the so-called Product Environmental Profile (PEP) of any given product can be obtained on request.

A PEP contains environmental data for any given product including its carbon footprint and summarizes the benefits of an environmentally conscious design. It provides information required to assess the environmental impact of products over their entire lifecycle and thus allows the identification of efficient eco-design options.

A PEP is standardized according to international standard ISO14025: 2006 which governs Type III Environmental Declarations and IEC PAS 62545 relative to environmental information on electrical and electronic products.



7.8 Eco-design Achievements

Gateway and Set-Top-Box Life Cycle Analysis (LCA) and eco-design are areas where Technicolor has acquired a solid knowhow and practical experience over the past years. Technicolor implemented eco-design for all newly developed product families as early as 2008. Based on Technicolor knowhow, current objectives relating to gateway and set-top box are set to provide contributions to European and US energy efficiency initiatives such as the EU Code of Conduct for Digital TV, EU Code of Conduct for Broadband Equipment, EU Voluntary Agreement for Complex Set-top Boxes, US Voluntary Agreements for STBs and Small Network Equipment. Technicolor also provides key contributions to product energy related regulations.

7.8.1 Deployment of 801/2013 across Technicolor Products

Technicolor has actively contributed to the completion of the European 801/2013 regulation on the associated guidance document providing practical guidance on the implementation of the regulation in networked products and in 2016 to its revision. 801/2013 regulation establishes eco-design requirements related to standby and off mode, and networked standby, electric power consumption for the placing on the market of electrical and electronic household and office equipment. The requirements in the amended regulation take effect in 5 steps from 2010 to 2019 including tier 2015 (as from January 1st, 2015) and tier 2017 (as from January 1st, 2017).

In 2015, all Set-Top Boxes (STBs) and Gateways (GWs) have been made compliant with the 801/2013 tier 2015. In 2016, the challenge was to make all products compliant with the 2017 targets. Even if Technicolor has a deep understanding of the regulation and is able to identify, for each product, the relevant solution to make the product compliant, those targets were really challenging to meet. Compliancy with those 2017 targets has in fact implied deep changes of the software and sometime of the hardware. All opportunities to save energy have been kept to make the product compliant. The main issue came from the regulation which has established power target which does not take into account the provided functionality, and also from some inconsistencies of the regulation which have to be corrected in on-going revision of 801/2013.

However, compliancy with tier 2017 was a good opportunity to identify and deploy, when needed, various and innovative solutions. It was also a good opportunity to identify what should be corrected in the future revision and also the change in hardware and software product design to reach the compliancy at minimum cost and workload.



7.8.2 Technicolor Product Eco-design Main Trends

Year after year, it became apparent that the best approach to reduce energy and non-energy impacts of products was to propose more compact devices by:

- Selecting last generation chipsets having a higher level of integration, characterized by a lower power consumption, using less natural resources, in particular critical metal;
- Using smaller electronic cards – thanks to improved integration characteristics of chipsets. The use of smaller electronic cards appears to be the most efficient way to reduce the environmental impact of manufacturing, distribution and End of Life (EOL) phase: smaller electronic cards mean less plastic material for product and power supply, mean smaller packaging with less material, mean less weight to transport, and mean less material to process in EOL treatments.

But this approach also might have some environmental drawbacks. As the enclosure becomes smaller, the temperature of the box increases and demands larger cooler to evacuate the heat.

To this day, eco-design options exist to further reduce the environmental impacts of products but their implementation may be refrained from current business context as illustrated below:

- Use of recycled material or less impacting material is limited due to customer requirements in terms of material type, aspect, and color;
- Ban of substances that are known to have a negative impact on health or the environment such as phthalates, halogenated flame retardants, PVC material, and their replacement by better alternatives is virtually impossible in a highly competitive market environment where price remains a key differentiator along with functionalities and box aspects;
- This issue can only be solved by an amendment of existing regulation requesting the partial or total banishment of these substances. If substance banishment is easy to implement, it takes years to validate that alternative solutions have really less impact or no additional impacts than the existing ones;
- The use of standardized External Power Supply (EPS), as CE certification requests that products having an EPS must be put on the market only with the EPS model(s) which has been used for the Certification, which means that the use of a standardized EPS will not bring any environmental benefits as long as device and EPS cannot be sold independently.

Only new regulation and/or revision of existing regulation (see below) may solve these particular issues. In the meantime, improvements on device compactness and energy efficiency are the best options to reduce the environmental impacts of Technicolor Gateways and Set-top-boxes.



7.9 Technicolor Eco-design Challenges

As a leading supplier of Set Top Boxes (STBs) Technicolor has many years of experience incorporating Eco-design principles and methodology into our products.

Energy consumption remains a key priority across the industry as well as regulatory bodies and voluntary agreements organizations.

Making all Technicolor Gateway and Consumer STB models compliant with Regulation 801/2013 tier 2017 was among the main energy efficiency challenge of 2016. Because networked devices such as GWs or

STBs are in idle mode more than 75% of the time, and because bandwidth needs are increasing continuously, all types of WAN (World Area Network) and LAN (Local Area Network) network interface, including on the network infrastructure side, should provide a low power mode.

To this day, a very small number of network technologies provide an efficient low power mode when connected, making problematic the compliance with the 801/2013 targets, or worse, making the compliance not feasible for a number of complex

devices even when Best Available Technology (BAT) is used.

As already mentioned, an additional difficulty lies in the “one size fits all” target which does not take into consideration the product functionalities context, making makeshift solutions not energy efficient in real life.

Building on Technicolor methods and resulting success in meeting tier 2017 targets, the Group is confident nevertheless that its GWs and STBs will overcome these challenges and comply with tier 2019 on schedule.

7.9.1 Other Regulatory Challenges:

The finalization of the European 278/2009 regulation revision on External Power Supplies (EPS) is still pending. The aim of this revision is to improve the energy efficiency of EPS. Industry is currently debating with the European Commission to promote alignment of 278/2009 revision with the already published US Department of Energy (DOE) Level VI rulemaking since February 2014, in order to be able to use the same EPS in the EU and in the USA, reducing the cost and workload attached to multiple EPS certification. The European Commission has updated the draft revision on April 2015, while the US DOE (US Department of Energy) already finalized EPS energy efficiency.

In 2016, the revision of 1275/2008 and 801/2013 regulation on Standby and Network Standby has started. Technicolor is advocating for no change of targets, as those set are already difficult to meet, but will work so that some of the legislation inconsistencies and constraints are removed as they cannot bring any energy saving benefit in real life. Technicolor will also defend a more vertical approach of the targets.

The revision of the CoC BB started in 2015 with the aim to finalize the version 6 in 2017. In this respect, Technicolor is working to correct the overall power model when not relevant for the latest generation of

Gateways. Technicolor has proposed to change the reporting methodology, to reflect the compliancy to CoC of all units put on the market during the current year, in order to avoid some distortion in the results. This change has been accepted by the CoC signatories and the European Commission.

In 2015 as well, revision of the Voluntary Industry Agreement for STB has been initiated. Technicolor will work to set new targets in accordance with energy efficiency progresses and energy allowance for latest technologies.

Regarding materials and substances used in GWs and CSTBs, a significant environmental benefit will come with the phasing out of vinyl plasticizers (phthalates group), halogenated flame retardants, especially in PVC material, for EEE applications.

Some manufacturers have already restricted use of certain of these substances and materials from high end products. We anticipate the EU playing a leading role in organizing a step-by-step revolution within a reasonable timeframe across Europe. We intend to pre-empt the regulations and study alternative solutions to these substances and materials in order to be able to propose solutions adapted to Home GWs and CSTBs for



customers already demanding improved environmental performance.

Monitoring of Conflict Minerals began subsequent to requirements emanating from the US Dodd-Frank Act (see section 8.7) and is now a requirement under the Electronics Industrial Citizenship Coalition (EICC).

In Europe, the European Commission proposed a regulation that would govern supply chain due diligence for importers of tin, tantalum and tungsten and gold ("3TGs") originating in conflict-affected and high-risk areas. EU "Supply Chain Due Diligence" standards would be based on the OECD Due Diligence Guidance recommendations. In 2016, a political understanding on the core elements and final shape of a EU regulation on conflict minerals was reached. As the result of these discussions, the regulation is set to ensure sustainable sourcing for more than 95% of all EU imports of 3TGs

which will be covered by due diligence provisions as of January 1st, 2021.

As part of Technicolor's overall commitments to corporate social responsibility, the Group is committed to ensure that minerals contained in its products are sourced with due respect to human rights, the need to avoid contributing to conflict, and the desire to support developments through our supply chain practices. In 2016, this commitment was confirmed by a Technicolor's statement on Conflict Minerals available at <http://www.technicolor.com/en/who-we-are/corporate-social-responsibility/suppliers>.

It is also noticeable that the Republic of China published in 2016, for the first time, due diligence guidelines for responsible mineral supply chain. This will apply, on a voluntary basis at first stage, to all Chinese companies which are extracting and/or using mineral resources.

8- KEY ENVIRONMENTAL REQUIREMENTS COMPLIANCE

Manufacturers of electronic products face growing sustainability requirements and increasing regulations concerning Eco-design and energy efficiency.

The variety and proliferation of environmental regulations as well as norms, standards and frameworks, influenced both by stakeholders and in-process regulations, has reinforced the need for better environmental management.

Technicolor operates in a worldwide market and thus has to deal with a wide variety of national and regional initiatives governing the environmental performance and risk management associated with its products.

The Group has put into place the necessary processes and initiatives to comply with laws restricting the use of hazardous substances, such as the European Restriction of Hazardous Substances (RoHS) and Restriction, Evaluation and Authorization of Chemical substances (REACH) directives.

The Group is also working for better end-of-life handling of Waste Electrical and Electronic Equipment (WEEE). Technicolor's various product categories are also affected by energy efficiency requirements with the Company actively working to improve the energy efficiency and climate-related impact of its products.

Recognizing similar needs, other regions such as Asia, North America and Latin America have already implemented or are starting to adopt similar sets of regulations.

Even if some non-EU customers are less concerned by the environmental performance of products, we have noticed that more and more customers outside Europe request CE marking of product, when there is no local regulation, demonstrating that environmental and non-environmental CE marking is considered as a worldwide reference.



8.1 RoHS - European Restriction of Hazardous Substances

The new RoHS Directive 2011/65/EU (RoHS2) on the restrictions of the use of certain hazardous substances in Electrical and Electronic Equipment (EEE) replaces Directive 2002/95/EC (RoHS1). It aims at adapting its provisions to the technical and scientific progresses made concerning the use of hazardous substances in EEE and the development of substitutes and thus is expected to improve the environmental protection of human health and the environment. The original six restricted substances and their maximum concentration values remain the same. RoHS2 contains a list of exemptions similar to the original RoHS1 Directive and subsequent Decisions. Several changes with regard to the requirements for exemptions in RoHS2 have been introduced.

On 31 March 2015 under the Commission delegated directive 2015/863, the following four phthalates were added to Annex II of RoHS2 with an effective date on July 22, 2019 for EEE: BBP (butyl benzyl phthalate - a PVC plasticizer), DBP (dibutylphthalate - a plasticizer, used in some adhesives and inks), DEHP [bis (2-ethylhexyl) phthalate - PVC plasticizer and a dielectric in some capacitors] and DIBP (diisobutyl phthalate - another phthalate plasticizer). As a result, ten hazardous substances are now restricted in EEE under RoHS2.

Under RoHS2, product marking is required. The CE mark - a conformity marking for many products sold in Europe - expands to include RoHS compliance. Member States will presume that all products bearing the CE mark are RoHS compliant.

To ensure that Technicolor products sold in the European Union comply with RoHS and other relevant requirements:

- › Technicolor ensures that all components and product parts are RoHS compliant via a combination of supplier declarations, supplier audits and random finished product RoHS testing as additional verification. This includes close collaboration and constant dialogue with suppliers in order to gradually gather relevant information;

- › Technicolor has voluntarily expanded its list of controlled or banned substances by adding the additional four substances identified for priority assessment in the RoHS2 directive to the six already included in RoHS1.

RoHS compliance requires all homogeneous materials in products placed on the market to not contain RoHS substances unless they are exempt.

The approach to adjudicating on the case of exemptions is different under RoHS2 regime as compared to that of RoHS1. Exemptions are now granted for a maximum validity period and may be renewed only upon request (application for renewal) after a case by case assessment. Under RoHS2, exemptions remain in effect until a decision is made on renewal applications that have been submitted.

Many of the most commonly used exemptions were set to expire in July 2016. However, between October 2014 and January 2015, a large number of RoHS renewal applications for exemptions were submitted to the European Commission. Given that the European Commission has previously stated that their anticipated time frame to make a decision on each exemption extension is 18 to 24 months from the application date, it is therefore expected that no decision on RoHS exemptions will be announced by January 2017.

As a member of industry groups such as Digital Europe, Technicolor is committed to contribute to ongoing discussions and to intensively pursue implementation of the updated regulation including exemption with suppliers.



8.2 WEEE (Waste Electrical and Electronic Equipment Directive) Implementation

In summary, the European Union WEEE Directive 2002/96/EC ("former WEEE Directive") introduced obligations on manufacturers/brand owners and importers/distributors with respect to (1) product design, (2) separate collection, (3) treatment, (4) recovery, (5) financing and (6) product marking, information, and reporting.

It also required them to register in each E.U. country to implement local WEEE legislation and to support the recycling of discarded electronic products. Technicolor is committed to respect WEEE implementation laws and regulations in each E.U. member state. As required by law the Connected Home activity of Technicolor attaches WEEE labels (a mark symbolizing a cross-out dustbin) to its products and provides appropriate instructions to end-users so that the equipment will not be discarded with general waste. Technicolor is registered as a producer and has joined collective

compliance schemes in countries in which we bear the producer WEEE responsibility. As of today, this is the case in France, Germany, Italy, Spain and the U.K.

The former WEEE Directive has been in force since February 2003. After practical experiences with this former WEEE Directive, the Commission published a recasting Directive 2012/19/EU ("new WEEE Directive") that entered into force on August 13, 2012. This new WEEE Directive focuses on clarification of the scope and definition of the directive, waste collection, recovery and recycling targets with ambitious new collection rates, treatment requirements, the harmonization of national registration stipulations, a change of referenced WEEE categories (from 10 to 6) and a range of producer responsibility provisions including reporting.

Technicolor took all necessary steps to meet provisions of the WEEE Directive.

8.3 Battery Treatment and Recycling Processes

The E.U. Battery Directive (2006/66/EC) and its subsequent amendments require manufacturers to design products so that batteries (primary cells) and accumulators (rechargeable cells) are easily removable and to provide instructions for end-users.

The directive also requires producers and importers of batteries and appliances incorporating batteries to finance the cost of collection, treatment and recycling of waste batteries and accumulators.

Mercury, lead and cadmium substances in batteries are also restricted. All batteries are required to be marked with the separate collection symbol and those containing mercury, cadmium or lead are required to be marked with their chemical symbol(s) when their content

exceeds specific values. Batteries must be readily removable by the end user or a qualified professional and accompanied by instructions which explain how they can be removed safely. Portable secondary (rechargeable) batteries are required to be marked with their capacity.

Technicolor supports the aims of the Battery Directive and is compliant with the battery legislation of each country where we are obligated as a producer.

In support of the E.U. Battery Directive, Technicolor has undertaken the necessary registrations to collective compliance schemes in France, Germany, Italy and Spain.





8.4 Packaging Waste Regulation

The E.U. Packaging Directive (94/62/EC) and its subsequent amendments provide for measures aimed at limiting the production of packaging waste and promoting recycling, re-use and other forms of waste recovery.

The Directive imposes “essential requirements” for packaging waste which can be summarized as follows: (1) packaging weight and volume shall be reduced to the minimum necessary for safety and consumer acceptance of the packed product; (2) hazardous substances and materials shall be minimized as constituents of the packaging with regard to emissions from incineration or landfill (as well as specific concentration limits on named heavy metals); (3) if reuse is claimed, packaging shall be suitable for that purpose.

It also requires member states to (1) adopt packaging waste prevention measures; (2) meet specific recovery and recycling targets; (3) set-up collection and recovery systems; (4) set-up information systems on packaging and packaging waste; and (5) ensure that consumers are informed on packaging take back.

Technicolor is aware that packaging is an increasingly important recycling issue and is engaged in actions to optimize the amount and type of packaging we use. By way of example, one of Technicolor’s goals is to propose carefully sized packaging to ensure that, while providing adequate protection for the product itself, this packaging is kept to an absolute minimum whilst at the same time perfectly fitting stacking dimensions of standard pallets and containers. Thus, in addition to reducing the total volume of packaging waste, such measures will also help lower the environmental impact and costs associated with product transportation.

Technicolor has joined a packaging compliance scheme in countries where we have obligations as a producer and has undertaken the necessary registrations for the recovery and recycling of used packaging in Austria, Belgium, France, Germany, Italy, Luxembourg and Spain.

The latest revision of the Packaging Directive occurred in April 2015 with the adoption of Directive (EU) 2015/720 of the European Parliament and of the Council as regards the consumption of lightweight plastic carrier bags.



8.5 REACH - Registration, Evaluation and Authorization of Chemicals

8.5.1 REACH Training

Technicolor has conducted REACH training sessions at most of its European sites in R&D, Sourcing, Quality, EH&S, Supply Chain and Manufacturing and ensures that relevant personnel at all sites worldwide receive regular updates on REACH requirements and developments where appropriate.

The topics covered by REACH training sessions have included: REACH information to involve suppliers in the data collection, information on chemicals used to provide to suppliers (manufacturers and importers of chemicals), the authorization process linked to annex XIV, the restriction conditions laid out in annex XVII and the Classification, Labeling & Packaging directive (Dir. 2008/1272/EC).

8.5.2 REACH Initiatives

Substances and preparations used, contained and embedded in our products (both purchased products and finished goods marketed in Europe) are closely monitored through our Supply Chain. This monitoring includes the identification of SVHC (Substances of Very High Concern) pursuant to the Candidate List, banned substances as listed since May 2009, restricted substances (Annex XVII) as well as substances subject to authorization (annex XIV).

Some of our products may contain more than traces (i.e. more than 0.1%) of some of the 173 hazardous chemicals categorized as Substances of Very High Concern (SVHC) by REACH. We have begun communicating to our direct clients so as to comply with this REACH obligation pursuant to article 33.

Internally, a REACH governance program was set up in 2009.

In line with our corporate policy, REACH program management, through REACH network members, are implementing processes to comply with requirements directly applicable by the Business Divisions, such as:

- › Customer communication process;
- › Safety data sheets management process;
- › Controls management process;
- › Supplier data collection and management;
- › Uses information for suppliers;
- › Classification, labeling and packaging of substances (pursuant to Dir. CLP n° 1272/2008);
- › REACH audits management.

Additional processes have been set up in the Sourcing Department, such as the creation/qualification of new components as well as supplier selection and follow up.

8.5.3 REACH Judgment of the European Court of Justice

The REACH Regulation provides that, where a chemical substance 'of very high concern' for health or the environment because, in particular, of its carcinogenic, mutagenic or toxic properties is present in a concentration above 0.1% of the mass of an article, the producer or importer must, in principle, notify the European Chemicals Agency (ECHA). Similarly, the supplier must inform the recipient thereof and, on request, the consumer of the article.



In 2011, a note sent by the Commission to the Member States and a guide published by ECHA specified how the regulation is to be applied as regards substances of very high concern included in articles. In essence, with regard to articles incorporated in goods, those documents provide that the duties to notify and provide information laid down in the regulation apply only if the substance of very high concern exceeds 0.1% in the entire article.

By its judgment delivered on September 10, 2015, the Court of Justice of the European Union recalls, firstly, that the regulation defines the concept of 'article' as 'an object which during production is given a special shape, surface or design which determines its function to a greater degree than does its chemical composition'. However, it does not contain any provisions specifically governing the situation of a complex product containing several "simple" articles. Consequently, there is no need to draw a distinction between the situation of articles incorporated as a component of a complex product and that of articles present in an isolated manner.

In those circumstances, the Court rules that each "simple article" incorporated as a component of a complex product is covered by the relevant duties to notify and provide information when a substance of very high concern is present in a concentration above 0.1% by weight in each such "simple article".

The Court rules disagree with the interpretation of an 'article' as described in the guidance documents produced by the ECHA in 2011.

The ECHA guide was planned to be available in 2016 but is still being adapted. For the time being, Technicolor is following the ECHA Guidance documents as published in 2011.

8.6 Energy-related Products - ErP (previously EuP) Directive

The European Union's Energy-related Products (ErP) directive (2009/125/EC) aims to improve the energy efficiency and environmental performance of products throughout their life cycle. ErP is a framework directive meaning that products are not subject to eco-design or energy efficiency requirements until "Implementing Measures" (E.U. Commission regulations) have been issued setting specific standards for priority products.

Implementing Measures include designing products with both eco-design and power consumption/energy efficiency requirements for products placed on the market, with conformity verified through application of the CE label. In December 2012, the European Commission published its Eco-design 2012-2014 working plan setting out an indicative list of energy-using products which will be considered in priority for

the adoption of implementing measures (as an indicative list, twelve broad product groups will be considered with no major direct impact on the Technicolor current business activities).

To date, products marketed by Technicolor Connected Home are not subject to the Energy Labeling Directive.

The ErP directive stipulates that self-regulation may be an alternative to an Implementing Measure for setting eco-design requirements if self-regulation achieves policy objectives more quickly or at lesser expense. It is within this framework that a group consisting of service providers, equipment manufacturers, software providers, conditional access providers and component manufacturers has tabled a Voluntary Industry Agreement (VIA) to address the environmental impact and energy consumption of complex set-top boxes (set-top boxes with conditional access).

Companies that join this VIA must ensure that 90% of their products comply with set energy consumption limits. Technicolor is actively engaged in this initiative and became a member and signatory in 2011. The 2015 period of reporting (from July 1, 2014 to June 30, 2015) revealed that 100% of Technicolor sales of products put on the European market were compliant with these energy consumption limits.

In December 2008, the European Commission adopted Eco-design Regulation n° 1275/2008 to reduce the energy consumption of all household and office products in standby and off mode (the "Standby Regulation"). Under the regulation, eco-design requirements took effect in two tiers: in January 2010 and January 2013. This second tier introduced a power management feature in addition to eco-design requirements relating to



power consumption in “off mode”, power consumption in “standby mode”, availability of off mode and/or standby mode with more stringent energy performance requirements.

Other EC regulations impacting Technicolor business activities include eco-design requirements for no-load condition electric power consumption, average active efficiency of external power supplies (278/2009/EC), and eco-design requirements for simple set-top boxes (107/2009/EC).

Technicolor continues to develop eco-design assessment tools and systems to effectively deal with ErP regulations, including new and future features and builds a comprehensive strategy in this regard.

Furthermore, as E.U. regulations continue to evolve, Technicolor constantly

tracks developments directly via Digital Europe, a European industry association, and other industry organizations.

In this way, Technicolor contributes to preparatory studies that will feed into drafting of the Implementing Measures for the ErP framework directive and shares its knowledge accordingly.

This was notably the case for the preparatory study on Networked Equipment (known as Lot 26), now Commission Regulation 801/2013/EU, amending the existing Standby Regulation. Changes include the addition of new definitions of networked standby electric power consumption levels, power management of networked equipment, information to be provided by manufacturers, transition periods, new measurement requirements & verification procedure.

It was also the case for the comments ahead of the publication of the Commission’s draft proposal for ErP External Power Supplies (EPS, known as Lot 7), industry recommending that ErP Lot 7 and its energy efficiency requirements should be fully aligned with the US Department of Energy (DoE) requirements, coming into force in February 2016.

In 2015, Technicolor also actively contributed to discussions on the revision of the regulation on external power supplies 278/2009, on standby and network standby 275/2008, and on the objectives of the eco-design work plan for 2015 and beyond.

Acutely aware of the contribution of energy efficiencies to environmental improvements, Technicolor is continually innovating to achieve optimal energy efficiency targets.

8.7 Other Regions - Brief Overview

Efforts to deal with waste electronic products and substances management are also being stepped up in Asia-Pacific.

In 2016, The Chinese Ministry of Industry and Information Technology (MIIT) promulgated the “Management Methods for the Restriction of the Use of Hazardous Substances in Electronic and Electrical Products” (known as China RoHS2). China RoHS2 establishes key requirements for manufacturers and importers of in-scope electrical and electronic products, parts and components: hazardous-substances content limits for substances similar to E.U. RoHS3 and labeling and information-disclosure requirements as specified in a separate labeling standard (SJ/T 11364-2014). Companies will have to consult the Catalogue of Management Standards for Electrical and Electronic Products for a list of products subject

to China-RoHS2. China RoHS2 is currently in “Phase 1”: there are no materials restrictions but disclosure requirements.

Singapore’s Ministry of the Environment and Water Resources published the Environmental Protection and Management Act order in 2016. This Act incorporates RoHS-like requirements into the existing chemical regulatory framework in Singapore. The provisions will take effect on June 1, 2017.

Similar “RoHS-like” regulations have also been proposed in the Customs Union (Russian Federation, Kazakhstan and Belarus), Malaysia, Taiwan, Ukraine and the United Arab Emirates.

South Korea introduced in 2015 the Act on the Registration and Evaluation of Chemicals “K-REACH” with a list of Priority Existing Chemicals (PEC) subject to registration. It is regarded as the

first REACH-style chemical regulation adopted in an Asian country.

Measures regulating energy performance standards and energy efficiency labels are still in progress most notably in Australia and New Zealand. In addition, standards governing the eco-efficiency of products related to Technicolor’s Connected Home activity are also being implemented.

In the United States, regulations discouraging industry’s use of certain heavy metals are being proposed with many States also considering legislation that would establish a variety of collection schemes for waste electronics.

Compliance with the US Californian Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly called “California Prop 65”) is required for all products which are or may be sold to



and/or distributed by Technicolor under its Connected Home division, or by third parties on behalf of Technicolor, in the State of California. In-scope products shall not emit chemicals during normal use conditions which exceed the threshold values or requirements listed in the California Prop 65. In addition, a product that is available for sale in California might require Prop65 warning information, unless companies can ensure that the exposure of a listed chemical poses “no significant risk level” for cancer causing chemicals or “no observable effect level” for chemicals causing birth defects or reproductive harm. As a precautionary approach and preemptively, Technicolor provided the Proposition 65 warning for the products targeted by this Law in California.

Final rules of the Dodd-Frank Wall Street Reform and Consumer Protection Act, in its Section 1502 Requirements, were published and approved mid-2012. Section 1502 covers the reporting of specific conflict minerals (columbite-tantalite-coltan, cassiterite, gold, wolframite, or their derivatives) used by companies governed by the Securities and Exchange Commission (SEC); i.e. companies publicly traded in the US. Final rules restricted these minerals to the following metals: tantalum, tungsten, tin and gold (3TGs).

In 2014, companies in scope were first required to check and report on the use of conflict minerals in their products. Technicolor is not directly under scope but as part of its overall commitment to corporate social responsibility, we started to conduct Reasonable Country of Origin Inquiry (RCOI) targeting at first suppliers of products shipped to the US market.

Our approach is to rely on the Electronic Industry Citizenship Coalition (EICC)

and Global e-Sustainability Initiative (GeSI) Conflict Minerals Due Diligence reporting template and dashboard as a standard questionnaire for conducting inquiries into our supplier's database. The Conflict-Free Sourcing Initiative (CFSI), an initiative of EICC and GeSI, defined a common industry approach to support the due diligence information requirements. They develop a reporting template for downstream suppliers (the Conflict Mineral Reporting Template – CMRT) and the Conflict-Free Smelter Program (CFSP) that enable companies to work with their supply chains through a common interface: the CMRT is the standard for Conflict Minerals reporting between customers and suppliers. The CFSP is the industry standard for audited smelter conflict-free status. CFSI calls on more smelters and refiners to join the efforts to become conflict-free by undergoing the CFSI's independent third-party conflict minerals audit. We extended supplier's Conflict Mineral surveys to the European market during 2015 and 2016. As such, Technicolor is exercising a due diligence approach by asking its suppliers to conduct investigations in their own supply chain, so as to determine the origin of the 3 TGs provided to Technicolor. The suppliers are to share the list of their smelters' names with Technicolor. Note that based on current suppliers surveyed in 2016, 100% of the smelters identified in the Connected Home supply chain are classified under the CFSI. Some are still engaged in the CFSP. The majority of smelters are located in South East Asia and China.

The Energy Star program relating to energy consumption for Small Network Equipment, following US customer requests, potentially impacting Technicolor models in the United States, ente-

red into force in September 2013. As a whole, proposed Energy Star programs and specifications now gradually require that products meet certain other design for environment provisions such as substances restrictions and appropriate design for recyclability. The Environmental Protection Agency (EPA) as well as the Department of Energy (DOE) regularly issue environmental regulations including technical, operational and legal details for the purpose of implementing associated legislation. Technicolor most notably follows the DOE amendment on external power supplies.

In 2015, Technicolor also endorsed the US Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Set-Top Boxes (STB), and the US Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Small Network Equipment (SNE).

Environmental laws in key Latin American countries, including Brazil, Chile, Colombia and Mexico, are evolving at a rapid pace.

Chile and Mexico have introduced mandatory Energy Consumption labelling for most electronics, including devices marketed by Technicolor in these countries (respectively Set-Top Boxes and Complex Set-Top Boxes, external power suppliers, routers).

Regulations in Africa are also increasing, both those developed by African countries and those imposed by international treaties (such as Basel, Rotterdam and Stockholm). Technicolor's Connected Home activity is constantly monitoring and tracking environmental regulations and standards to ensure that the products we market across the globe are compliant with such legislation and satisfy our customer requirements and expectations.



9- TECHNICOLOR DIGITAL HOME

The concept of “convergence” has progressively become a business reality. The telecom and multimedia industries have taken steps to achieving a standardized interoperable protocol allowing the transport and delivery of data, voice and content on a single network. This is known today as “triple” (video, voice and data) and “quadruple” (video, voice, data and mobility) play. Based upon these developments, experts have considered that convergence could be extended to the home network in order to support various needs such as home automation, home security and e-health.

Since 2009, Technicolor chaired the French association “Agora du Réseau Domiciliaire” which brings together key industry and SME players around the concept of the “smart home” market. The purpose of the Association was to foster and support any initiative that could contribute to the opening and development of this ‘smart home’ market through complementing existing standards, the introduction of consumer protection labels, the development of technologies and associated ecosystems as well as through suitable regulation and relations with public authorities. The works conducted by Agora paved the way to the birth of more international and global association such as AllSeen and conducted its members to close the association, proud of the achievements reached in the past years.

The use of interoperable home networks is not limited to areas such as telecommunications, multimedia, energy and traditional home automation but also encompasses the safety and security of persons and property including preventive and curative health and

welfare services with the constraints that such services can impose on the network. It is reasonable to imagine many other types of services which are currently not feasible due to the silo-like organization of the different industry sectors - fixed and mobile telecommunications and multimedia - set in place some ten years ago.



Agora published a white paper stating the importance of having a single home network or common open platform - regardless of whether wired or wireless - via which products are interconnected and any services and applications can be deployed as opposed to the presence of a multitude of independent networks in the home.

The existence of a single home network would then make it possible to communicate to consumers minimum levels of compatibility and interoperability (illustrated by the so-called ‘domo-compatible’ label) between different product and service providers. Agora has also identified the need to have engineers and technicians trained to design, operate and maintain this type of network and associated products and services.

In addition and in practice, Agora has built a Smart ‘Sweet’ Home prototype with underlying common platform. This common demonstrator has been built in 2012 to illustrate and develop usage scenarios and was upgraded in 2015 with the state of the art product technologies and services, showing advanced solutions which further reduce ‘silos’ with first ‘domo-compatible’ labeled products and services.

Members of Agora are keen to emphasize the association’s European credentials. Many members are part of standardization initiatives both in Europe and further afield which is of obvious benefit to those both within and outside the association. Moreover, members of Agora are part of global alliances such as AllSeen. The 2015 prototype was by the way implementing the AllJoyn open protocol developed by that Alliance.

The association’s proposals included recommendations on optimum transport layers and ideal technology configurations to be deployed thus making it easier to use and manage devices and networks as well as facilitating the delivery of a myriad of services to the home. In this way, the Agora initiative helped to ensure that the benefits to people and the environment of services such as telecare, home security and power and water consumption controls, for instance, are realized as soon as possible.



10- FULFILLING ENVIRONMENTAL RESPONSIBILITIES

10.1 Acquisitions

To identify and understand potential environmental contamination, Technicolor reviews sites prior to acquisition and upon closure. This process not only helps limit financial liability, but also enables us to understand the type and level of support required to ensure that our corporate policies and guidelines are effectively implemented.

Once acquired, sites are expected to comply with Technicolor EH&S policies and guidelines, including, for example, development of sound management practices for chemicals and waste.

10.2 Environmental Clean-up

Spending on environmental remediation clean-up projects totaled approximately € 1.77 million in 2016.

Soil and groundwater contamination was detected at TCETVT, a former manufacturing facility in Taoyuan, Taiwan, that was acquired from General Electric in 1987. In 1992, the facility was sold to a local developer. Soil remediation was completed in 1998. In 2002, the Taoyuan County Environmental Protection Bureau ("EPB") ordered remediation of the groundwater underneath the former facility. The groundwater remediation process is underway. EPB and TCETVT continue to negotiate over the scope of that work. Technicolor has reached an agreement with General Electric with respect to allocation of responsibility related to the soil and groundwater remediation.





“ Sustainable supply chain management is integral to robust corporate citizenship. To ensure that our guidelines and policies are well understood and respected, Technicolor proactively engages with key electronics manufacturing partners and conducts regular audits to assess compliance with environmental and social regulations and practices on a worldwide basis. ”
Mung Siung Mu, *Sourcing Manager, Supplier Quality Assurance China*

C. EXTERNAL STAKEHOLDERS

1- RESPONSIBILITIES TO SUPPLIERS

Delivering products and services to our customers involves numerous external supply chain partners. We aim to fulfill our social responsibilities and ensure that our values are respected throughout.

Beyond raw material and component purchasing, the main areas where Technicolor subcontracts production and services are the manufacturing of set of boxes and gateways (96%), and part of the logistics of the DVD services in Europe (35%). In addition, to manage seasonal peak workloads within DVD services, Technicolor uses contracted labor services to provide additional workforce on packaging and distribution sites in America, where site headcount may double during the peak season.

To ensure supply chain CSR compliance, we audit our suppliers, promoting progressive labor and social standards, environmental protection and fair business practices.

The Technicolor Supplier Ethics Program:

- › Ensures that Technicolor suppliers respect our policies and program requirements
- › Promotes economic and social welfare through the improvement of living standards and support for non-discriminatory employment practices.

Technicolor actively seeks suppliers with similar interests and ethics commitments. Suppliers are expected to adhere to these basic principles:

- › Tolerate no discrimination and encourage diversity;
- › Promote best working conditions;
- › Use no child or forced labor;
- › Protect peoples' health, safety and the environment;
- › Support employee development;
- › Respect fair market competition;
- › Strive to be a good corporate citizen;
- › Respect consumer and personal privacy;
- › Avoid potential conflicts of interests.

To ensure that suppliers respect established principles, Technicolor:

- › Defines a list of high risk commodities and countries;
- › Determines when ethics audits, always performed by Technicolor-selected auditors, are required;
- › All suppliers must sign the General Rules of Conduct Compliance Certificate;
- › All suppliers are periodically reviewed according to the Technicolor Suppliers Ethics Handbook/Checklist procedure.

GRI

[G4-12; G4-15; G4-EN33; G4-LA15; G4-HR1; G4-HR4; G4-HR5; G4-HR6; G4-HR11; G4-SO10]
[G4-DMA procurement practices] [G4-DMA Supplier environmental assessment] [G4-DMA Supplier assessment for labor practices]
[G4-DMA Supplier human rights assessment] [G4-DMA Supplier assessment for impacts on society]



Technicolor requires suppliers to actively support its EH&S principles and to comply with local legislation and standards. They must also ensure that their components and products comply with legal requirements in the countries where our products are sold. Compliance certificates are required from suppliers to ensure they follow regulations and standards as well as Technicolor programs and specifications.

Through audits and other methods, Technicolor shares its expectations that suppliers and their subcontractors provide safe and healthy working conditions for their employees, abide by human rights laws and standards, and strive for continual improvement in their environmental management systems, processes and products.

During the audit process, instances of child labor are classified as “critical,” resulting in an immediate stoppage of business. Audits revealing employee discrimination, forced labor, safety violations, permanent disabilities or fatal injuries are classified as “major,” and require immediate corrective action.

Technicolor performed 20 supplier audits in 2016 aligned with the SA8000 standards. These audits revealed “unacceptable” or “unsatisfactory” violations at 15 % of audited suppliers in 2016.

Technicolor monitors key performance indicators according to SA8000 criteria for key active electronics manufacturing service (EMS) partners to ensure they comply with CSR regulations and practices. Since 2009, monitoring has been carried out as part of the Company’s quarterly business reviews.

KPIs are weighted 40% on CSR focus at top management level, to ensure that supplier management is sufficiently engaged and adopts a proactive CSR approach. Ten percent of KPIs focus respectively on young workers performing hazardous work, monthly employment turnover rate, average overtime, one day-off per week rate, EH&S (Environmental, Health and Safety) training for operators and injury trends.

Technicolor gives preference to suppliers who have achieved ISO 9001 certification and who are certified to meet such EH&S standards such as ISO 14001 and OHSAS 18001.

The Supplier Ethics Program applies to all new and current suppliers. To ensure effective supplier assessments, Technicolor has defined a specific audit scope and focus for suppliers categorized as “high risk,” defined as suppliers in countries with a relatively high potential for adverse human rights issues.

During 2016, Technicolor completed the implementation of the Electronics Industry Citizenship Coalition Code of Conduct under its Applicant Member status and achieved the status of Full Member.

GRI

[G4-12; G4-15; G4-EN33; G4-LA15; G4-HR1; G4-HR4; G4-HR5; G4-HR6; G4-HR11; G4-SO10]
[G4-DMA procurement practices] [G4-DMA Supplier environmental assessment] [G4-DMA Supplier assessment for labor practices]
[G4-DMA Supplier human rights assessment] [G4-DMA Supplier assessment for impacts on society]





“ Satisfied customers are the lifeblood of any successful company. For this reason, customer satisfaction and quality practices, processes and tools lie at the heart of the Connected Home activity. To fulfill our commitment to customers, we not only listen carefully to our customer needs but also observe end-user environments and habits to identify opportunities for continued product and service improvements as well as stronger stakeholder engagement ”

Sam Lim,

Connected Home, Head of Customer Experience & Quality

2- RESPONSIBILITIES TO CUSTOMERS

2.1 Customer Satisfaction

Continuous improvement of the quality of our products and services ranks among Technicolor's top priorities.

Sustainable success as a business depends on our ability to gain and maintain customer confidence over the long term.

To help ensure that all of our people at every level of the organization remain fully committed to build sustained customer satisfaction and loyalty, all employees who work in the quality field are required to engage in our quality management system.

2.2 Customer Privacy

Technicolor designs products, services, software, which enable the optimal transfer of customer data – video content – to be displayed via multiple channels on the devices of millions of end-users via the networks of broadcasters or telecom operators. Technicolor has a life-long expertise in data and content protection and is training its workforce worldwide and at all levels to prevent breaches of customer privacy or customer losses.

Aware of rising risks in cybercrime, the Technicolor Security Office has issued a Security Policy to address Risks such as content leaks affecting customers (film), suppliers (source code) or employee personal data, as well as to defend its products and systems against cyberattacks, or theft of otherwise valuable intellectual property.

In 2015 and 2016, a security campaign was launched to bring knowledge and awareness to all employees through a series of accessible in-house animation films tackling physical security, password protection practices, and content leaks prevention. Training sessions and exams are also scheduled on a wide scale. A formal Data Protection Policy was also issued by the Technicolor Ethics Compliance Committee to govern legal compliance aspects.

2.3 Quality Approach

Our quality management system extends to our business units, including the creation, management and delivery of products and services.

It establishes a good balance between flexibility and the compulsory guidelines needed to adequately control processes.

Designed to guide and challenge business unit management, the guidelines help us avoid procedures that might hinder new initiatives or innovation.

To achieve continuous quality improvement, we:

- ▶ Conduct internal audits and customer feedback surveys to track progress;
- ▶ Track quality KPI's, including environmental impact, throughout product life cycle assessment.

Action plans are defined at business unit level and according to geographical regions to ensure that customer needs are taken into account across our broad range of products and services.

Technicolor corporate management supports the business units' dedicated quality teams and guarantees their independence. In keeping with our long-standing management approach, middle management is empowered to take responsibility for business objectives, which include quality management goals.



2.4 Case Studies

2.4.1 Connected Home

Including shipments previously done by the Cisco Connected Devices business, Connected Home delivered to date more than 500 million CPE products to its customers worldwide, since it entered the market in 1994. With a total shipment of 50.5 million products in 2016, or around 1 million devices per week, Connected Home requires a state-of-the-art quality management system.

As part of the Connected Home's quality policy, the Division has decided to focus its quality management for the maximization of customer satisfaction on the deployment of quality practices, processes and tools across all activities of the Division: from R&D through Customer Program Management through to Operations and beyond.

The Connected Home Customer Experience and Quality function plays a significant transformative role in ensuring process and performance improvements are achieved across all aspects of the Division while further reducing non-quality costs through application of the Lean-Six Sigma methodology.

The Connected Home Customer Experience and Quality Department is reporting directly to the President of the Division, Michel Rahier. To achieve its customer satisfaction mission, the department is structured around three primary services:

- › The Quality Systems and Assurance, including Quality Management System, Product Quality Assurance and Lean Six Sigma initiative are essential elements of the Division's commitment to quality;
 - › R&D processes and tools including software quality tools for the definition of the complete tool chain required by developers and testers to deliver quality software and thus wholly satisfy customer expectations in this regard;
 - › Division Transformation initiatives include software and hardware transformation and project & program management transformation with a view to ensuring best-in-class HW and SW design, boosting productivity, and evangelizing best practices across the Division.
- In our commitment to provide the best-possible quality and service to our customers, the details of the Customer Experience and Quality missions have evolved further and include the following highlights as it relates to service assurance and product quality measures:
- › Issues resolution loop whereby feedback from the field facilitates the more effective deployment of corrective measures if required;
 - › Issues prevention loop whereby quality policies are enforced consistently across the Company;
 - › 6 SIGMA practices which lay the groundwork for continuous improvement including an evangelization role to ensure the deployment of best-in-class practices especially in R&D;
 - › Change in culture and mindset of each and every engineer as supported by persons assigned as 'evangelists' in their respective areas of responsibility and expertise;
 - › Quality engineers specifically assigned the task of ensuring that best-in-class processes and suite of associated quality tools are applied and continually enforced within each core team and at each and every stage of product development and rollout.

The Connected Home activity is also committed to environmental aspects of products and services through the definition of a product's environmental policy to support our eco-design strategy in a clear and consistent manner. More information on this can be found in section B.7 on Eco-design and Life Cycle Assessment in this report.



Connected Home Quality Management System

With an emphasis on continual improvement, the Connected Home Quality Management System encompasses both pro-active and reactive quality control. At its core lies the objective of enabling employees to achieve the highest possible levels of quality in their work, ensuring that customer quality assurance is always under control, any necessary improvements identified and implemented and customer satisfaction thus continually strengthened.

Quality also helps reduce costs: high-quality products and services have lower warranty repair costs. That explains why we include quality as a key element in our product development and maintenance policy and guidelines, which outline the entire design and manufacturing process. We track progress through a combination of internal and external assessments and measurements, which ensure best practices are shared across the Division, areas needing improvement highlighted and non-conformities solved. Internal audits make it possible to continuously improve business processes and product development while minimizing problems and risk.

Various quality certifications from independent third parties boost quality management efficiency and effectiveness and help ensure that Technicolor meets stringent internationally recognized standards. Conformity to the ISO 9001: 2008 standard helps foster a culture of continuous improvement while increasing customer confidence in our products and services.

ISO 9001

Thanks to the deployment of our quality management system, most of our Connected Home sites are certified, including those in Issy-les-Moulineaux and Rennes (France), Edegem (Belgium), Hong Kong, Shenzhen, Shanghai and Beijing (China), Indianapolis and Lawrenceville (USA), Manaus (Brazil), Monterrey (Mexico), Chennai (India) and Sydney (Australia).

TL 9000

TL 9000 is a quality management system, based on ISO 9001, designed specifically for the telecommunications industry. It includes performance and cost-based metrics that measure reliability and quality performance of products and services. Six Connected Home sites - Issy-les-Moulineaux, Edegem, Indianapolis, Hong Kong, Shenzhen and Beijing - have been certified to conform to the TL 9000 R 5.5 standard for supply chain quality.

EICC membership

As a Member of the Electronic Industry Citizenship Coalition (EICC), Technicolor fully supports the vision and mission of the EICC by adopting its Code of Conduct (EICC Code) within its global operations for Electronics and Information and Communications Technology (ICT):

- › Vision: Through the application of high standards we can create better social, economic, and environmental outcomes for all those involved in the Electronics and ICT supply chains. This includes

increased efficiency and productivity for customers and suppliers, improved conditions for workers, economic development, and a cleaner environment for local communities;

- › Mission: To deliver these benefits through a shared approach to implementing the EICC Code of Conduct. This approach will reduce duplication, focus efforts on positive social and environmental change, build supply chain capability in social responsibility, and employ a process that solicits feedback from stakeholders.

The adoption of the EICC Code and its principles reflects Technicolor's continuing commitment to recognize transparent and external codes of conduct as an element in Technicolor's long-term plan to manage and improve its sustainability regarding operations, supply chain, and sub-contracting in the Electronics manufacturing and ICT sector.

Wherever commercially possible, Technicolor will seek to internally adopt the EICC approach and tools in practical ways, in the spirit of the industry's common goals. Externally, we will encourage and support our first-tier suppliers to do the same.

We look forward to working together with industry and by joining other EICC members continue to promote continuous improvement and implementation of the EICC Code in the global electronics supply chain.



Customer Satisfaction Survey

One of the most important ways of identifying possible improvements to our products and services portfolio is the customer satisfaction survey which covers the entire Technicolor worldwide customer base. The goals of this survey are to measure customer satisfaction with the Group's products and services, better understand customer expectations and their perception of the Company and take any remedial measures identified as being necessary. The program-based survey enables customers to provide rapid feedback on program deployment (Early-To-Market) and product quality including meeting customer specifications and timing.

The detailed survey tracks the key areas below including comparisons with competition on:

- › Products/services in general;
- › Business operations and supply chain;
- › Customer care and after-sales;
- › Sales/Account management;
- › Project management/Engineering;
- › Information and administration;
- › Innovation;
- › Environmental awareness;
- › Customer care and after-sales;
- › Complaint handling;
- › Price;
- › Image and loyalty.

Customer Satisfaction Survey Results and Trends

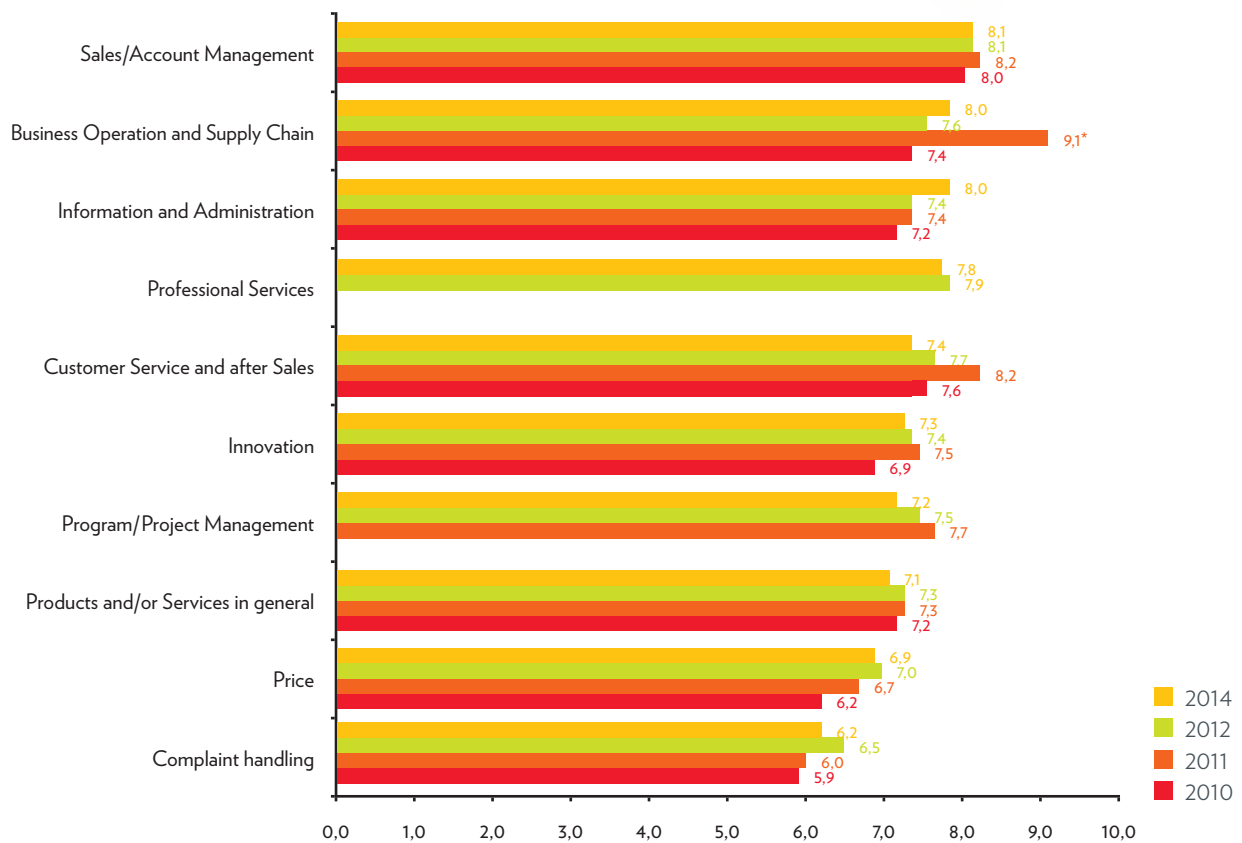
The last customer satisfaction survey was completed in 2014 and Technicolor plans to conduct a new survey in 2017 for the 2016 period.

The table below illustrates key overarching metrics for the last 3 customer satisfaction surveys held:

	2011	2012	2014
Total Sample Contacts	304	238	293
Answer Rate per Company selected	70	84	33
Number of Companies selected	35	31	37



The graph below illustrates Connected Home customer satisfaction trends over the last customer survey years across the respective parameters measured*.



*Professional Services was a new parameter introduced in 2012, whilst Program/Project Management was introduced in 2011.

The system structure and attention to customer expectations - as highlighted in the customer satisfaction survey - enable Technicolor quality management to embed awareness of quality in all organizational and operational processes at all levels of the Company with a view to achieving the highest possible quality in both products and services.





“ Continuous Process Improvement (CPI) at Technicolor DVD Services is a constant effort to improve how we can do our work better. Its importance is based on the fundamental belief that the vast majority of operational problems are process-based rather than people-based. Technicolor’s approach is to rigorously determine root causes of issues and design and implement process improvements that are proven to address problems via evaluation of results. A structured approach to CPI based on prior year experience, allows DVD Services to materially improve its quality and associated environmental, health and safety standards on an annual basis. ”

John Town, DVD Services, Head of Technology & Quality

2.4.2 DVD Services

As the world’s leading optical disc manufacturer, Technicolor places the highest priority on the quality of its products and services. The DVD Services division, which specializes in high-volume production and full turn-key services, provides complete supply chain management services for Hollywood studios, software publishers, game publishers and independent rights holders.

In 2016, Technicolor sold a total of 1,552 billion DVD, Blu-ray™ and CD discs and has annual capacity to produce in excess of 3 billion discs, allowing the flexibility to respond to the seasonal demand for packaged media. Operations are supported by approximately 10.5 million square feet of dedicated replication and distribution space, with unique capability for the timely delivery of discs to more than 40,000 locations.

Global Network

A global network of quality experts manages the division’s quality policies and practices, including supply chain challenges. Quality network members consist of experts located at each site, supervised by regional U.S. and international personnel and a worldwide coordinator reporting directly to the head of the division.

The members of an independent Continuous Improvement Program team help ensure constant improvement in quality processes.

Improving Quality and After-sales Service Customer Satisfaction Surveys

The DVD Services division maintains an ongoing dialogue with major customers through:

- › Regular face-to-face meetings on overall performance;
- › Weekly/monthly/quarterly KPI reporting;
- › Quarterly performance scorecards;
- › Service level agreements with measurement criteria for most customer contracts.

DVD Services ISO 9001 Certification Locations

ISO 9001 Certification	2012	2013	2014	2015	2016
Memphis Packaging & Distribution - USA	✓	✓	✓	✓	✓
Michigan Packaging & Distribution - USA	✓	✓	✓	✓	✓
Brampton Packaging & Distribution - Canada	✓	✓	✓	✓	✓
Guadalajara Replication - Mexico	✓	✓	✓	✓	✓
Piaseczno Replication & Packaging - Poland	✓	✓	✓	✓	✓
Melbourne replication - Australia	✓	✓	✓	✓	✓
Sydney Packaging - Australia	✓	✓	✓	✓	✓
Rugby Distribution - UK	✓	✓	✓	✓	✓
Huntsville Replication, Packaging & Distribution - USA	Newly acquired in 2015				✓
Olyphant replication, Packaging & Distribution - USA					✓



Aiming for Continuous Improvement

The Technicolor Continuous Improvement Plan provides a standardized platform for achieving continuous improvement and sharing best practices across all sites. It includes rules that structure activity and clearly connect each customer and supplier to a specific flow path. The 5S Visual Shop Floor Management system helps simplify the work environment, reduce waste, improve quality and enhance safety.

CPI and Best Practice Sharing

Best practices, identified through Best Practice Sharing Workshops, ISO internal / external process audits, are shared within the Technicolor Continuous Improvement Program.

In 2015-16, major focus was placed on significant footprint/re-structuring changes in packaging and distribution centered around the addition of new clients/business and the ongoing consolidation of US-based activities. Numerous 'Continuous Improvement' projects were implemented that were derived from structured review of DVD Services Quality including identifying a Top 10 list of opportunities to improve customer experience via process improvements. Weekly discussion and collaboration sessions are conducted between WW site-based QA Leadership under the guidance of SVP Quality.

The CPI approach adopted is to identify areas of opportunity and target specific problems. Solutions are generated through brainstorming among the QA Leadership team and formulating procedures that can be deployed at all locations. Further weekly meetings are used to discuss execution and measurements of success.

3- COMMUNITY INVOLVEMENT

3.1 Educational Initiatives


Technicolor focuses its involvement in community initiatives on digital artist education.



MPC Academy is an educational initiative of the Group to help bring new talent into the visual effects business. It is an in-house finishing school. We hire candidates with some education in a specialty within our field, and train them up to the level where they are ready to work on feature film visual effects.

Growth in the Montreal, Vancouver, and Bangalore studios comes with a large demand for talent. The educational institutions in these areas do not graduate talent with the necessary skill sets in the quantity demanded by the industry. In response, MPC (The Moving Picture Company) decided to be proactive and started this initiative to develop our own talent. We created in-house training space with industry standard equipment in Montreal, Vancouver and Bangalore. We offer paid employment for a one-year contract where they will spend from 8-12 weeks in full time training. Those who graduate transition into their department where they work on feature films.





Our first Academy run in our Canadian studios was in the autumn of 2014 and in our Indian studio, mid 2015. The start of 2016 brought our fifth run in both the Montreal and Vancouver studios, and our third run in Bangalore. The departments we have trained for are compositing, lighting, FX, digital matte painting (DMP), animation, roto prep and match-move. Since this project began, MPC has trained 284 artists globally. The project has been a success and continues to be a central part of our talent strategy in Canada and India.

It represents an excellent opportunity for young people in the communities in which we operate to break into the film visual effects business. It is challenging to get a chance to work in visual effects and the MPC Academy opens the door and provides this opportunity. It is an investment not only in our own future talent, but in the communities where we operate. Access is not limited to the national citizens, but open to talent around the world, wherever they come from. We have welcomed Academy students from Mexico, Brazil, Thailand, Columbia, Indonesia, China, Japan, Korea, together with India, North America and Europe. Hundreds of young people, who may not otherwise have been given a chance, have been provided an opportunity to join our creative community. They have the support of a full time trainer in the department they are preparing for, and they are given detailed feedback along the way so they understand what they need to do to succeed.

The majority of those hired into the Academy have graduated and gone on to complete their first year contract. After a year, many have received subsequent contracts from MPC and others have gone on to work for our competitors. We see that as a validation of the success of the Academy. Visual effects is a show-based cyclical business. Artists tend to be contract-based and work at a variety of companies on different projects. We believe that since we took a risk and invested on emergent talent and created an excellent experience for their entry to the business, that they are likely to return to MPC because of the loyalty inspired. Overall, this program allows us to contribute to local economies and employment, and can help grow a larger available talent pool for the industry cluster.

We aim to source all of our future junior talent in compositing, lighting, FX and DMP in Canada from Academy graduates. Our heads of department have expressed satisfaction with their performance and we have many cases of Academy graduates performing well above expectations.

We see this as a partnership between the Group and local education establishments make the countries we work in attractive to creative talent. To this end, further steps are being taken to better prepare students while they are still in school. We have held events in both Montreal and Vancouver to invite the local colleges and universities to MPC and offer our help to better prepare their students to work in visual effects. Subsequent events have been held in Montreal including an “educator’s week” in January 2016 to provide hands on training for educators in our studios using our tools.

MPC Academy represents both a central strategic talent initiative and a way for the Group to give back to the community. It helps bring social and economic benefits to the cities we work in as every Academy student will need to live, travel, eat and play in their communities. As these communities become recognized as great places for creative talent it will attract new work and companies as well as stimulate other spin-off businesses. It is a great example of a win-win situation where doing the right thing is also good business.



3.2 Local Initiatives and Impacts on Local Communities

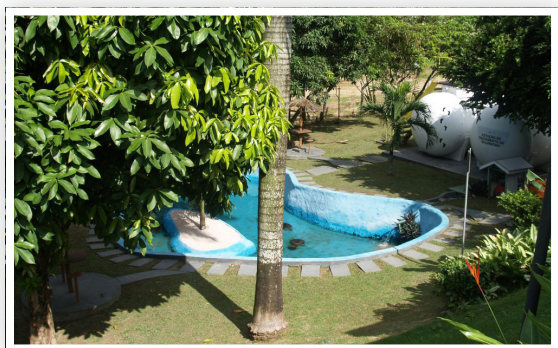
Manaus, Brazil

Started in 2010, Technicolor's reforestation program in Manaus involves the planting of acai berry trees - renowned for their ability to absorb greenhouse gases - in deforested areas of the Amazon. In this way, program participants not only contribute to tackling deforestation which is responsible for 15% of the world's greenhouse gas emissions but also help raise the awareness of fellow employees and residents as regards the importance of preserving natural resources and how we all play an important part in the fight against global warming. 2013 saw about 5 000 seedlings of the species planted in the area covered by the program.



Manaus also received the Certificate of Partner of Nature Company Seal at the 7th Latin American Conference of Environmental Conservation in 2013. This Seal is awarded to companies that commit to minimizing impacts on the Environment, and to implementing socio-environmental measures.

The Manaus site is also harvesting rainwater and is sharing the part that it does not use with the community via redirection pipes the site paid for. It also organized a Dengue vaccination program awareness campaign.



Team members from Technicolor's reforestation program in Manaus



Bangalore, India

The Bangalore India team in 2012 developed a supporting relationship with the Vatsalya School for Special Education, which works with children suffering from cerebral palsy, autism, and associated disabilities, inviting members of the school to showcase their vocational product. Bangalore also organized and participated in an Oxfam trail walk event to fund rural development projects.

Other Sites

The Brampton site organized three charity events in the year in support of sick kids hospital, Canadian cancer society, and the Heart and stroke foundation.

New York MPC participated in local charity collections; and made tours and presentations at various schools.

Montreal MPC organized clothing donations to a local hospice as well as food drives for local shelters.

The Mikros site in Paris organized projections for employees of the film “Tomorrow” which explores the landscape of new initiatives around the globe to make the world more environmentally sustainable and socially inclusive. Mikros also partners with the Gan foundation for the cinema where it provides post production services within a fixed envelope to winners of a yearly prize created by the foundation in favor of first or second feature films.



OUR RESULTS AND PERFORMANCE

A. KEY SUSTAINABILITY DATA

Three - year Performance Data, Trends and Explanation

ENVIRONMENT	2014	2015	2016
Energy Consumption (Terajoules or TJ/M€) (1)			
Electricity	963	975	1,446
o/w renewable Energy Sources	9.7%	13.3%	16.8%
Fuel Sources	168	145	183
Total	1,134	1,124	1,633
Total / Revenue	0.340	0.326	0.334
Total Water Withdrawal Consumption by Source (Thousand Cubic Meters or km ³ /M€) (2)			
Total Consumption	447	455	709
City Water consumed	286	301	568
Well Water consumed	160	154	134
Rainwater harvested	1.2	0.3	7.0
Surface Water	0	0	0
Total per Revenue	0.134	0.132	0.144
Water Recycled Internally	42	36	44
Waste Generation and Management (Metric Tons or M-Ton/M€)			
Total Waste generated	30,394	28,525	40,342
% treated hazardous (3)	2.4%	2.9%	1.97%
% recycled	81.7%	77.2%	77.9%
Total per Revenue	9.12	8.27	8.25
Greenhouse Gas Emissions (Metric Tons CO ₂ e)			
Fuel Combustion Sources (Direct Sources)	9,478	8,160	10,557
Total Indirect Greenhouse Emissions by Weight	139,323	140,515	218,386
Total CO ₂ emitted	148,801	148,675	228,943
Industrials Effluents (in Million Cubic Meters)			
Industrials Effluents (in Million Cubic Meters) (4)	0.09	0.096	0.115
Priority Pollutants (in Tons)	0.09	0.046	0.126
Biological Oxygen Demand (in Tons)	0.563	0.639	3.3
Chemical Oxygen Demand (in Tons)	-	-	1.1
Main Raw Materials Usage (in Metric Tons)*			
Polycarbonate Molding Plastic	21,375	26,137	25,911
Cardboard and Paper Packaging	12,378	11,352	13,590
Wood Packaging		3,446	7,791
Bonding Resin for DVD	1,273	1,427	1,401
Plastic Packaging	4,214	1,141	1,173

*In 2015, wood packaging was included in the list of the top five raw materials consumed by the Group businesses.
The Group sources all raw materials externally.

GRI [G4-EN1; G4-EN3; G4-EN5; G4-EN8; G4-EN10; G4-EN15; G4-EN16; G4-EN22; G4-EN23]



Three - year Performance Data, Trends and Explanation

SOCIAL AND HUMAN RESOURCES	2014	2015	2016
Health and Safety (Work-related Incident Rates per 200,000 hours worked)			
Incidents	177	159	215
Incident Rate	1.02	0.91	0.96
Lost Workday Incidents	77	77	102
Lost Workday Incident Rate	0.44	0.44	0.46
External Stakeholders			
Suppliers			
Number of Supplier Audits	32	29	20
Records per Category			
Excellent	-	5	0
Acceptable	-	22	17
Unsatisfactory	3.1	2	3
Unacceptable	-	0	0
Annual Customer Satisfaction Survey Results			
Number of Customers Surveyed (5)	37	N/A	N/A
Response Rate	33%	N/A	N/A
Overall Satisfaction per individual Contacts	-	N/A	N/A
Overall Satisfaction per Company surveyed	-	N/A	N/A

- (1) Non-industrial sites reported energy consumption for the first time in 2010. Their consumption represented approximately 15% of total usage. It represents 19% in 2016. In 2016, worldwide energy use was approximately 1,633 tera joules, an increase of about 45% compared with 2015, driven mainly by acquisitions. Of the total energy consumed, 88.6% was in the form of electricity (of which 16.8% was from renewable sources), 11.2% was in the form of fossil fuels, and 0.2% was in the form of purchased steam. When compared to total revenue, average energy intensity was 0.334 TJ/M€ across the business in 2016.
- (2) Non-industrial sites reported water consumption for the first time in 2010. Their usage represented approximately 15% of total 2012 consumption. It represented 20% in 2016. In 2016, water consumption at the Technicolor reporting locations increased by about 56% versus 2015 to 709 thousand cubic meters, driven mainly by acquisitions. When compared to revenues, average water consumption rate was 0.144 km³/M€ across the business in 2016.
- (3) Hazardous waste generally includes most waste chemicals, fuels, oils, solvents, batteries, fluorescent light bulbs, or items such as cleaning materials or containers that may have come into contact with hazardous materials.
- (4) Six of our industrial sites use water in their industrial processes. To measure the impact of effluents after treatment and before discharge into the environment, we took into account 100 substances considered "priority pollutants" by both the European Union and the U.S. Environmental Protection Agency. Based upon these lists and information received from the sites regarding the parameters they are required to monitor and report on, 13 pollutants were identified as listed by the EC, the EPA, or both. For reporting year 2016, the amount of effluents discharged was 115 thousand m³ and the total estimated amount of discharged priority pollutants was 126 kilograms.
- (5) Committed to customer satisfaction and continual improvement in products and services, Technicolor tracks the performance of its business units and segments compared to competition. We measure the entire customer relationship, to highlight strengths, weaknesses and expectations. We identify key satisfaction drivers to understand what is most important to customer satisfaction. We spotlight areas needing improvement to develop the most appropriate solutions. For the 2016 period, Technicolor plans to conduct a new customer survey in 2017.



Performance Data for Business Divisions, Year ending 31 December 2016

ENVIRONMENT, HEALTH AND SAFETY

	Entertainment Services	Connected Home	Technology	Other
Energy Consumption (Terajoules or %)				
Total Energy	1,531.1	83.2	2.0	16.7(1)
% Total Group	93.8%	5.1%	0.1%	1%
Electricity	1,359.4	72.5	1.0	12.4
% Total Division	88.8%	87.2%	100%	74.2%
Fuels	143.7	1.0	-	0.4
% Total Division	11.2%	12.8%	-	1.8%
Water Consumption (Thousand Cubic Meters)				
Total Consumption	650.2	49.6	2.4	6.8
% Total	91.7%	7.0%	0.3%	1.0%
Waste Generation (Metric Tons or M-Ton/M€)				
Total Waste generated	39,673.5	572.6	10.6	85.3
% Total	98.4%	1.4%	-	0.2%
% treated hazardous	1.9%	4.7%	0%	0%
% recycled	78.6%	25.9%	40.1%	81.1%
Health and Safety (Work-related Incident Rates per 200,000 hours worked)				
Injuries and Illnesses	203	5	0	7
Incident Rate	1.04	0.24	-	1.46
Lost Workday Incidents	96	1	-	5
Lost Workday Incident Rate	0.49	0.05	-	1.04

Collection Period: January 1, 2016 - December 31, 2016

(1) Total energy includes about 4TJ steam purchase

Data Collection Method and Rationale

This report contains data from 52 locations. Given the diversity of our operations, environmental impacts vary by location, thus not every location is required to report on each of the established metrics. The Corporate EH&S Organization has identified key information that is tracked and reported.

This information includes utility consumption, waste generation, recycling and disposal, air emissions and water effluent from the identified locations. To ensure the timely and consistent reporting of information from our worldwide locations, Technicolor has developed its own electronic reporting system.

This system serves as a vital tool for identifying and acting upon trends at the reporting site, business unit, regional and global levels. The reporting locations provide required data through the electronic system on a monthly and annual basis, depending upon the information provided. Data is organized and consolidated globally and is communicated to all appropriate stakeholders.



Scope of Data Collection: the Following Sites Provided Data for this Report:

Site	Segment (ref 2015)	Location	2014			2015			2016		
			E	Utility	H&S	E	Utility	H&S	E	Utility	H&S
Avon	Entertainment Services	France					X	X		X	X
Bangalore	Entertainment Services	India		X	X		X	X		X	X
Beijing	Connected Home	China		X	X		X	X		X	X
Brampton	Entertainment Services	Canada	X	X	X	X	X	X		X	X
Boulogne	Entertainment Services	France		X	X		X	X		X	X
Burbank	Entertainment Services	California, USA		X	X		X	X		X	X
Camarillo	Entertainment Services	California, USA	X	X	X	X	X	X	X	X	X
Chennai	Connected Home	India								X	X
Chicago The Mill	Entertainment Services	Illinois, USA								X	X
Culver City M-GO	Entertainment Services	California, USA		X	X	X	X	X			
Culver City MPC	Entertainment Services	California, USA								X	X
Edegem	Connected Home	Belgium		X	X		X	X		X	X
Glendale	Entertainment Services	California, USA		X	X						
Guadalajara	Entertainment Services	Mexico	X	X	X	X	X	X	X	X	X
Hannover	Technology	Germany		X	X		X	X			
Hollywood	Entertainment Services	California, USA		X	X		X	X		X	X
Huntsville	Entertainment Services	Alabama, USA							X	X	X
Indianapolis	Connected Home	Indiana, USA		X	X		X	X		X	X
Issy	Corporate	France		X	X		X	X		X	X
La Vergne	Entertainment Services	Tennessee, USA							X	X	X
Lawrenceville	Connected Home	Georgia, USA								X	X
Livonia	Entertainment Services	Michigan, USA	X	X	X	X	X	X	X	X	X
London MPC	Entertainment Services	UK		X	X		X	X		X	X
London (post)	Entertainment Services	UK					X	X		X	X
London The Mill	Entertainment Services	UK								X	X
Los Altos	Entertainment Services	California, USA					X	X		X	X
Los Angeles The Mill	Entertainment Services	California, USA								X	X
Manaus	Connected Home	Brazil	X	X	X	X	X	X	X	X	X
Melbourne	Entertainment Services	Australia	X	X	X	X	X	X	X	X	X
Memphis	Entertainment Services	Tennessee, USA	X	X	X	X	X	X	X	X	X
Mexicali	Entertainment Services	Mexico	X	X	X	X	X	X	X	X	X



Site	Segment (ref 2016)	Location	2014			2015			2016		
			E	Utility	H&S	E	Utility	H&S	E	Utility	H&S
Montreal Mikros Images	Entertainment Services	Canada							X		X
Montreal ⁽¹⁾ (post)	Entertainment Services	Canada	X	X		X	X		X		X
Montreal MPC	Entertainment Services	Canada	X	X		X	X		X		X
Mumbai	Entertainment Services	India							X		X
New York MPC	Entertainment Services	New York, USA	X	X		X	X		X		X
New York MR.X	Entertainment Services	New York, USA				X	X		X		X
New York The Mill	Entertainment Services	New York, USA							X		X
Olyphant	Entertainment Services	Pennsylvania, USA							X		X
Ontario California ⁽²⁾	Corporate	California, USA	X	X	X	X	X		X		X
Paramount	Entertainment Services	California, USA	X	X		X	X		X		X
Paris Mikros Images	Entertainment Services	France							X		X
Piaseczno	Entertainment Services	Poland	X	X	X	X	X	X	X	X	X
Pinewood	Entertainment Services	UK	X	X		X	X				
Princeton	Technology	New Jersey, USA	X	X		X	X		X		X
Rennes - Cesson	Connected Home	France	X	X		X	X		X		X
Rugby	Entertainment Services	UK	X	X	X	X	X	X	X	X	X
San Francisco	Entertainment Services	California, USA	X	X							
Santa Monica MPC	Entertainment Services	California, USA	X	X		X	X				
Shanghai	Connected Home	China							X		X
Sydney	Entertainment Services	Australia	X	X	X	X	X	X	X	X	X
Toronto HES	Entertainment Services	Canada							X	X	X
Toronto MR.X	Entertainment Services	Canada				X	X		X		X
Toronto (post)	Entertainment Services	Canada		X	X	X	X		X		X
Tultitlan	Entertainment Services	Mexico	X	X	X	X	X	X	X	X	X
Vancouver MPC	Entertainment Services	Canada		X	X	X	X		X		X
Vancouver (post)	Entertainment Services	Canada		X	X	X	X		X		X
Warsaw	Corporate	Poland		X	X	X	X		X		X
Wilmington	Entertainment Services	Ohio, USA	X	X	X						

E = Environmental data, **Utility** = Water and Energy data, **H&S** = Work injury and illness data.

(1) The prior Montreal location stopped photochemical film operations during 2012 and was refurbished for digital production operations for 2013 and beyond.

(2) The prior Ontario location stopped Industrial during 2014 and remaining non-industrial operations moved to a different facility beginning 2015.

Data Verification:

Data reporting requirements, and data collection and consolidation systems are developed by the Corporate EH&S organization and are communicated to locations through each of the Regional EH&S groups. Each location is responsible for developing internal systems for the collection of required data and reporting that data to the Regional EH&S group. The Regional EH&S groups review the submitted data for accuracy and work directly with the locations in their region to clarify and when necessary, resolve inconsistencies. In addition, the location's data are reviewed during scheduled Corporate EH&S audits.



B. PERFORMANCE REVIEW

1- CARBON DISCLOSURE PROJECT

An independent, not-for-profit organization which deals with climate change, the Carbon Disclosure Project (CDP) has become the global standard for carbon disclosure methodology and processes. Technicolor has been responding to the CDP since 2008. You can consult Technicolor's responses to CDP at:

www.cdproject.net/en-US/Results/Pages/Company-responses.aspx?company=19100

2- EIRIS

EIRIS is the leading global provider of independent research into the social, environmental and ethical performance of companies, providing comprehensive research and benchmarking on more than 2,800 companies to retail funds, banks, charities, and other stakeholders. EIRIS is a signatory to the UN Principles for Responsible Investment. Technicolor replies every year to the EIRIS questionnaire.

3- GLOBAL COMPACT

Technicolor has been a member of the United Nations Global Compact since 2003. Technicolor business practices and principles, in terms of ethical standards, safety and environmental initiatives and fair business practices, meet or exceed the goals embodied in the UN Global Compact initiative. The Company submits each year a Communication on Progress (COP) as part of its support and engagement in favor of the Global Compact.

For the latest annual update on Technicolor initiatives and the UN Global Compact, please visit:

www.unglobalcompact.org/

New for 2016, the table featuring the year's actions and results with regards to human rights, labor, environment and anti-corruption, is included in the present report and an integral part of Technicolor's Global Compact COP (see following pages).

4- GRI

Technicolor follows the Global Reporting Initiative (GRI) Guidelines, a worldwide reporting framework on sustainability, to structure its economic, social and environmental reporting. The Group committed in 2013 to publish this information according to GRI3.3.1 Guidelines for the 2014 reporting period.

For 2015 and 2016, Technicolor has prepared its Sustainability Report 'In Accordance' with the **GRI G4 Guidelines – Comprehensive option**. The Group submitted the reports for the GRI Content Index Service, and GRI confirmed the accuracy of the GRI G4 Content Index. The G4 Content Index points to particular pages both in the Annual Report of the Group, which is externally verified in compliance with French law, and in the Sustainability Report, which is not externally verified. Both reports include GRI Disclosure labels (for example [G4-3], [G4-EN1], [G4-DMA Compliance]) that help readers locate the information that they are looking for and contribute to give more control over the transparency and integrity of the Group's sustainability data.

You will find hereafter the GRI G4 Content Index including standard disclosures clustered into six categories (economic, environmental, labor practices and decent work, human rights, society, and product responsibility).

Both Annual Report and Sustainability Report are available in Pdf format on the Technicolor website:

www.technicolor.com/en/who-we-are/investor-center

www.technicolor.com/en/who-we-are/corporate-social-responsibility/governance-and-ethics



C. GRI G4 CONTENT INDEX COMPREHENSIVE OPTION



Content Index
TECHNICOLOR

Jul 2017
Service

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

STRATEGY AND ANALYSIS

G4-1		Page 3		
G4-2	Pages 8, 9 and 11 - Historical background, organization and strategy; Page 26 - Overview; Page 26 - Trends in the Company eco-systems; Pages 46, 48, 49 and 56 - Risk related to the financial structure, market risks, risks related to the business and other risks			

ORGANIZATIONAL PROFILE

G4-3	Page 8 - Company profile	Company website: www.technicolor.com/		
G4-4	Page 9 - Organization	Pages 6 and 7		
G4-5	Page 8			
G4-6	Page 152 and page 164	Pages 73 and 74		
G4-7	Page 8			
G4-8	Page 13 - Business overview; Page 14 - Connected Home; Page 16 - Entertainment Services; Page 18 - Technology			
G4-9	Pages 6 and 8 - Selected financial information and company profile; Page 110 - Holding of share capital and voting rights, including identity and percentage of ownership of largest shareholders; Pages 29 and 200 - Geographic breakdown of revenues; Page 122 - Breakdown of employees by country/region	Pages 14 and 15		
G4-10	Page 122	Pages 14 to 18		Principle 6
G4-11	Page 137	Page 30		Principle 3
G4-12	Page 156	Page 44 and pages 58-59		
G4-13	Page 8 - Refocusing our businesses, strategic acquisitions and financing structure; Pages 112, 115 and 116 - Changes regarding ownership and share capital; Page 185 - Main events of the year; Pages 190, 191 - Change in the scope of consolidation; Page 219 - Equity and earnings per share including change in share capital; Page 249 - Acquisitions and disposals of subsidiaries & investments			
G4-14	Page 142	Pages 48 to 55		
G4-15	Page 4 and page 147 - Global Reporting Initiative (GRI) guidelines and disclosures; Page 79 - AFEP MEDEF Corporate Governance Code; Page 139 - ILO and Global Compact progress; Page 156 - EICC Code of Conduct	Pages 58-59, page 62 and page 75		
G4-16	Page 154			

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	Page 170 - Legal organizational chart of the Group including main legal entities; Page 172 - Operational organization, including main operating subsidiaries classified by business segments and geographies; Page 189 - Summary table of the Group's subsidiaries broken down by geographic location; Page 254 - List of main consolidated subsidiaries			
G4-18	Page 2 - Report content; Page 288 - Reporting framework and principles; Page 292 - Annual Financial reporting; Page 293 - Elements of the management report; Page 294 - Environmental, social and societal information			
G4-19		Pages 81 to 93 - All material aspects are listed in the Specific Standard Disclosures section of the GRI G4 Content Index		
G4-20	Page 164 and page 172 - Main operating facilities and subsidiaries; Pages 190 and 191 - Change in the scope of consolidation including acquisitions and disposals; Pages 197 and 200 - Information on operations, by business segment and by geography			
G4-21	Pages 13, 14, 16, 18 and page 156			
G4-22	Page 185 - Accounting policies; Page 191 - Change in the scope of consolidation of 2015 and restatement of the 2015 comparative information			
G4-23	Page 8, page 185, pages 190 and 191			

STAKEHOLDER ENGAGEMENT

G4-24	Page 154 - Description of stakeholders' families and list of key stakeholders. The bodies that are cited are among the most representative in the Technology area, meaning Technicolor has position on the board or other voting right or provides funding for the organization. Over 50 stakeholders are not namely mentioned in the disclosures page 154. The number of stakeholders engaged by the organization is significant, over 60			
G4-25	Page 154			
G4-26	Page 154			
G4-27	Page 154 - List of key stakeholders and topics of engagement; Page 77 - Arrangements or agreements made with major shareholders, customers, suppliers or others; Page 77 - Regulated agreements; Page 139 - Health and safety matters; Page 142 - Environmental matters; Page 156 - Suppliers and subcontractor relations including considerations on ethics, human rights, health and safety; Page 158 - Technicolor educational initiatives			



GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR). Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

REPORT PROFILE

G4-28	Page 8			
G4-29	2016 Annual Report filed on March 31, 2017 and available on the Company website: www.technicolor.com/en/who-we-are/investor-center/financial-information/annual-report	2015 SD Report available on Company website: www.technicolor.com/en/who-we-are/corporate-social-responsibility		
G4-30	Pages 6 and 8	Annual reporting cycle		
G4-31	Page 175			
G4-32	Page 4 - Global Reporting Initiative (GRI) guidelines and disclosures	Page 9 and pages 75 to 93		
G4-33	Page 159 - Report by one of the statutory auditors, appointed as independent third-party, on the consolidated human resources, environmental and social information included in the management report; Page 256 - Statutory auditor's report on the consolidated financial statements; Page 283 - Statutory auditor's report on the parent company financial statements; Page 285 - Statutory auditor's special report on regulated agreements and commitments			

GOVERNANCE

G4-34	Page 62 - Corporate governance structure; Page 79 - Preparation and organization of the Board of Directors' work; Page 80 - Internal Board regulations; Page 82 - Board of Director's activities; Page 83 - Composition and activities of the Board Committees			
G4-35	Page 62 - Corporate Governance structure; Page 80 - Internal Board regulations; Page 88 - Group management and decision-making processes			
G4-36	Page 62			
G4-37	Page 154			
G4-38	Page 62 - Corporate Governance structure; Page 63 - Composition and expertise of the Board of Directors; Page 70 - Other information about members of the Board of Directors			
G4-39	Page 62			
G4-40	Page 63			
G4-41	Page 63 and page 77			
G4-42	Page 62 - Corporate Governance structure; Page 79 - Preparation and organization of the Board of Directors' work; Page 80 - Internal Board regulations; Page 82 - Board of Director's activities; Page 83 - Composition and activities of the Board Committees; Page 88 - Group management and decision-making processes			

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

GOVERNANCE (Continued)

G4-43	Page 82 - Board of Directors' activities			
G4-44	Page 82 - Board of Directors' activities, including Board evaluation			
G4-45	Page 86 - Internal control procedures			
G4-46	Page 86 - Internal control procedures; Page 88 - Risk Management			
G4-47	Page 79 - Preparation and organization of the Board of Directors' work; Page 80 - Internal Board regulations; Page 82 - Board of Director's activities; Page 83 - Composition and activities of the Board Committees			
G4-48	Page 105	Company website www.technicolor.com/en/who-we-are/corporate-social-responsibility/governance-and-ethics		
G4-49	Page 86 - Internal control procedures; Page 88 - Risk management; Page 89 - Internal Audit			
G4-50	Page 82 - Board of Director's activities; Page 83 - Activities of the Board Committees; Page 88 - Risk Management; Page 89 - Internal Audit			
G4-51	Page 93 - Compensation policy for corporate officers; Pages 94 and 95 - Compensation and benefits of corporate officers; Page 104 - Directors' fees and other compensation; Page 107 - Executive committee compensation; Page 123 - Stock option plans and free share plans			
G4-52	Page 83 - Composition and activities of the Board Committees, including the Remunerations Committee; Page 93 - Compensation policy for corporate officers; Page 136 - Remuneration policy			
G4-53	Page 93 - Compensation policy for corporate officers; Pages 100 and 101 - Components of the compensation of corporate officers submitted to shareholders' advisory vote			
G4-54			The organization is evaluating feasibility to progressively publish information in the next reporting cycle	
G4-55			The organization is evaluating feasibility to progressively publish information in the next reporting cycle	



GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

ETHICS AND INTEGRITY

G4-56	Page 87 - Code of Ethics and Financial Ethics Charter	Pages 12 and 13 - Ethical Business Practices; Company website: www.technicolor.com/en/who-we-are/corporate-social-responsibility/governance-and-ethics ;		Principle 10
G4-57	Page 87 - Ethics Compliance Committee	Pages 12 and 13 - Ethical Business Practices; Company website: www.technicolor.com/en/who-we-are/corporate-social-responsibility/governance-and-ethics ;		Principle 10
G4-58	Page 87 - Whistleblower Policy	Page 12 - Whistleblower Policy; Company website: www.technicolor.com/en/who-we-are/corporate-social-responsibility/governance-and-ethics ;		Principle 10

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

CATEGORY: ECONOMIC

MATERIAL ASPECT: ECONOMIC PERFORMANCE

G4-DMA	Page 28 - Summary of results; Page 31 - Events subsequent to December 31, 2016; Page 32 - Results of operations for 2015 and 2016; Page 39 - Liquidity and capital resources; Page 44 - Priorities and objectives 2017			
G4-EC1	Page 28 - Summary of results; Page 32 - Results of operations for 2015 and 2016 including revenues, adjusted EBITDA, operating expenses, net finance costs and net income; Page 39 - Liquidity and capital resources; Page 178 - Technicolor 2016 consolidated financial statements; Page 219 - Equity and earnings per share; Page 234 - Employee benefit			
G4-EC2	Page 147	Technicolor's answer - Carbon Disclosure Project Website: www.cdp.net/en/responses?utf8=%E2%9C%93&queries%5Bname%5D=TECHNICOLOR		Principle 7
G4-EC3	Pages 94 and 95 - Compensation and benefits of corporate officers; Page 234 - Employee benefit including post-employment and long-term benefits; Page 123 and page 234 - Share-based compensation plans			
G4-EC4	Page 201 - Research and development expenses and subsidies			

MATERIAL ASPECT: MARKET PRESENCE

G4-DMA	Page 13 - Business overview Page 14 - Connected Home business; Page 16 - Entertainment Services; Page 18 - Technology			
G4-EC5			The Group strictly follows the local legal laws and policies where it operates. Technicolor entry level wage is in line with local policies or above local minimum wage. The organization is evaluating feasibility to progressively publish information in the next reporting cycle	Principle 6
G4-EC6	Page 154	All senior managers at significant industrial locations are hired from the local country or community		Principle 6



SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS

G4-DMA	Page 154 and page 158			
G4-EC7	Page 154 - Local impacts of the Company's activities			
G4-EC8	Page 158 - Educational initiatives			

MATERIAL ASPECT: PROCUREMENT PRACTICES

G4-DMA	Page 52 - Risks related to supply chain, manufacturing and dependence on suppliers; Page 156 - Suppliers and sub-contractor relations	Page 44 and pages 58-59; Company website page on Supplier involvement: http://www.technicolor.com/en/who-we-are/corporate-social-responsibility/suppliers		
G4-EC9		Due to the nature of the activity, the proportion is almost equal to zero		

CATEGORY: ENVIRONMENTAL

MATERIAL ASPECT: MATERIALS

G4-DMA	Page 147	Page 49 - RoHS EU Directive; Pages 52 and 53 - REACH regulation; Pages 54 and 55 - Other regions		
G4-EN1	Page 147	Page 70		Principles 7 and 8
G4-EN2			The information is currently not available at consolidated level. For key materials, the organization intends to progressively publish data in the next reporting cycle (such as polycarbonate for DVD products)	Principle 8

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

MATERIAL ASPECT: ENERGY

G4-DMA	Page 147	Pages 42 and 43 - Energy efficiency related regulation, standards and voluntary agreements; Pages 53 and 54 - Energy related Products (ErP) EU Directive; Pages 54 and 55 - Other regions; Page 71 - Key data		
G4-EN3	Page 147	Pages 70 to 72		Principles 7 and 8
G4-EN4			The organization has identified all material energy sources outside the organization and has begun exchanging on the topics with some key suppliers. Key data will be progressively published in the next reporting cycle, as part of our disclosures on scope 3 emissions	Principle 8
G4-EN5	Page 147	Pages 70 to 72		Principle 8
G4-EN6		Pages 36 and 37; Carbon Disclosure Project (CDP) Website: www.cdp.net/en/responses?utf8=%E2%9C%93&queries%5Bname%5D=TECHNICOLOR		Principles 8 and 9
G4-EN7	Page 145	Pages 38 to 43 and pages 53 to 55; CDP Website: www.cdp.net/en/responses?utf8=%E2%9C%93&queries%5Bname%5D=TECHNICOLOR		Principles 8 and 9



SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

MATERIAL ASPECT: WATER

G4-DMA	Page 147	Page 71		
G4-EN8	Page 147	Pages 70 to 72 (details)		Principles 7 and 8
G4-EN9			This indicator is not applicable to Technicolor activities, which are not water intensive nor located in areas affected by droughts	Principle 8
G4-EN10	Page 147	Page 70		Principle 8

MATERIAL ASPECT: EMISSIONS

G4-DMA	Page 147 including direct and indirect emissions according to the GHG Protocol (Scope 1 and Scope 2)	Page 37 - Carbon footprint and climate change mitigation initiatives		
G4-EN15	Page 147	Page 70		Principles 7 and 8
G4-EN16	Page 147	Page 70		Principles 7 and 8
G4-EN17			The organization has identified all material energy sources outside the organization and has begun exchanging on the topics with some key suppliers. Key data will be progressively published in the next reporting cycle, as part of our disclosures on scope 3 emissions	Principles 7 and 8
G4-EN18		CDP Website: www.cdp.net/en/responses?utf8=%E2%9C%93&queries%5Bname%5D=TECHNICOLOR		Principle 8
G4-EN19		CDP Website: www.cdp.net/en/responses?utf8=%E2%9C%93&queries%5Bname%5D=TECHNICOLOR		Principles 8 and 9
G4-EN20		Pages 40 to 42		Principles 7 and 8
G4-EN21			Technicolor discloses emissions in CO ₂ equivalent (G4-EN15)	Principles 7 and 8

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

MATERIAL ASPECT: EFFLUENTS AND WASTE

G4-DMA	Page 147	Pages 50 and 51 - Waste policies and regulations; Page 71 - Effluents and waste		
G4-EN22	Page 147	Pages 70 to 72 (details)		Principle 8
G4-EN23	Page 147	Pages 70 to 72 (details)		Principle 8
G4-EN24	Page 146			Principle 8
G4-EN25			This indicator is not applicable to Technicolor. Technicolor does not transport, import, export or treats waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII	Principle 8
G4-EN26			This indicator is not applicable to Technicolor. Technicolor operations are mostly located in urban areas and do not affect environmental sensitive areas, water bodies and related habitats. An inventory was carried out internally to verify that there were no unidentified instances.	Principle 8

MATERIAL ASPECT: PRODUCTS AND SERVICES

G4-DMA	Page 145	Pages 38 to 43		
G4-EN27	Page 145	Pages 38 to 43		Principles 7, 8 and 9
G4-EN28			This indicator is not applicable to Technicolor activities, as Technicolor is not involved in Direct-to-Consumer sales or marketing	Principle 8

MATERIAL ASPECT: COMPLIANCE

G4-DMA	Page 145	Pages 47 to 55 - Regulatory challenges and key environmental requirements compliance, including EU Directives pages 48 to 55 and requirements for other regions pages 54 and 55		
G4-EN29	Page 146 and page 246			Principle 8



SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

MATERIAL ASPECT: TRANSPORT

G4-DMA	Pages 18 and 166	Transport is a material aspect for the DVD Services activity. Technicolor is using logistics to deliver products in the most efficient manner depending on customer delivery imperatives; Company Website: www.technicolor.com/en/solutions-services/global-logistics/transportationmanagement		
G4-EN30	Pages 18 and 166	More info on the Company Website: www.technicolor.com/en/solutions-services/global-logistics/transportation-management	The organization is currently working on establishing methods to progressively disclose some Scope 3 emissions relative to logistics, inbound and outbound for publication in the next reporting cycle	Principle 8

MATERIAL ASPECT: OVERALL

G4-DMA	Page 131 - Human resources and sustainable development; Page 142 - General environmental matters; Page 143 - Programs, systems and activities	Pages 34 to 37		
G4-EN31	Page 146			Principles 7, 8 and 9

MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

G4-DMA	Page 156	Page 44 - Supplier involvement; Pages 58 and 59 - Responsibilities to suppliers; Company website page on Supplier involvement: www.technicolor.com/en/who-we-are/corporate-social-responsibility/suppliers		
G4-EN32		Page 44 - Supplier involvement; Page 71 - Number of supplier audits; Company website page on Supplier involvement: www.technicolor.com/en/who-we-are/corporate-social-responsibility/suppliers	The organization is evaluating feasibility to progressively publish information for new suppliers in the next reporting cycle	Principle 8
G4-EN33	Page 156	Pages 58 and 59		Principle 8

MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS

G4-DMA	Page 144 - Environmental management system; Page 146 - Environmental investments, remediation, and pollution prevention	Page 57 - Fulfilling environmental responsibilities		
G4-EN34	Page 146 and page 246			Principle 8

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

CATEGORY SOCIAL: LABOR PRACTICES AND DECENT WORK

MATERIAL ASPECT: EMPLOYMENT

G4-DMA	Page 122 - Employees and workforce overview; Page 131 - Human resources and sustainable development; Page 137 - Working time management and absenteeism; Page 156 - Policies and programs to support non-discriminatory practices in the supply chain	Pages 14 to 18 - Workforce evolution and composition; Page 26 - Working time management and absenteeism		
G4-LA1	Page 122	Pages 14 to 18		Principle 6
G4-LA2	Page 123 - Employee profit-sharing, shares held by employees, stock-options plans and free share plans; Page 234 - Employee benefit including post-employment & long-term benefits and share-based compensation plans			
G4-LA3			The organization is evaluating feasibility to progressively publish information on parental leave in the next reporting cycle for the main countries in which it operates	Principle 6
G4-LA4			The Group strictly follows the local legal laws and policies where it operates. Minimum notice periods will be published accordingly in the next reporting cycle for the main countries where it operates	Principle 3

MATERIAL ASPECT: LABOR / MANAGEMENT RELATIONS

G4-DMA	Page 137 - Labor relations; Page 139 - International Labor Organization (ILO) and United Nations Global Compact (UNGC)	Page 30 - Dialogue with labor unions		
G4-LA5	Page 139	The percentage is 100% in France, and 0% in the United States		

MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY

G4-DMA	Page 137 - Working time management and absenteeism Page 139 including programs related to assisting workforce members, and support given to local communities and employees initiatives	Page 26 - Working time management and absenteeism; Pages 31 to 33 - Health & safety management		
G4-LA6	Page 137 and page 139	Page 26 - Working time management and absenteeism; Pages 71 and 72		
G4-LA7	Page 139			
G4-LA8	Page 139			



SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

MATERIAL ASPECT: TRAINING AND EDUCATION

G4-DMA	Page 132 - Talent and development; Page 136 - Training policy; Page 143 - EH&S training; Page 154 - Stakeholder relations including educational initiatives; Page 158 - Educational initiatives	Pages 19 to 23 - People development; Page 24 - Training policy; Pages 32 and 33 - Health and safety training programs; Pages 66 to 69 - Specific educational initiatives		
G4-LA9	Pages 132, 136 and 143	Page 24		Principle 6
G4-LA10	Pages 132 and 136	Pages 19 to 24		
G4-LA11	Pages 132 and 136	Pages 19 to 24		Principle 6

MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4-DMA	Page 132 including principle of non-discrimination, gender diversity, employment and integration of disabled people	Pages 27 to 29		
G4-LA12	Page 63 - Composition and expertise of the Board of Directors; Page 105 - Members of the executive committee; Page 122 for breakdown of employees by gender/age; Page 132 for gender diversity and other diversity initiatives	Pages 16 to 18 and pages 27 to 29		Principle 6

MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN

G4-DMA	Page 132 - Gender diversity and principle of non-discrimination	Pages 27 and 28 - Gender diversity		
G4-LA13			The organization is evaluating feasibility to progressively publish information in the next reporting cycle with the pertinent employees' categories	Principle 6

MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

G4-DMA	Page 156	Pages 58 and 59 - Responsibilities to suppliers; Company website page on Supplier involvement: www.technicolor.com/en/who-we-are/corporate-social-responsibility/suppliers		
G4-LA14		Page 71 - Number of suppliers audits; Company website page on Supplier involvement: www.technicolor.com/en/who-we-are/corporate-social-responsibility/suppliers	The organization is evaluating feasibility to progressively publish information for new suppliers in the next reporting cycle	
G4-LA15	Page 156	Pages 58 and 59		

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS

G4-DMA	Page 87 - Code of Ethics and Whistleblower Policy; Page 132 - Principle of non-discrimination and whistleblower policy	Pages 27 and 28 - Principle of non-discrimination and whistleblower policy		
G4-LA16	Page 246			

CATEGORY SOCIAL: HUMAN RIGHTS

MATERIAL ASPECT: INVESTMENT

G4-DMA	Page 139 and page 156 related to supplier and sub-contractor relations	Company website page on Supplier involvement (Technicolor Codes of Ethics, Sourcing Policy): www.technicolor.com/en/who-we-are/corporate-social-responsibility/suppliers		
G4-HR1	Page 156	Pages 58 and 59		Principle 2
G4-HR2	Page 87 and page 156	Technicolor's Code of Ethics, Supplier Code of Ethics; www.technicolor.com/en/who-we-are/corporate-social-responsibility/suppliers		Principle 1

MATERIAL ASPECT: NON-DISCRIMINATION

G4-DMA	Page 132 and page 139; Page 156 related to supplier and sub-contractor relations	Pages 27 and 28; Technicolor website: www.technicolor.com/en/who-we-are/corporate-social-responsibility		
G4-HR3	Page 132	Page 28 - Discrimination		Principle 6

MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

G4-DMA	Page 137 and page 139	Page 30; Technicolor website: www.technicolor.com/en/who-we-are/corporate-social-responsibility		
G4-HR4	Page 156	Pages 58 and 59		Principle 3

MATERIAL ASPECT: CHILD LABOR

G4-DMA	Page 139 and page 156 related to supplier and sub-contractor relations	Technicolor website: www.technicolor.com/en/who-we-are/corporate-social-responsibility		
G4-HR5	Page 156	Pages 58 and 59; The supplier audits conducted in 2016 revealed no case of child labor or young worker labor		Principle 5



SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

MATERIAL ASPECT: FORCED AND COMPULSORY LABOR

G4-DMA	Page 139 and page 156 related to supplier and sub-contractor relations	Technicolor website: www.technicolor.com/en/who-we-are/corporate-social-responsibility		
G4-HR6	Page 156	Pages 58 and 59: The supplier audits conducted in 2016 revealed no case of forced and compulsory labor		Principle 4

MATERIAL ASPECT: ASSESSMENT

G4-DMA	Page 86 - Internal control procedures and audit, including Code of Ethics			
G4-HR9	Page 87 - Code of Ethics			Principle 1

MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT

G4-DMA	Page 156	Pages 58 and 59		
G4-HR10		Page 71 - Number of supplier audits	The organization is evaluating feasibility to progressively publish information for new suppliers in the next reporting cycle	Principle 2
G4-HR11	Page 156	Pages 58 and 59		Principle 2

MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS

G4-DMA	Page 87 - Code of Ethics			
G4-HR12	Page 132	Page 28 - Whistleblower Policy		Principle 1

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

CATEGORY SOCIAL: SOCIETY MATERIAL ASPECT: LOCAL COMMUNITIES

G4-DMA	Page 139 - Community outreach and employee initiatives; Page 154 - Stakeholder relations and local impacts; Page 158 - Educational initiatives	Page 33 - Local health and safety initiatives; Pages 66 to 69 - Community involvement		
G4-SO1		Pages 66 to 69 - Community involvement	Most operations have implemented local community engagement, impact assessments, and development programs. The organization works to progressively disclose information in the next reporting cycle	Principle 1
G4-SO2	Page 154			Principle 1

MATERIAL ASPECT: ANTI-CORRUPTION

G4-DMA	Page 87 - Code of Ethics, Whistleblower Policy, Anti-corruption Policy and Financial Ethics Charter; Page 154 - Stakeholder relations	Pages 12 and 13 - Ethical Business Practices		
G4-SO3	Page 86 - Internal control procedures; Page 87 - Code of Ethics, Whistleblower Policy, Anti-corruption Policy and Financial Ethics Charter			Principle 10
G4-SO4	Page 87 - Code of Ethics and ethics training programs			Principle 10
G4-SO5		No case to report		Principle 10

MATERIAL ASPECT: PUBLIC POLICY

G4-DMA	Page 20 - Industry standards; Page 145 - Energy efficiency initiatives; Page 154 - Stakeholder relations including public authorities	Pages 42 to 56 - Involvement in environmental regulations, including European Union pages 49 to 54, and other regions pages 54 to 56		
G4-SO6		The total value is equal to zero		Principle 10

MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR

G4-DMA	Page 56 and page 246 - Litigation related to antitrust procedures			
G4-SO7	Page 56 and page 246 for monetary value			

MATERIAL ASPECT: COMPLIANCE

G4-DMA	Pages 56 and 58, page 139			
G4-SO8	Page 56 and page 246			



SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY

G4-DMA	Page 156	Pages 58 and 59		
G4-SO9		Page 71 - Number of suppliers audits; Company website page on Supplier involvement: www.technicolor.com/en/who-we-are/corporate-social-responsibility/suppliers	The organization is evaluating feasibility to progressively publish information for new suppliers in the next reporting cycle	
G4-SO10	Page 156	Pages 58 and 59		

MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY

G4-DMA	Page 87 - Code of Ethics			
G4-SO11	Page 246			

CATEGORY SOCIAL: PRODUCT RESPONSIBILITY

MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY

G4-DMA	Page 145 - Key product environmental and safety requirements compliance	Pages 42 to 55 - Key environmental requirements compliance, including European Union pages 49 to 54, and other regions pages 54 and 55		
G4-PR1	Page 145			
G4-PR2		The organization has not identified any incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle		

MATERIAL ASPECT: PRODUCT AND SERVICE LABELING

G4-DMA	Page 145 - Key product environmental and safety requirements compliance; Page 154 - Stakeholder relations including customers	Pages 38 to 55 - including eco-design principles pages 38 to 48, EU regulations pages 49 to 54, and other regions pages 54 and 55; Pages 60 to 66 - Responsibilities to customers; Page 71 - Customer satisfaction		
G4-PR3	Page 145	Pages 47 to 55 - Key environmental requirements compliance, including EU Directives pages 49 to 54, and requirements for other regions pages 54 and 55		
G4-PR4		The organization has not identified any incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling		
G4-PR5		Pages 62-63 and page 71		

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page/reference		Omissions	United Nations Global Compact Principles
	2016 Annual Report (AR), Externally Assured (page 92; pages 159 to 161; pages 256 and 257; pages 283 to 285)	2016 Sustainability Report (SD), Company Website, Other Sources		

MATERIAL ASPECT: CUSTOMER PRIVACY

G4-DMA	Page 55 - Risks related to the security of assets, including cybersecurity; Page 91 - Security of people and assets including cyber security	Page 3 - Message from the CEO; Page 60 - Customer privacy		
G4-PR8		Technicolor has not identified any complaint regarding breaches of customer privacy and losses of customer data		

MATERIAL ASPECT: COMPLIANCE

G4-DMA	Page 145 - Key product environmental and safety requirements compliance	Pages 47 to 55 - Key product environmental and safety requirements compliance, including EU Directives pages 49 to 54 and requirements for other regions pages 54 and 55		
G4-PR9		Technicolor has not identified any non-compliance with laws and regulations that would result in the payment of significant fines		



D. UNITED NATIONS GLOBAL COMPACT 2016 COMMUNICATION ON PROGRESS

HUMAN RIGHTS	
GLOBAL COMPACT 10 Principles	PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
TECHNICOLOR Program and Policies	Technicolor Code of Ethics, Sourcing Ethics Policy, Environment Health and Safety Charter provide high level guidance on the respect and protection of human rights. The Ethics Compliance Committee (ECC) is responsible for all ethical issues related to the Group's activities. Training and auditing to these policies are the instrument of compliance and performance. Supplier Monitoring and KPIs on labor issues are also in place.
TECHNICOLOR 2016 Actions and Results	<ul style="list-style-type: none"> - The Group revised in 2014 its Code of Ethics to include reference to the Data Protection EU Directive. The new Corporate Policy on Data Protection was subsequently revised after the Safe Harbor Framework was invalidated by the European Court of Justice in October 2015. The purpose of this policy is to ensure that Technicolor, its staff, contractors, suppliers and other people working on its behalf comply with any applicable provisions of the Data Protection EU Directive where and when appropriate, as well as comply – as appropriate – with any applicable other legislation when processing personal data. In 2016, an intragroup agreement based on the Standard Contractual Clauses Controller to Controller approved by the EU Commission has been signed by all Technicolor parties in order to protect EU personal data transferred within the Technicolor Group outside of the European Union; - As part of Technicolor's efforts to ensure that employees are familiar with the Code of Ethics and related policies, such as the Whistleblower Policy, the Anticorruption Policy and the Sourcing Ethics Policy, numerous training programs were implemented in the past years by the legal compliance team in concertation with the Ethics Compliance Committee, including both in-person, WebEx and online courses. The online training courses focused particularly on the EU Competition-Dealing with Competitors, anti-corruption and bribery regulations and policies, and preventing sexual harassment. Over the period 2010-2016, these training sessions involved more than 10,000 employees; - Occupational Health and Safety training in 2016 totaled some 22,990 hours and were provided to employees and contractors throughout the Group on a wide variety of topics, from environmental and safety compliance and protection, injury prevention, emergency preparation and response, and occupational health topics; - During 2016, Technicolor completed the implementation of the Electronics Industry Citizenship Coalition Code of Conduct under its Applicant Member status and achieved the status of Full Member; - Technicolor has also taking steps to develop and implement a due diligence process for identifying and managing the sourcing of «conflict minerals».

HUMAN RIGHTS	
GLOBAL COMPACT 10 Principles	PRINCIPLE 2: make sure that they are not complicit in human rights abuses
TECHNICOLOR Program and Policies	Technicolor Code of Ethics, Sourcing Ethics Policy, Environment health and safety charter, Supplier Monitoring and KPIs on labor issues.
TECHNICOLOR 2016 Actions and Results	<ul style="list-style-type: none"> - In 2016, Technicolor became a Full Member of the Electronics Industry Citizenship Coalition. Founded in 2004 by a group of leading electronics companies, the EICC is a non-profit coalition of electronics companies committed to supporting the rights and wellbeing of workers and communities worldwide affected by the global electronics supply chain. EICC members commit and are held accountable for a common Code of Conduct and utilize a range of EICC training and assessment tools to support continuous improvement in the social, environmental and ethical responsibility of their supply chains; - A Technicolor taskforce worked through 2015 and 2016 to identify and remedy any minor gap remaining between established Technicolor Programs, Policies, Practices, and the EICC Code of Conduct. During 2016, members of this taskforce followed the EICC labor and ethics lead auditor's course.



LABOR	
GLOBAL COMPACT 10 Principles	PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
TECHNICOLOR Program and Policies	HR regional correspondents are responsible for ensuring that the group's HR policy is in line with national regulations, most notably with respect to freedom of association and the right to collective bargaining.
TECHNICOLOR 2016 Actions and Results	<ul style="list-style-type: none"> - In accordance with domestic laws, data regarding the level of unionization is not available in most of European countries (the laws in these countries do not allow this type of statistic to be published). In 2016, Technicolor entered into 23 collective bargaining agreements in France and 1 such agreement in Belgium. 3.7% of employees are unionized in Poland; - In Australia, 57% of employees belong to a union and collective agreements are multi-year but none was to be renewed in 2016; - In Canada, collective bargaining agreements are negotiated on a pluriannual basis and 3.7% of the Group's employees are unionized. No agreement was to be renewed in 2016; - In Mexico, 53% of employees are unionized and Technicolor entered into 3 bargaining agreements. In Brazil, the Group entered into 5 bargaining agreements; - In the United States, approximately 2.9% of the Group's employees are unionized and were covered by the collective bargaining agreements negotiated with the national and/or local unions. These agreements, with an average duration of three years, address salaries, employment benefits and working conditions and organization. No agreement was to be renewed in 2016.

LABOR	
GLOBAL COMPACT 10 Principles	PRINCIPLE 4: the elimination of all forms of forced and compulsory labor;
TECHNICOLOR Program and Policies	Code of Ethics, Sourcing Ethics Policy, Supplier Audit program with a specific audit scope and focus on suppliers in countries with a relatively high potential for adverse human rights issues. All suppliers are required to sign a General Rules of Conduct Compliance Certificate. Audits revealing employee discrimination, forced labor, safety violations, permanent disabilities or fatal injuries are classified as "major," and require immediate corrective action.
TECHNICOLOR 2016 Actions and Results	<ul style="list-style-type: none"> - In 2016, 20 supplier audits were performed at key active electronics manufacturing partners, aligned with the SA8000 standard. These audits revealed no case of forced or compulsory labor. - A working group was in place in the Connected Home division to perform gap analysis and establish working plan in compliance with the EICC Code of Conduct both internally and in the supply chain (as explained above).

LABOR	
GLOBAL COMPACT 10 Principles	PRINCIPLE 5: the effective abolition of child labor; and
TECHNICOLOR Program and Policies	Auditing of suppliers: during the audit process, instances of child labor are classified as critical and entail an immediate stoppage of business.
TECHNICOLOR 2016 Actions and Results	- In 2016, 20 supplier audits were performed at key active electronics manufacturing partners, aligned with the SA8000 standard. These audits revealed no case of child labor or young worker labor.



LABOR

GLOBAL COMPACT 10 Principles	PRINCIPLE 6: the elimination of discrimination in respect of employment and occupation.
TECHNICOLOR Program and Policies	A global plan for Diversity and Inclusion was launched end of 2015. The objective of this plan is to improve globally our processes to ensure that practices are not discriminatory at any stage in the Group, but also to promote a mindset of openness and inclusiveness globally, and a willingness to bring support and assistance to persons or groups who may be under-represented compared to their regional demographics. The 4 key areas of the plan are gender diversity, disability, aging, and ethnicity.
TECHNICOLOR 2016 Actions and Results	<ul style="list-style-type: none"> - Early in 2016, awareness sessions on diversity and inclusion were held in-person with the senior leadership team and also with the HR leadership team; - In several countries, managers and supervisors are provided legal awareness training sessions about anti-harassment and non-discrimination. In addition to the role of the management, detection of discrimination cases also relies on the Whistleblower Policy allowing any employee to confidentially disclose their situation or the situation of a co-worker, without fear of publicity or adverse reaction. Overall, about less than twenty-five cases of discrimination and harassment were reported in 2016; - Concerning gender diversity, actions were put in place through a full range of processes and progress continued during 2016. Initiatives to promote gender diversity were encouraged locally in India, France, the UK and Poland; - Concerning disabled people, beyond the legal requirements when they exist, Technicolor strives to adapt our working places, including factories, to provide equal employment opportunities with no discrimination against disabled people with regard to hiring, training, allocation of work, promotion, or reward. In 2016, initiatives were launched in France, Canada, Australia, the UK, and in Poland.

ENVIRONMENT

GLOBAL COMPACT 10 Principles	PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges.
TECHNICOLOR Program and Policies	Environment, health and safety charter, hazardous substances control in products and systems. Participation to Carbon Disclosure Project (Climate Change).
TECHNICOLOR 2016 Actions and Results	<ul style="list-style-type: none"> - Technicolor continues to disclose carbon emissions on the CDP website; - Technicolor carefully monitors all relevant pieces of legislation worldwide which stem from a precautionary approach to environmental challenges (e.g. Reach, RoHS in Europe, etc.); - Concerning the monitoring of Conflict Minerals, Technicolor has made a formal policy statement and requires Conflict Minerals data from its critical suppliers. The approach is to rely on the Electronic Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative (GeSI) Conflict Minerals Due Diligence reporting template and dashboard as a standard questionnaire for conducting inquiries into our supplier's database. During 2016, Technicolor has exercised a due diligence approach by asking its suppliers to conduct investigations in their own supply chain, so as to determine the origin of the 3 TGs conflict minerals (tin, tantalum, tungsten and gold) provided to Technicolor. Note that based on current suppliers surveyed in 2016, 100% of the smelters identified in the Connected Home supply chain are classified under the CFSI (Conflict-Free Sourcing Initiative). The majority of smelters are located in South East Asia and China.

ENVIRONMENT

GLOBAL COMPACT 10 Principles	PRINCIPLE 8: undertake initiatives to promote greater environmental responsibility; and
TECHNICOLOR Program and Policies	Environment Health and Safety Charter, Policies and Guidelines, Audit program in place at industrial locations, Corporate Goals, EICC full membership. Carbon Disclosure Project participant. Compliance and monitoring on hazardous substances in products or systems, ISO 14001 certification at industrial locations matching some risk criteria.
TECHNICOLOR 2016 Actions and Results	<ul style="list-style-type: none"> - In 2016, a total of 6 sites held ISO 14001 certifications; - As part of our objective of auditing each industrial location at least every three years, six locations were audited in 2016. As a result of these audits, potential improvement items were identified and evaluated, and more importantly, appropriate action plans were developed.



ENVIRONMENT	
GLOBAL COMPACT 10 Principles	PRINCIPLE 9: encourage the development and diffusion of environmentally friendly technologies.
TECHNICOLOR Program and Policies	Life Cycle Analysis (LCA), Eco-design, Energy efficiency of devices and systems.
TECHNICOLOR 2016 Actions and Results	<ul style="list-style-type: none"> - Technicolor started to implement Eco-design guidelines in 2008 and has long taken a positive stance towards environmental issues in the development, manufacture, use and ultimate disposal of its products. The Group is an active contributor to voluntary initiatives, including the EU Codes of Conduct on Energy Efficiency of Digital TV Service (DTV) and Energy Consumption of Broadband Equipment (BB), the EU Industry Voluntary Agreement to improve energy consumption of Complex Set-Top Boxes (CSTB), and more recently in 2015 the US Voluntary Agreements for Ongoing Improvement to the Energy Efficiency of Set-Top Boxes (STB), and for Ongoing Improvement to the Energy Efficiency of Small Network Equipment (SNE); - In the Americas, in Australia, in Asia, in Africa, and in the same manner, Technicolor monitors and follows environmental regulations and standards; - In the United States for example, most of Connected Home STB models marketed in U.S. meet the Energy-Star STB energy efficiency levels; - In Europe, Company reporting for 2016 demonstrates that Technicolor achieved the power consumption targets respectively set by the EU Codes of Conduct for Broadband Equipment, and for Digital TV, and the EU Industry Voluntary Agreement on Complex Set-Top Boxes.

ANTI-CORRUPTION	
GLOBAL COMPACT 10 Principles	PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery.
TECHNICOLOR Program and Policies	Code of Ethics, Financial Ethics Charter, Sourcing Ethics Policy, Technicolor Supplier Ethics Handbook, Supplier Monitoring and KPIs.
TECHNICOLOR 2016 Actions and Results	<ul style="list-style-type: none"> - As part of Technicolor's efforts to ensure that employees are familiar with the Code of Ethics and related policies, such as the Whistleblower Policy, the Anticorruption Policy and the Sourcing Ethics Policy, numerous training programs were implemented in the past years by the legal compliance team in concertation with the Ethics Compliance Committee (ECC), including both in-person, WebEx and online courses; - Over the last years, amongst other Ethics training courses, members of the finance community completed the Global Financial Fraud Prevention course. Other WebEx and online training courses focused on the EU Competition-Dealing with Competitors, anti-corruption and bribery regulations and policies. The Americas population has received training on anti-bribery, competition, anti-corruption, business communications, addressing employee concerns, fraud prevention. In-person and WebEx trainings took place in Paris and Atlanta in 2016 (notably targeting the Legal group), focusing on the prevention of anti-competitive practices, on anti-corruption and bribery regulations and policies, and data protection. In addition, several in-person trainings took place in Mexico, India and China on various aspects of the Company's Code of Ethics. Combined, these training sessions involved more than 10,000 employees from 2010 through 2016; - The comprehensive Technicolor commitment to prevent corruption, formalized in our Anti-Corruption policy, seeks to not only comply with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption and anti-bribery regulations like the UK Bribery Act and the French Criminal Code, but to avoid even the appearance of questionable conduct in connection with Technicolor operations. The policy was revised in 2012 to recognize additional countries with laws and regulations relating to anti-corruption. In 2016, the Compliance teams of Technicolor have been working on preparing another update to the policy, to be issued in 2017, in order to take into account regulatory changes in certain countries.



ACRONYMS

- **AFEP:** Association Française des Entreprises Privées (France)
- **BAT:** Best Available Technology
- **BB:** Broadband Equipment
- **BU:** Business Unit
- **CD:** Compact Disc
- **CDP:** Carbon Disclosure Project
- **CE:** Consumer Electronics
- **CFSI:** Conflict Free Sourcing Initiative
- **CFSP:** Conflict Free Smelter Program
- **CMRT:** Conflict Mineral Reporting Template
- **CNIL:** Commission Nationale de l'Informatique et des Libertés (France)
- **CoC:** Code of Conduct
- **CoC BB:** Code of Conduct for Broadband Equipment
- **COP:** Communication on Progress (Global Compact)
- **CPE:** Customer Premise Equipment
- **CPI:** Continuous Process Improvement
- **CSR:** Corporate Social Responsibility
- **CSTB:** Complex Set Top Box
- **DE:** Digital Europe
- **DMA:** Disclosures on Management Approach (GRI)
- **DMP:** Digital Matte Painting
- **DOE:** Department of Energy (US)



- **DSL / ADSL / VDSL:** Digital Subscriber Line / Asymmetric DSL / Very-high-bit-rate DSL
- **DVD:** Digital Versatile Disc
- **ECC:** Ethics Compliance Committee
- **EEE:** Electrical and Electronic Equipment
- **ECHA:** European Chemicals Agency (EU)
- **EH&S:** Environment, Health & Safety
- **EICC:** Electronics Industrial Citizenship Coalition (US)
- **EIME:** Environmental Information and Management Explorer tool
- **EMEA:** Europe/Middle East/Africa region
- **EMS:** Environmental Management System or Electronic Manufacturing Service
- **EPA:** Environmental Protection Agency (US)
- **EPS:** External Power Supply
- **ErP:** Energy related Products (EU Directive), previously EuP (Energy using Products)
- **ETM:** Early-To-Market
- **EU:** European Union
- **EXCOM:** Executive Committee
- **FCPA:** Foreign Corrupt Practices Act (US)
- **FX (or VFX):** Visual Effects
- **GeSI:** Global e-Sustainability Initiative
- **GHG:** Greenhouse Gases
- **GRI:** Global Reporting Initiative
- **GW:** Gateway



- **HD:** Hard Drive or Hard Disk Drive
- **HW:** Hardware
- **ICT:** Information and Communications Technology
- **ILO:** International Labor Organization
- **INRIA:** Institut National de Recherche en Informatique et en Automatique (France)
- **IoT:** Internet of Things
- **IP:** Intellectual Property or Internet Protocol
- **ISO:** International Organization for Standardization
- **KPI:** Key Performance Indicator
- **LCA:** Life Cycle Analysis
- **LTE:** Long Term Evolution (a high-speed wireless communication standard for mobile phones and data terminals)
- **MCOM:** Management Committee
- **MEDEF:** Mouvement des Entreprises de France (France)
- **M&E:** Media & Entertainment
- **MIIT:** Ministry of Industry and Information Technology (China)
- **MPC:** The Moving Picture Company (Technicolor)
- **MSO:** Multiple System Operator
- **MVPD:** Multichannel Video Programming Distributor
- **NSP:** Network Service Provider
- **ODM:** Original Design Manufacturer
- **OECD:** Organization for Economic Co-operation and Development



- **OEM:** Original Equipment Manufacturer
- **OTT TV:** Over-the-Top TV
- **PEC:** Priority Existing Chemicals (Korea)
- **PEP:** Product Environmental Profile
- **QA:** Quality Assurance
- **RCOI:** Reasonable Country of Origin Inquiry
- **REACH:** Registration, Evaluation and Authorization of Chemicals (European Commission)
- **RoHS:** Restriction of the Use of Certain Hazardous Substances (Europe)
- **SD:** Sustainable Development
- **SEC:** Securities and Exchange Commission (US)
- **SME:** Small and Medium-sized Enterprises
- **SNE:** Small Network Equipment
- **STB:** Set-Top Box
- **SVHC:** Substances of Very High Concern
- **SW:** Software
- **TSO:** Technicolor Security Office
- **UHD:** Ultra High Definition
- **UN:** United Nations
- **UNGC:** United Nations Global Compact
- **VFX:** Visual Effects
- **VIA:** Voluntary Industry Agreement
- **WEEE:** Waste Electrical and Electronic Equipment (EU Directive)



EXTENSIVE WORLDWIDE PRESENCE



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