



C O R P O R A T E S U S T A I N A B I L I T Y R E P O R T 2 0 1 8





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A WORD FROM HERVÉ MILCENT, GROUP CEO

In 2017, more than 2,500 interested parties, including customers, employees, suppliers, management teams and NGOs from all over the world, contributed to the definition of the Lyreco Materiality Matrix.

This matrix presents issues along two axes: the expectations of the stakeholders & the business needs of Lyreco, so that a priority is given to the most relevant Sustainability issues.

In 2018, this will be used as support for the definition of the new Lyreco Sustainability strategy.

In the meantime, our current strategy, Eco Future, remains applicable and fully accurate.

For the 14th year in a row, our company is renewing its participation in the United Nations Global Compact and its commitment to the ten universally accepted principles.

By signing on to this international corporate citizenship initiative, Lyreco supports rational, sustainable and responsible business practices.

In this report, you will find a wide range of programmes illustrating this pledge.

At a time when our industry and our Group is undergoing extensive transformation, more than ever, we will continue to evolve and grow while remaining true to our values and heritage as we undertake our sustainability journey.

*Best Regards
Hervé*



THE BUSINESS

LYRECO OPERATES IN 42 COUNTRIES

CONTINUOUS IMPROVEMENT IS THE RULE

In addition to the 25 extensive markets covered by Lyreco, we have also formed strategic sales alliances with 15 partners:

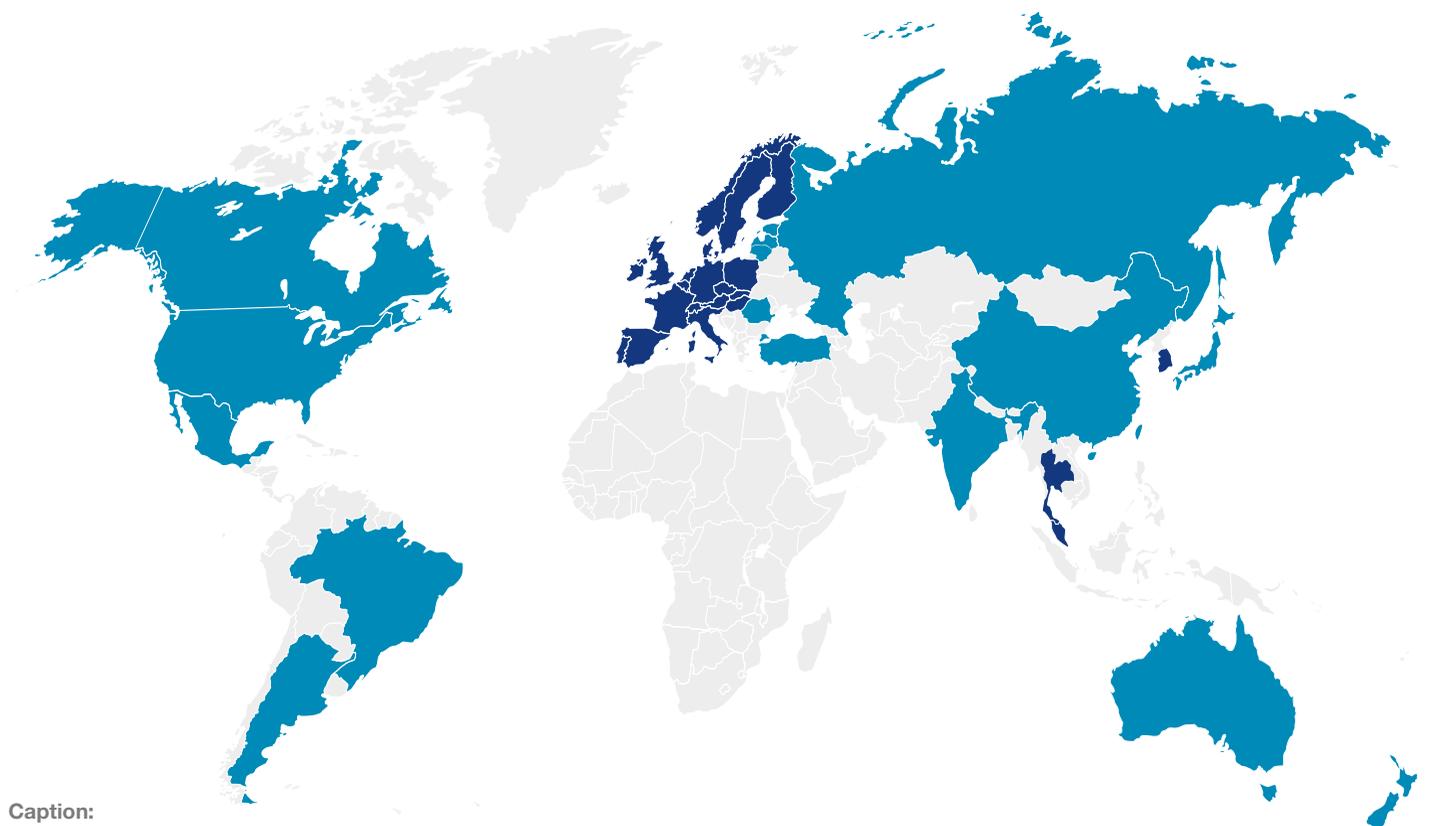
These alliances allow us to better serve our international clients with a presence in Turkey, Japan, India, China, Argentina, Canada, Latvia, Lithuania, Estonia, Russia, Taiwan, New Zealand, Australia, Romania, Brazil, the United States and Mexico.

All subsidiaries contribute to the continuous improvement of the group model by sharing new ideas and best practices.

Sustainable Development takes advantage of these synergies from all areas of the business and group experts help by improving the group best practices.



LYRECO WORLDMAP & PARTNERS



Caption:

 Lyreco Subsidiaries  Lyreco Partners

17
product
families

58,000
orders/day

36%
green
products

24
distribution
centres

1,700
vans and
drivers

9,000
employees

99.3%
availability
rate

230,000
boxes
delivered
every day

7,500
stocked
products



SALES FORCE AND CUSTOMER SERVICE

On-going areas for improvement

- Increase communication on Sustainable Development with customers
- Reduce environmental impacts due to travelling
- Reduce usage of paper printed data: reports or orders





ORDER PREPARATION AND DELIVERY

on-going areas for improvement

- Reduce Health & Safety risks
- Increase waste recycling
- Energy savings initiatives
- Reduce environmental impacts due to transportation (route planning)

PRODUCT OFFERING

On-going areas for improvement

- Continue to develop a deeper range of environmentally friendly products
- Continue to raise consumer awareness on Sustainable Development and pay special attention to certified suppliers
- Define strict and formalised criteria for qualification as a "green product"
- Reduce paper invoices (electronic invoicing)



ECO FUTURE 2017 RESULTS

In early 2012, Lyreco launched a midterm Sustainability strategy named Eco Future.

The strategy consists of:

- 3 guiding principles
- 10 clearly defined commitments
- 9 Key Performance Indicators (KPIs)

The following tables give the latest results for all the Eco Future KPI.

ENVIRONMENT PROTECTION

- Reduce our ecological footprint
- Help our customers and suppliers to do the same



ENVIRONMENTAL PROTECTION KPIs	GOAL 2017	RESULT 2017
Sales of "green products"	25 % of Sales (common range products) are made with "green products"	42% ✓
CO2 Emissions from Lyreco activities	CO2 Emissions decrease by 20 % from a 2010 base year	-18%(1)
Waste Recycled	90 % of the Waste coming from Lyreco activities is recycled	91% ✓

✓ In line with the target

(1) -23.20 % considering the CO2 / Delivery.

SOCIAL RESPONSIBILITY

- Focusing on human relationships and development
- Reinforcing our long term relationships

SOCIAL RESPONSIBILITY KPIs

GOAL 2017

RESULT 2017

Working Conditions⁽¹⁾	90 % of all employees responding to the bi-annual Internal Opinion Survey answer positively when asked how they feel about their working conditions.	78%	
Lost working days due to Injuries	The number of lost working days due to workplace accidents has decreased by 10 % based on the 2011 figures.	+32%	
Training Level⁽¹⁾	90 % of all employees responding to the bi-annual Internal Opinion Survey will answer positively when asked if they consider that they are properly trained to do their job.	82%	
Charity Contribution	The internal collection target for the “Lyreco For Education” charity programme is +4% for 2017	+4%	✓

ECONOMIC SUCCESS KPIs

GOAL 2017

RESULT 2017

Supplier Sustainability Assessment	Supplier Sustainability Assessment average mark increases by 10 % per year.	+9.8%	✓
Supplier Social Audits⁽²⁾	100 % of the factories producing Lyreco products in the developing countries are subject to Social and Environmental audits.	98%	✓

✓ In line with the target

(1) 2016 numbers.

(2) 100 % for Group, Common Range references.
1 report missing for France (local reference).



ECONOMIC SUCCESS

- Build lasting customer relationships by providing solutions to their sustainability goals

MATERIALITY MATRIX

THE GENERAL PROCESS

Inspired by the Global Reporting Initiative (GRI) guidelines and International Integrated Reporting Council (IIRC) framework, the process is followed by major companies & recommended by CSR agencies:

- To establish the list of issues applicable to the company.
- Survey stakeholders (customers, suppliers, employees, management, ...) to identify their respective priorities vs issues.
- Close the loop with the Sustainability risks and opportunities.
- Build the Materiality Matrix.

IN 2017, LYRECO ESTABLISHED ITS MATERIALITY MATRIX.

Materiality is a principle used in 'decision making' to define whether an issue is sufficiently important to warrant attention and to define priority to manage.

Materiality Matrix highlights issues along two main axes:

- importance to stakeholders / society
- importance to the business.

IDENTIFICATION OF THE ISSUES:

37 potential relevant issues for Lyreco have been identified.

These issues were gathered in 6 categories.

<p>GOVERNANCE (p. 12-15)</p>  <ul style="list-style-type: none"> • Ethical Business Practices • Disclosure and Transparency • Voluntary Standards and Certifications • Regulatory Compliance 	<p>ECONOMIC (p. 22-23)</p>  <ul style="list-style-type: none"> • Business performance • Customer satisfaction • Customer partnership on sustainability • Innovation (products & services) • Products & Services Quality • Service Economy • Brand Perception • Support start-ups
<p>ENVIRONMENT (p. 16-21)</p>  <ul style="list-style-type: none"> • Sustainable Products • Sustainability packaging • Recycling services to customers • Eco Conception • Carbon emissions • Air pollution • Land Use and Biodiversity • Energy • Waste • Water • Logistics • Buildings • Movement of People 	<p>SUPPLY CHAIN (p. 28-31)</p>  <ul style="list-style-type: none"> • Social standards in the supply chain • Human rights in the supply chain • Environmental standards in the supply chain • Supply chain Assessment and Performance

2,500
contributors

PEOPLE (p. 24-27)



- Employee Health & Safety
- Employee Wellbeing
- Diversity and inclusion
- Human Capital Management

COMMUNITY (p. 32-35)



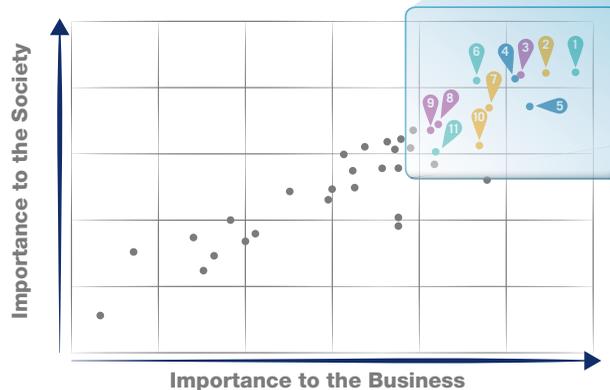
- Creation of social value where we operate
- Support of non-profit organisations and community projects
- Promotion of education and growth of communities
- Establish partnerships with Social Enterprises

KEY OUTCOMES:

- Our stakeholders shared the same importance for issues relative to the society and those relative to the business.
- All subsidiaries shared the same issues.
- All the 37 issues are mentioned as relevant – including the lowest score = 6.86 / 10 (Land Use and Biodiversity).
- We focus on the 11 'Most Important' issues mentioned by our stakeholders and scoring 8.5 /10 for both society and business.

The 11 most important issues:

- Customer satisfaction
- Employee Health & Safety
- Human rights in the supply chain
- Regulatory Compliance
- Ethical Business Practices
- Product & Service Quality
- Employee Wellbeing
- Environmental standards in the supply chain
- Social standards in the supply chain
- Human Capital Management
- Customer partnership on sustainability





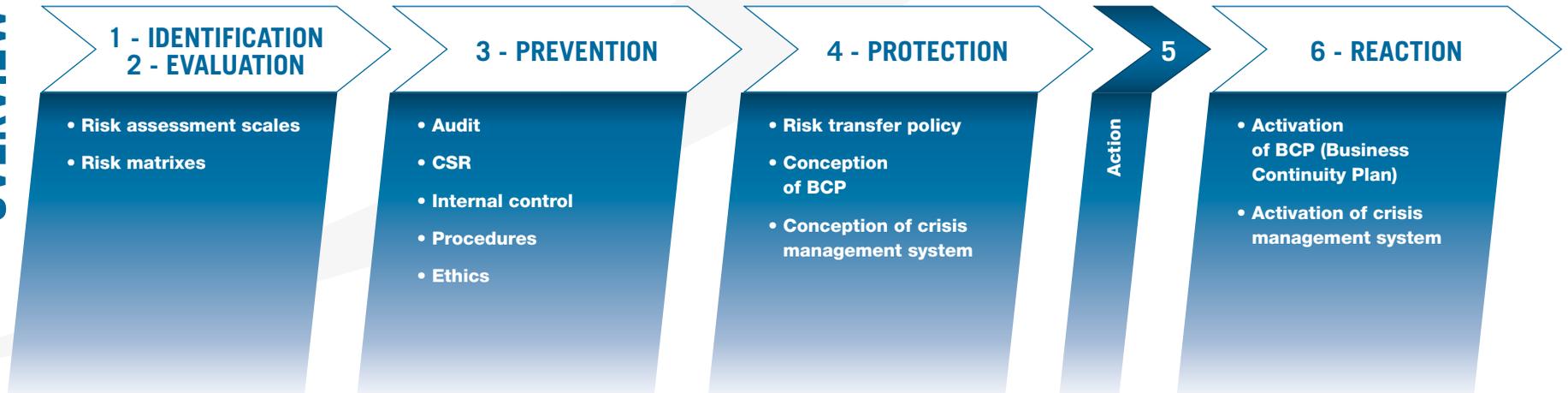
*Transparency, accountability and responsibility;
our path to a sustainable future.*

MARTA FLORES PALLARÈS

QSS Manager (Quality, Security & Sustainability)
Lyreco Iberia

Lyreco Sustainability initiatives are spread throughout operational, management and support processes. They are highlighted below. Only a few of them are subject to a specific focus in this report.

**RISK
MANAGEMENT
PROCESSES
OVERVIEW**



AN INTEGRATED MANAGEMENT SYSTEM

To ensure a common operating practice for all subsidiaries based on qualitative and environmental matters, Lyreco uses the recognised international standards ISO 9001 and ISO 14001 to which the Integrated Management Systems are certified.

This ensures that quality and environmental matters are dealt with at a level trusted by interested parties and understood by employees.

Aligned with the Quality & Environmental Management System, Health & Safety management is based on Lyreco's guidelines referring to the OHSAS 18001 standard and local legislation, applied in the subsidiaries by the Senior Management Teams.

In 2012, ISO 26000, the guideline for Corporate Social Responsibility, was adopted to provide structure to the sustainability journey.

In addition, some countries have also chosen to obtain further certifications, such as:

- OHSAS 18001 (Occupational Health & Safety Management System)
- ISO 50001 (Energy Management Standard)
- FSC CoC Certification (Forest Stewardship Council – Chain of Custody).
- AEO (Authorized Economic Operator).

The AEO status is an internationally recognised quality mark indicating that the company role in the international supply chain is secure, and that customs controls and procedures are efficient and compliant.

LYRECO'S SUSTAINABILITY GOVERNANCE IS BASED ON SEVERAL PILLARS:

- An Integrated Management System
- A Risk Management approach

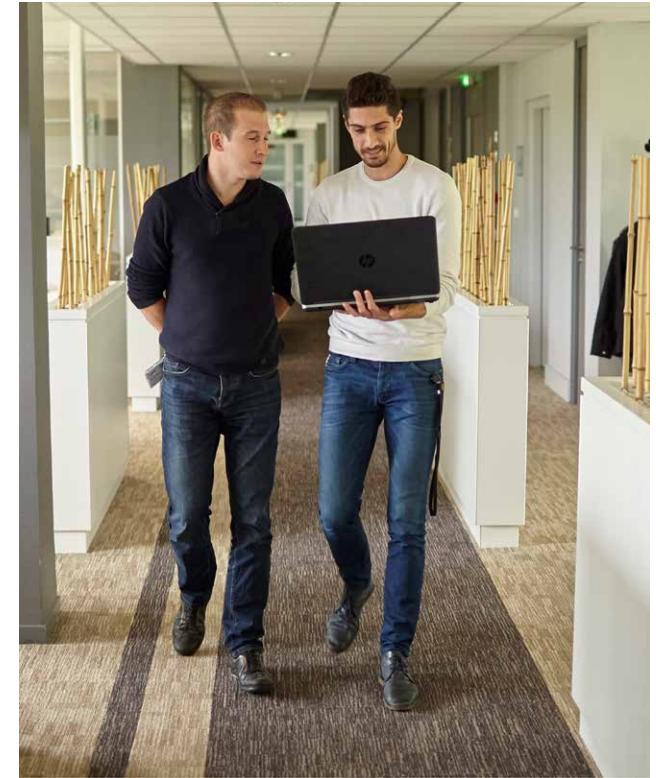




Caption:

Worldwide certification
 Certification depending on the country

NB: ISO 26000 is not subject to certification. It provides guidelines.

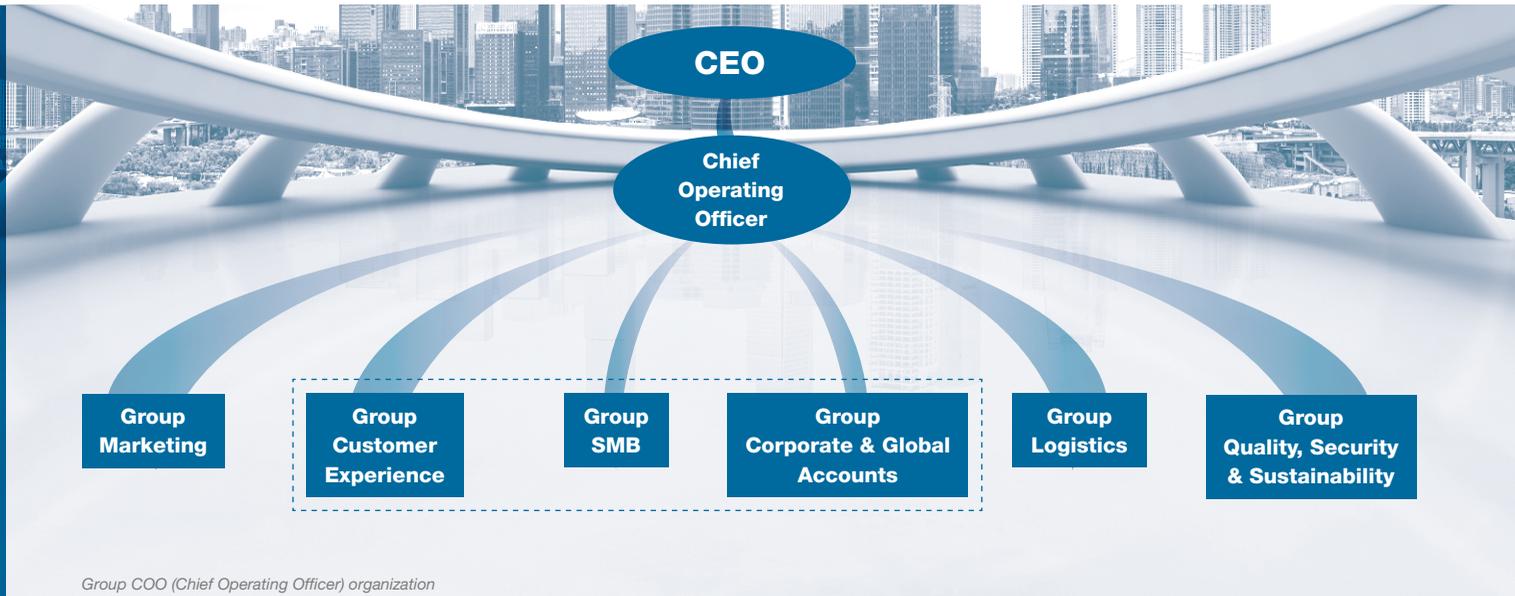


This integrated Management System is coordinated in each subsidiary by a dedicated department: Quality, Security & Sustainability (QSS).

The head of the QSS department is included as member of the Senior Management Team, to ensure key business decisions, including Quality, Environment, Health, Safety and Sustainability aspects.

The Group QSS director monitors all local projects and oversees all local initiatives:

- to ensure the Group standards are respected;
- to have a consistent international ecofuture strategy implemented;
- to manage international best practices, action plans and internal communication.



Group COO (Chief Operating Officer) organization



Hervé Milcent
CEO



Nasser Kahil
Group QSS Director



Christophe Chambre
COO



Jeroen Van Der Laan
Group Customer Director Corporate & Global



France Pointier
Group Customer Experience Director



Frank Chauveau
Group Logistics Director



Audrey Benedetti
SMB Experience Executive Manager



Franck Suhit
Group Marketing Director

A RISK MANAGEMENT APPROACH

The Lyreco Group Risk Management system is underpinned by a structured approach for identifying, analysing and assessing risks and implementing appropriate prevention and protection action plans. See page 10 : the Lyreco Risk Management Processes





Customer satisfaction is more than on-time delivery. It is providing sustainable products, minimising packaging to customers and delivering with an environmentally friendly fleet.

OLEG NIKKARINEN
Delivery man in Finland

KEY FIGURES

77%
of Vans equipped with Tracking / Positioning System

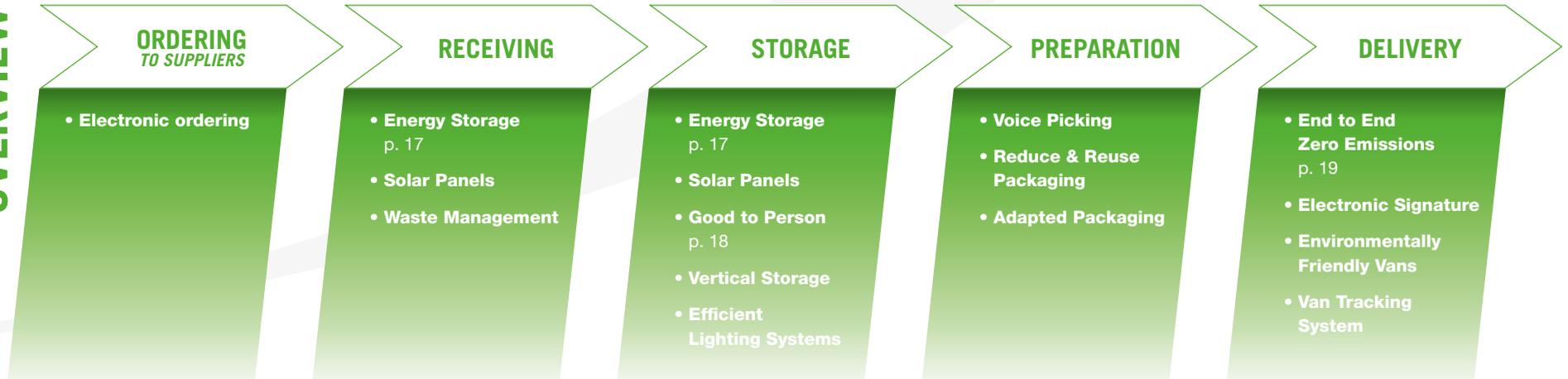
63%
of warehouse space with LED lighting

55,010 m²
of Roof space with Solar Panels

103
Environmentally Friendly Vans

Lyreco Sustainability initiatives are spread throughout operational, management and support processes. They are highlighted below. Only a few of them are subject to a specific focus in this report.

LOGISTICS PROCESSES OVERVIEW



Thanks to its solar panels, the Lyreco building in the UK is now electrically carbon neutral

LYRECO IS ONE OF THE FIRST COMMERCIAL AND INDUSTRIAL SITES IN THE UK, TO USE LARGE SCALE BATTERY STORAGE WITH ROOFTOP SOLAR PHOTOVOLTAIC

Lyreco in the UK set up a battery storage system from 13,860 photovoltaic solar panels installed in 2015.

Currently, as a company, Lyreco is «encouraged» by our electricity suppliers to reduce their electricity consumption during peak periods.

By installing half a megawatt of Tesla batteries, Lyreco is able to charge the battery system during the day using solar photovoltaic and utilizing the electricity stored during these peak periods.

This helps to reduce our own demand on the grid, especially in the winter, and therefore reduce our bills.

Lyreco is becoming a virtual power plant, and the National Grid can leverage our power reserves to help mitigate peak demand for fossil fuel power plants, alongside many other future virtual power plants.

The battery storage technology itself, is quickly recognized as the preferred solution for providing frequency balancing services to the grid, to enable a more reliable power source with less harmful spikes.

Battery Storage System at Lyreco NDC in the UK - November 2017



Good to Person solution enabled Lyreco to decrease picking error by **-66%**⁽¹⁾

LYRECO STARTS ITS FIRST GOOD TO PERSON SOLUTION, BRINGING A SMARTER, FASTER & ERGONOMIC ORDER FULFILLMENT

Since November 2016, Lyreco in Switzerland has gradually upgraded its logistics process with the integration of a Good-To-Person machine having a capacity of about 30,000 containers.

With a length of 100m, a width of 22m and a height of 16m, this new installation runs 78 fully-automated shuttles, allowing to reach much better ergonomic standards for employees and a much higher picking accuracy for customers.

The integrated system guarantees a state of the art warehouse management minimizing the risk of goods scrapping. Therefore, Lyreco is clearly improving its sustainability.

On top of this the system allows a much higher stock accuracy with a live rolling stock-counting each time a container is emptied.

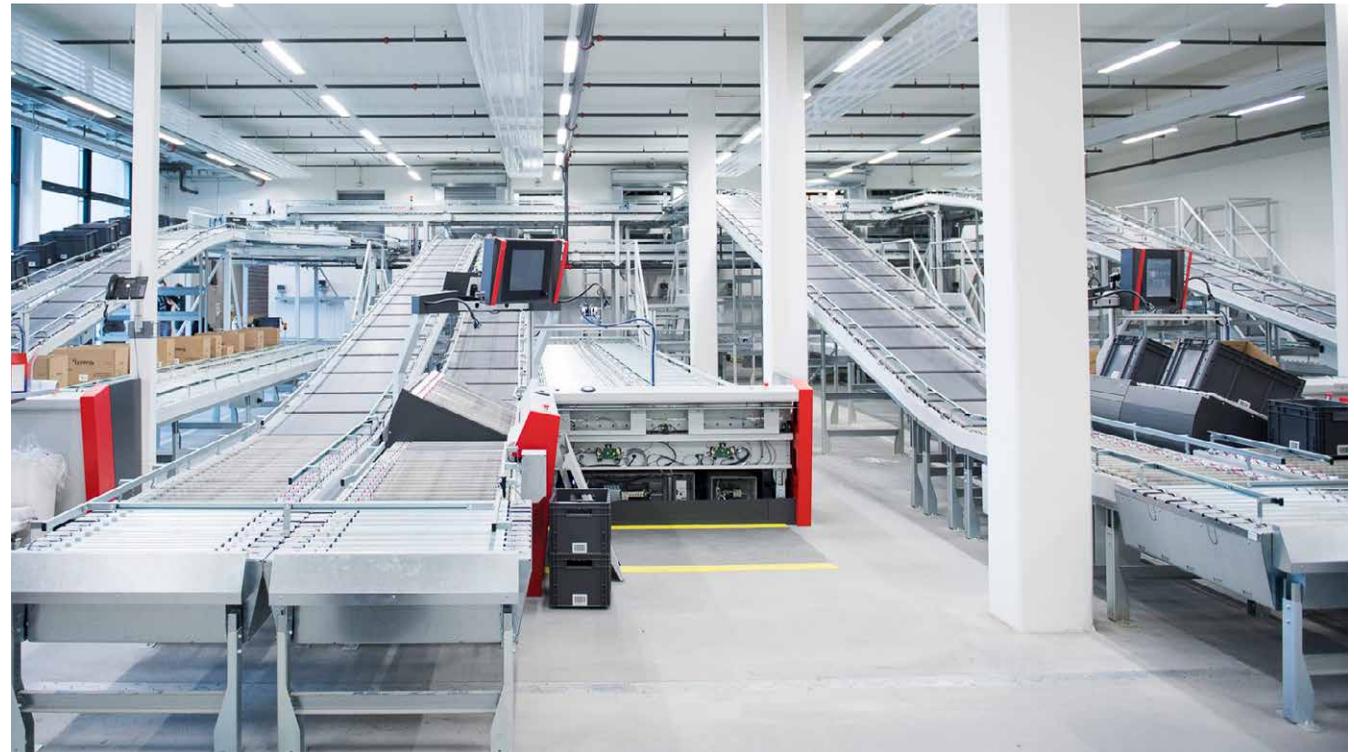
Through this strategic investment in Switzerland, Lyreco shows its customers the long-term vision of the company based on an integrated supply chain, adapted to its diversification strategy.

(1) With the new system, the picking error rate moved from 3 to 1 mistake for 1,000 prepared order lines.

Lyreco NDC in Switzerland - February 2018



Overview of the NDC (National Distribution Center)





Long Distance Electric Truck at the first international fair for Sustainable Logistics in Milan - March 2018

In addition to the existing programmes, Lyreco expects to launch in Italy one step further in its 'Environmentally Friendly Fleet' journey.

The final goal is to ensure end-to-end zero emissions deliveries, thanks to an Electric fleet for both the long distance and the final delivery to the customer.

In March 2018, Lyreco took part in the first international fair for Sustainable Logistics.

One of the goals was to create a partnership with a new Logistics company called "Four Logistics", that has in its mission a clear Sustainable angle.

The partnership will give to Four Logistics and Lyreco the opportunity to **ensure customer deliveries with Zero Emissions**, and this from end-to-end (i.e. including the long distance).

The heavy goods vehicles used for the long distance will also be equipped with a hydraulic tail lift, to share cross docking

platforms with the possibility of self-powering on energy produced from renewable and certified sources.

Another magnitude of the project is also to create a partnership with FCA (Fiat Chrysler Automobiles), for the development of the first full-electric FCA Light Commercial Vehicles (ducato), which will lead FCA to market this product at the beginning of 2019.

If the development of the FCA project is in line with the expected promises, **280 km autonomy and load about 1.3 tons, Lyreco in Italy will have by 2020:**

- In its own fleet at least 60 full electric vehicles.
- Thanks to the partnership with Four Logistics a truck with a load of about 9 tons in every main Italian region from north to central.

Lyreco will then become in Italy the first avant-garde company, using a truly end-to-end green fleet made with zero emissions vehicles.

END TO END ZERO EMISSIONS DELIVERIES



For Lyreco, Eco-responsibility is not only a catchword, but an everyday reality.

CATHERINE BORTOLIN
Sales Manager Deployment
in France

KEY FIGURES

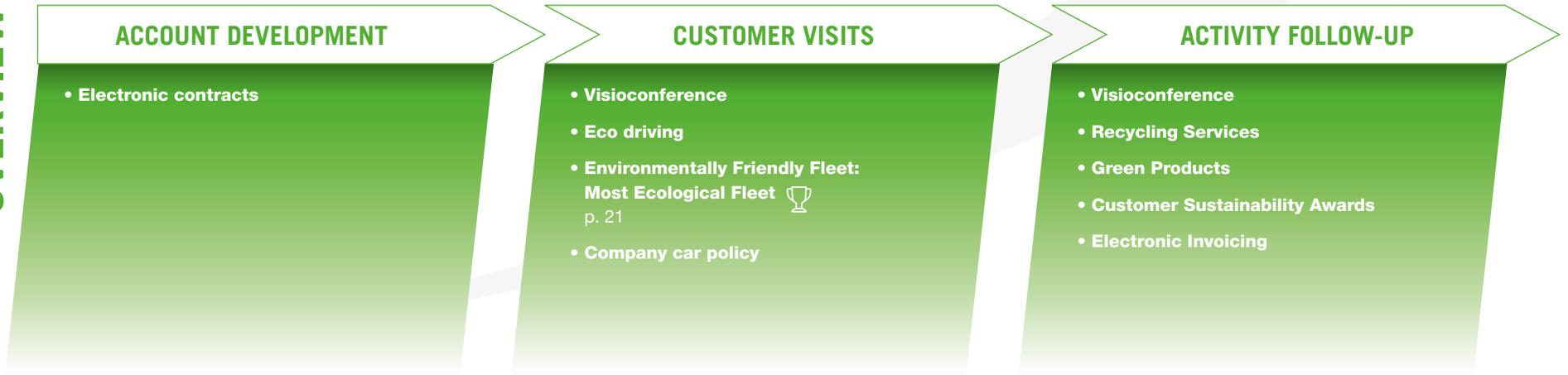
121
Environmentally
Friendly Cars
for sales people

1,200,000
E-biller
Invoices

22051
people using
Skype services

Lyreco Sustainability initiatives are spread throughout operational, management and support processes. They are highlighted below. Only a few of them are subject to a specific focus in this report.

SALES PROCESSES OVERVIEW





The first 100% Electric Car in Poland – September 2017

In order to reduce the environmental impact of vehicles operated by Lyreco, the company aims to develop its Environmentally Friendly Fleet.

This programme which is applicable to both Delivery Vans and Company Cars started seven years ago in 2009 when a number of countries introduced natural gas, electric vehicles or hybrid cars to their fleets.

In 2017, Lyreco was awarded 'The Most Ecological Fleet' in Poland.

The recognition was given by Arval Service Lease Polska – one of the biggest Car Fleet Management Companies in Poland.

Existing since 1999, Arval was in 2005 one of the founders of the Polish Vehicle Rental and Leasing Association (PZWLP). The main goal of PZWLP is to shape and influence the development of the vehicle leasing and leasing industry as well as fleet management.

Key criteria / highlights taken into account by the judges were:

- The average CO2 level of the Lyreco Car Fleet.
- The introduction of the first 100% Electric Car to the Lyreco Car Fleet.
- CSR on-going activities to reduce the CO2 emissions and environmental aspects, such as a dedicated business travel plan, the promotion of carpooling, Health & Safety programmes around safe and eco-driving.



Lyreco Poland Finance Director getting the award – October 2017

THE MOST ECOLOGICAL FLEET 2017



Our customers know that they can trust Lyreco and our services from start to end, and their satisfaction is what makes it such incredible fun to be out in the field – we deliver on our promises.

MICHAELA FLYRIN
National Key Account Manager
in Scandinavia

KEY FIGURES

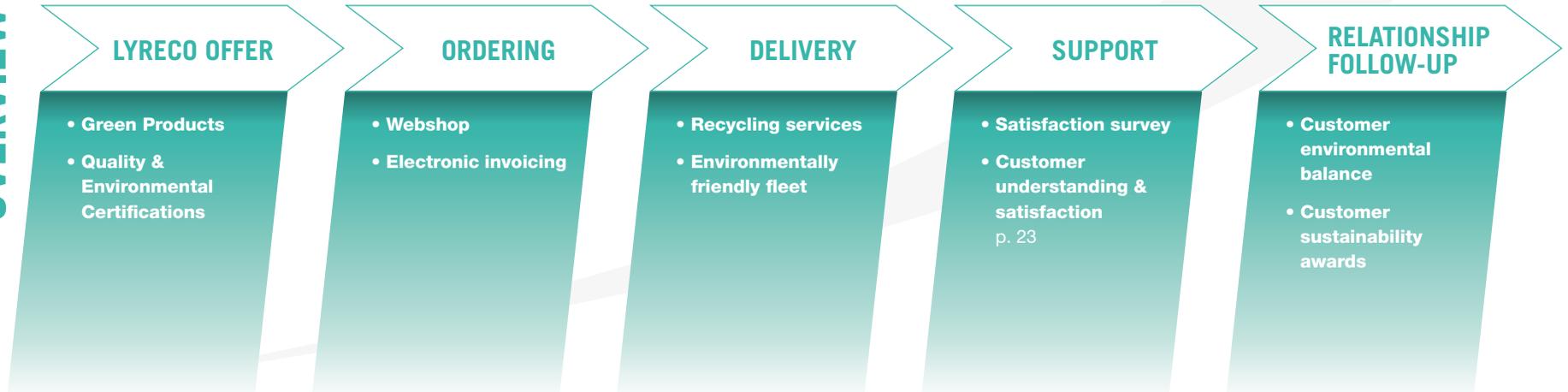
1,200,000
printer cartridges
collected

254
customers
participating in the
Sustainability Awards

42%
of sales are
green products

Lyreco Sustainability initiatives are spread throughout operational, management and support processes. They are highlighted below. Only a few of them are subject to a specific focus in this report.

CUSTOMER JOURNEY PROCESSES OVERVIEW





Immersive Session with customers, innovative start-up and Lyreco staff (CS, Sales and Marketing delegates) – Lille / Euratechnologies – 2017



FOSTER OUR CUSTOMER UNDERSTANDING & SATISFACTION

Referring to the Lyreco Materiality Matrix, **Customer Satisfaction is the topic which has the highest importance for Lyreco stakeholders and business.**

Within this context, a dedicated project was launched in 2017: FOCUS.

The core objective is to become more “**Customer Centric**”.

An approach based on two key concepts driving customer orientation and teams alignment.

The project involved all European countries, with 4 main principles:



Collaborative



Data driven

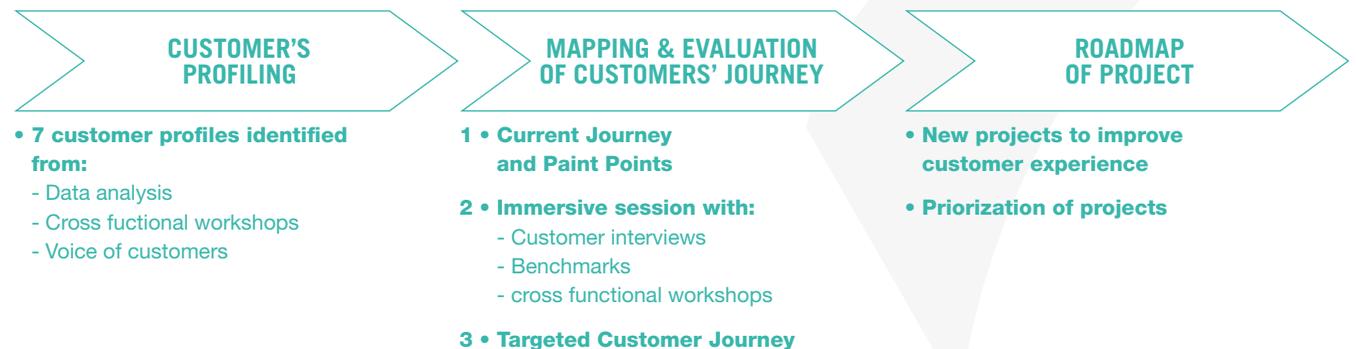


Up skilling



Re-usable

The key steps and outcomes of the project are detailed hereafter.





Lyreco is willing to embrace the digital era and remain people centric.

PETRA MAJOVA
HR Manager
in Slovakia

KEY FIGURES

18.3
Hours of training
per employee

78%
of employees satisfied
with their Working Conditions

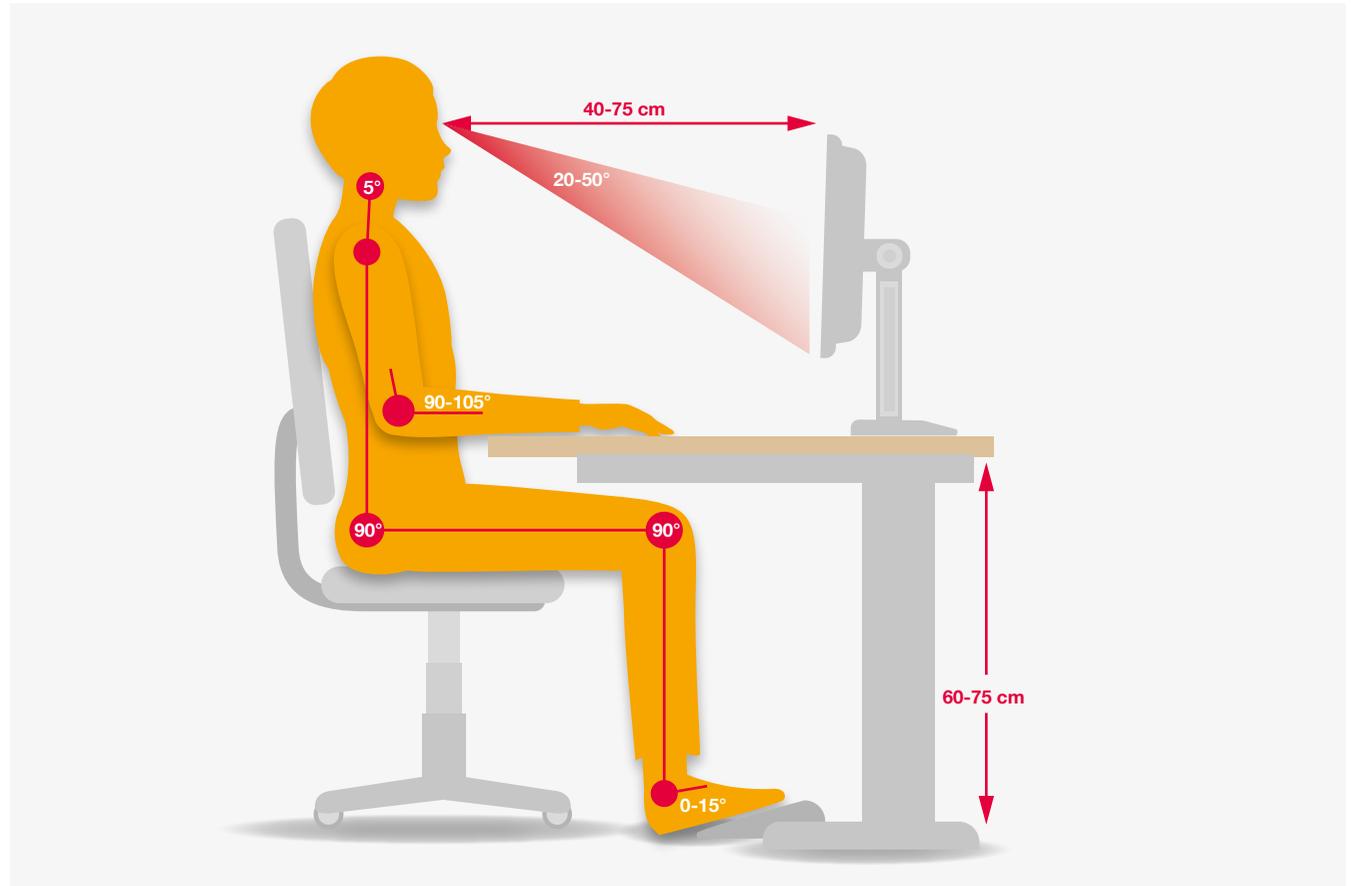
82%
of employees satisfied
with Training Level

Lyreco Sustainability initiatives are spread throughout operational, management and support processes. They are highlighted below. Only a few of them are subject to a specific focus in this report.

HUMAN RESSOURCES PROCESSES OVERVIEW



ERGONOMICS: ONE OF THE KEYS TO BE EFFICIENT AT WORK



Example of Ergonomics information on Lyreco Intranet.

Ergonomic initiatives are implemented in all the Lyreco countries.

As an extra focus, Poland set up in 2017 an additional programme that involved all the staff.

The objective was to inspire employees to learn about and adhere to the broadly understood principles of ergonomics in their everyday work and private life.

At least twice a week, employees received information communicated on the Lyreco intranet "My Lyreco 2.0".

The ergonomics project was divided into activities in three areas: Sales Employees, Warehouse Workers and Office Staff.

Issues concerned ergonomics in the car and behind the desk, manual transport, safety during holidays, chemical substances, preparation for winter.

In addition, a competition on the same subject was held every month.

One objective of the programme was to decrease the number of accidents at work. The number of accidents in 2017 compared to 2016 decreased by 33%.

99%
satisfaction
rate

305
services provided
a month (fruit baskets,
bakery take away,
dry cleaning...)

456
employees
in France
registered in
the conciergerie

201
orders over
5 month

THE QUALITY OF WORK LIFE (QWL) WEEK

In 2017 a week focused on the quality of work took place in France.

Quality of work life is a vast subject comprised of several themes including working relationships, work conditions, organisation and content of work, personal development and finding a work-life balance.

Quality of work life is at the heart of concerns for Lyreco and the social dialogue. For the company it amounts to both an economical and social performance challenge.

To kick off the first day, the theme was health and hygiene in your working life : Breakfast was organised for all employees. Baskets of fruit were readily available and there was also soup tasting and baskets of vegetables for sale.

The second day saw the start of the company 'conciergerie'. A range of services available to facilitate work and home life for employees. This is an ongoing project and still proving to be very successful.

A conference "Communication in colour" was also organised with the objective being to give employees the key to facilitating communication depending on the various personalities.

On the 3rd day a smoothie challenge either individually or in teams was proposed with the idea being to link sport and health while testing a « smoothie bike »

Finally some time to relax: Yoga, meditation and even face massages and nail polish application delighted Lyreco employees.

One of the activities organised as part of the QWL week - October 2017



HEALTHY HABITS APP

Iberia launched an APP to promote healthy habits for employees. They have the chance to create their personalized goals and focus on different topics: diet, sport, giving up smoking. They can also challenge other colleagues.



CAREER DAY

To expose Lyreco as an exciting potential future employer, Lyreco in Singapore / Malaysia organized a one day career day at the reputable Sunway University in Malaysia. The idea was to reach out to the next-in-line workforce, understand and anticipate what they are looking for from a future employer.

Graduate scheme session in the UK - November 2017



Lyreco in WISE started a Graduate scheme to attract fresh new talents, to bring relevant skills that we may be missing from in Lyreco business and to give young people the opportunity to obtain senior positions.

During the two-year programme, the Graduates will work across every major division in Lyreco, providing them with a well-rounded knowledge of how the whole business operates.

As well as mastering the day-to-day tasks of the departments, they have been managing various projects, which will have the potential to make a real impact on the business.

The interview process involved 1st stage interviews, a Graduate Assessment Centre and a final stage of one-to-one interviews.

The two graduates have been with us for 6 months now and are coming to the end of the first of their placements in Marketing and Logistics. Once they've completed these placements they will move onto Sales and Finance.

At the end of the scheme there will be a permanent position for the taking, matched to their skills and natural ability.

A GRADUATE SCHEME: A NEW PROGRAMME TO IDENTIFY TALENTS



One of our key assessment factors for all our suppliers is their social, environmental and human standards in the supply chain based on our expectations and KPI. These are the basis of our reliable and trustworthy partnership.

THIERRY DE JALRAS
Group product Manager

KEY FIGURES

95%
Participation rate in the Supplier Sustainability Assessment

98%
of factories audited in 2017 regarding Social & Environmental standards

+8.8%
improved suppliers sustainability

106
Factories manufacturing Common Range Lyreco branded products - worldwide

Lyreco Sustainability initiatives are spread throughout operational, management and support processes. They are highlighted below. Only a few of them are subject to a specific focus in this report.

RESPONSIBLE MARKETING PROCESSES OVERVIEW

PRODUCT CATEGORY STRATEGY

- New Lyreco Hygiene p.29
- Green Products Assessment
- Business Supplier Agreement
- EU Ecolabel (Lyreco Pdt)
- Nordic Swan (Lyreco Pdt)
- Product Legal Compliancy

PRODUCT / SUPPLIER SELECTION

- New Lyreco Hygiene p.29
- Green Products Assessment p.31
- Business Supplier Agreement
- New Lyreco Cartridges p.30
- EU Product Environmental Footprint
- Code of Ethics

PRODUCT / SUPPLIER ASSESSMENT

- Supplier Sustainability Assessment
- Supplier Social Compliancy Audits
- Supplier Environmental Compliancy Audits
- Product Testing

THE NEW LYRECO HYGIENE RANGE LAUNCHED IN 2018

The new range was developed to better meet the expectations of Lyreco's customers and to respond to their daily needs in any environment.

As always Lyreco pays high attention to sustainability: the products in this new range are certified with the European Eco Label.

The EU Ecolabel for Tissue Paper

"The official EU mark for Greener Products"



The label guarantees:

- Reduced air emissions of Sulphur and greenhouse gases during production.
- Decreased water pollution during production by reducing the emissions of chlorine compounds and organic waste.
- Reduced energy consumption during production.
- Reduced risks for human health, environmental damage or risks related to the use of hazardous chemicals.
- Use of recycled fibres or virgin fibres from sustainability managed forest.

PRODUCT BENEFITS

-  Softness
-  Brightness
-  Resistance
-  Absorption
-  Bulk

ECOLABEL CERTIFIED



THE NEW LYRECO TONER CARTRIDGES LAUNCHED IN 2018

The new products were developed to offer Lyreco's customers the highest level with regards to environment, quality and health, applying at the same time the circular economy to printing.



The products are certified with the Nordic Swan Label.



The label guarantees:

- Reduced waste
 - A minimum of 75% of the weight of the cartridge is re-used. With Lyreco cartridges, we have an average of 89%.
 - An empty cartridge collection programme is in place
 - All waste has to be recycled, meaning no landfill.
- Quality has regulatory requirements
 - Complaint quote below 1%
 - Lab analysis according to ISO 17025⁽¹⁾
 - Printing quality according to DIN 33870-1 and DIN 33870-2⁽²⁾
 - Printing yield according to ISO 19752 and ISO 19798⁽³⁾
 - ISO 14001 is in place

- Health & Environment:
 - Toner cartridges do not contain toner powder or any other materials that are hazardous to health or environment.

(1) ISO 17025: General requirements for the competence of testing and calibration laboratories.
 (2) ISO 19752 / ISO 19798: Method for the determination of toner cartridge yield for monochromatic / colour printers and multi-function devices that contain printer components.
 (3) DIN 33870-1 / DIN 33870-2: Requirements and Tests for the preparation of refilled toner modules for electrophotographical printer and printers – Part 1: Monochrome / Part 2: Colour.



CONTINUED SUPPORT FOR THE EU PRODUCT ENVIRONMENTAL FOOTPRINT

Since 2015, Lyreco is a technical secretariat member of the EU Product Environmental Footprint (PEF) pilot phase, demonstrating its interest in a relevant initiative aiming to develop accurate models to qualify the Environmentally Preferable Products (EPP).

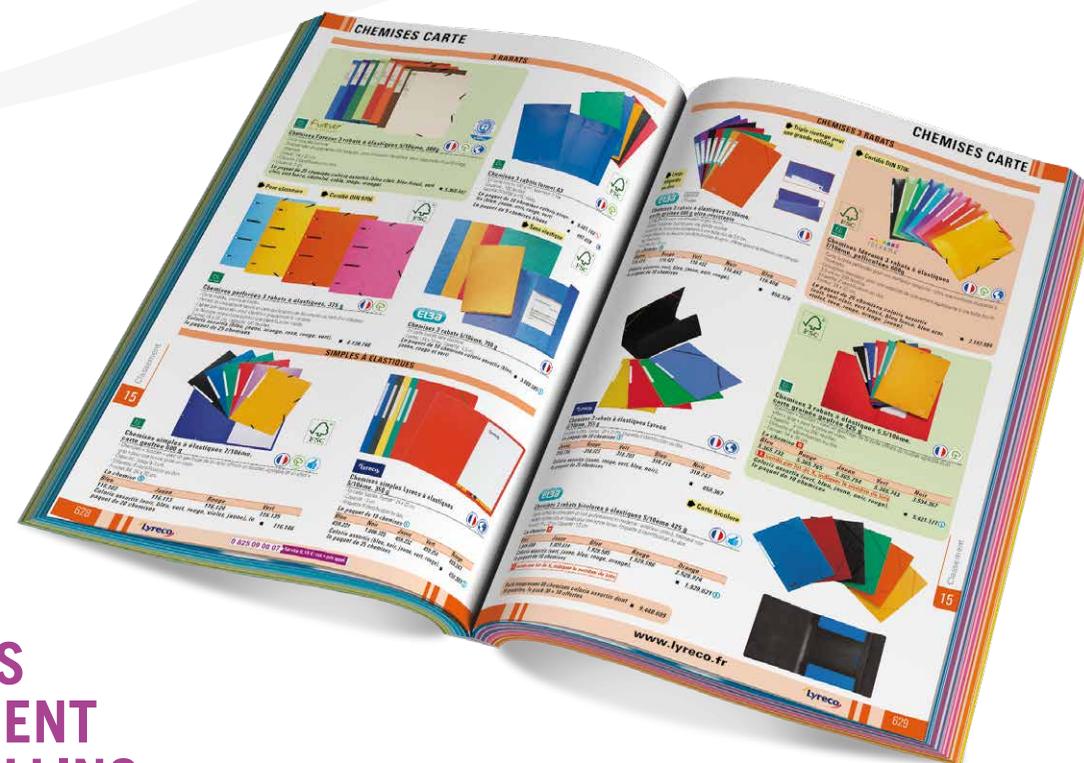
In April 2018, Lyreco participated in the Final Conference of the EU Environmental Footprint (EF) Initiative, aiming to move from “Vision to Action”.

What's next with the EU PEF project?

As the pilot phase has ended, we are now entering in the so-called ‘Transition Period’ (till April 2020), where the EC (European Commission) will provide a framework for:

- monitoring the implementation of existing Product Environmental Footprint Category Rules (PEFCRs);
- developing new PEFCRs;
- new methodological developments;
- preparing possible adoption of policies.

For Lyreco, a couple of development paths are at the same time analyzed with relevant suppliers.



GREEN PRODUCTS ASSESSMENT AND LABELLING

Since 2014, all Lyreco subsidiaries have been using a bespoke and unique in time Green Product Assessment.

Why is Lyreco's approach reliable?

- It is based on the recognized international **ISO 14020** standard, which is at the highest level of the ISO Environmental Claims series standards.
- It is in line with the International Chamber of Commerce advertising practices which give recommendations to **prevent green washing**.

- The system applied is the **same for all products** in the subsidiary, resulting in consistency of green products labelling across the countries.
- The assessment method has been **approved by SGS*** (the worldwide auditing company) who recognize it as “best in class” in terms of green claims checking.

In 2017, **42 % of the Sales** (common range products) were made with “green products” versus 36 % in 2016.



*“The “Lyreco Green Products Assessment” has been reviewed by SGS CTS Sustainability Services and approved as being in general conformance with the principles of the ISO 14020 standard and the ICC Framework for Environmental Claims”.



I am really impressed by the involvement of my colleagues with any action we organize in Lyreco to help children. We all know that we can do a lot to help others and we feel proud of it.

YAIZA VILLALONGA

International
Communication Manager
in Spain/Portugal

Lyreco Sustainability initiatives are spread throughout operational, management and support processes. They are highlighted below. Only a few of them are subject to a specific focus in this report.

**CHARITY
PROCESSES
OVERVIEW**



HELP ORPHANS AND NEEDY CHILDREN

In July 2017, Lyreco in Thailand organized a dedicated activity aiming to give time and collect some money for an orphanage located in Bangkok (hosting more than 200 children).

This was organized as a lunch and the objective was to have one Lyreco staff member for 2 children.

Different volunteering actions have been carried out, which was also a learning experience for Lyreco staff.

A GOOD DAY

In the Netherlands, more than 4 million people are active in volunteering. The Lyreco transport team in the Netherlands also volunteered in May 2017.

After a thorough research, a nursing home in the neighbourhood of Lyreco RDC in Utrecht was selected. RDC Breda and RDC Utrecht were able to provide together a total of 22 volunteers. After a brief introduction to the caretakers and residents of the department, the volunteers started baking pancakes and a bingo was organized in the afternoon for the residents who visibly enjoyed the pancakes, but also the presence of the volunteers. Throughout the day all volunteers also listened to stories from the residents. At the end of the day the residents were very grateful and the volunteers felt good for having done something for others.

Lyreco staff volunteering at nursing home – May 2017.



SUPPORTING UNIVERSAL CHILDREN'S DAY



Solidarity march – November 2017

United Nations Universal Children's Day was established in 1954 and is celebrated on November 20th each year to promote international togetherness, awareness among children worldwide, and improve children's welfare.

November 20th is an important date as it is the date in 1959 when the UN General Assembly adopted the Declaration of the Rights of the Child. It is also the date in 1989 when the UN General assembly adopted the Convention on the Rights of the Children.

In November 2017, Lyreco in Spain collaborated with a solidarity march organized by UNICEF and the council

of Alovera (city hosting the Lyreco Iberia NDC).

Alovera has been recognized as a Child-friendly City for all the initiatives they promote and they celebrate it with a week dedicated to children.

More than 2,000 students joined the 4th edition of the march and walked through the streets to raise funds for hundreds of children in need.

Lyreco gifted all of them with a bag and supported other activities with materials.



Lyreco ambassadors in Madagascar

WHEN A CHILD GOES TO SCHOOL A NATION GROWS!

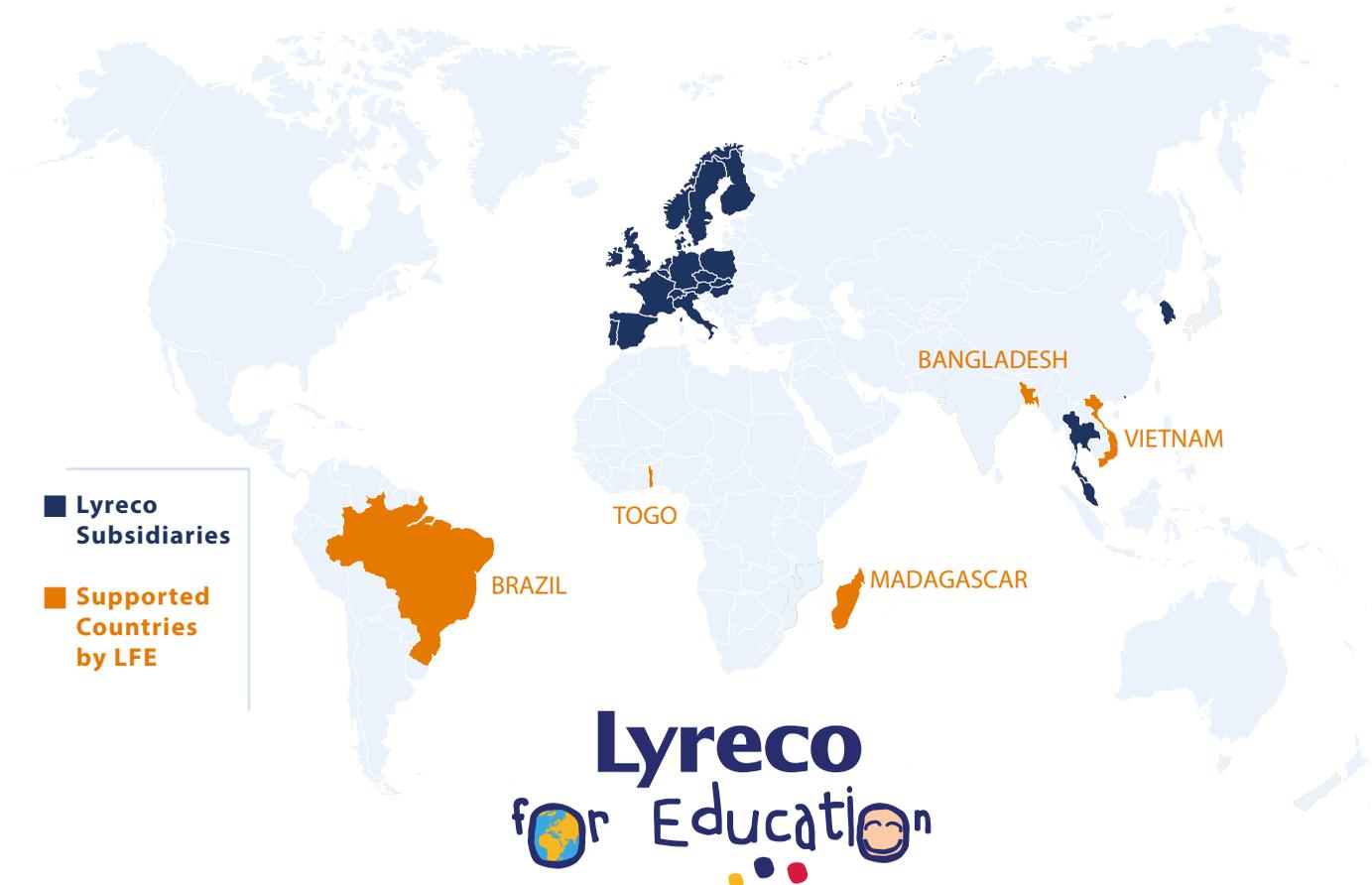
Started in 2008, the Lyreco For Education programme raises funds in the 15 subsidiaries of the group to give children, living in poor conditions, a better access to education.

LYRECO & THE SCHOOLS ON THE OTHER SIDE OF THE WORLD

306,000€
Lyreco For Education
funds raised in 2017

■ Lyreco Subsidiaries

■ Supported Countries by LFE



THE LYRECO CHARITY PROGRAMME

For each project, Lyreco selects an international NGO focusing on children's education, and a specific action plan is defined based on objectives depending on the local context.

The final goal of each project is to maintain our actions on a lifelong perspective. For that, a local steering committee, with teachers, parents and heads of the villages, is set up in each village and thus they are responsible for their own education project.

MADAGASCAR 2015-2018
TARGET: 1,000,000€

Madagascar is the 6th poorest country in the world and is frequently hit by cyclones.

This is why LFE is leading a 4-year project, with the NGO CARE, to give 17,000 children access to education and to support 32 schools in the Vatomandry area.

The action plan is built around 4 objectives:

- to rebuild and renovate school facilities
- to improve the quality of education by training teachers and equipping schools
- to increase the awareness and involvement of parents regarding the importance of school.
- to focus on disaster prevention for future cyclones



ACTIONS COMPLETED BY END 2017

Cyclone resistant classrooms built/renovated	28
Latrines Built	10
Wells and Water pumps	10
Environmental awareness programmes	47 schools
Books and school supplies provided	393 books 284 maths supplies 56 chalkboards
Teachers Trained	185 initial training 269 trained in pedagogy 254 trained in French Language
Village savings and loans associations	115
Management Committees	47 schools



BEST FUNDRAISING SUBSIDIARIES

Spending time on events and raising funds are part of the company culture and all employees are involved in making money in 3 different ways:

- Marketing operations with our customers & suppliers participation, such as: x products bought = 1 € collected for LFE

- Internal events: breakfast stands, books, cake sales, second hand markets, karaokes, Christmas markets..., employees from all over the subs organise & take part in local LFE actions.
- Donations: ad hoc or monthly cash donations from employees. The sums donated are then matched by Lyreco.

For the 3 best fundraising countries, each in their own category, they have the immense honour of sending an ambassador on the trip.

SUPPLIERS TESTIMONIES

For Lyreco, it is extremely important to build long-term relationships with suppliers to be able to pursue sustainable purchasing.

Here are 2 Group Suppliers - sharing a few words on their CSR approach and relationships with Lyreco.

BI-SILQUE

Founded in 1979 in Northern Portugal, Bi-silque:

- has its manufacturing and warehousing activities (> 40,000 m²) close to Porto;
- has a production capacity of more than 50,000 boards a day;
- exports its products to 86 countries on five continents;
- is certified ISO 9001, ISO 14001 & OHSAS 18001.

Bi-silque makes every effort to keep providing sustainable products that enhance productivity, not only by using recycled and recyclable materials, but also by using in the manufacturing process renewable energies.

That is why Bi-silque has a complete range dedicated to sustainable products: the EARTH COLLECTION!

This eco-friendly product range, which includes dry erase boards and easels, helps Bi-silque's customers and partners to achieve their own sustainability goals by choosing to use sustainable products with the same high standard of quality and design that they're used to from Bi-silque, with a competitive



Bi-Silque Strategic Coordinator with Lyreco Group QSS Director – April 2018

price in the market.

The cork used in their eco-friendly products range is a well-known sustainable, non-toxic, recyclable, natural and renewable material. This material can replace other non-renewable materials, the processing involved is reduced, and so the ecological footprint from its extraction until the final product is comparatively smaller.

The wood is also responsibly used. Bi-silque's MDF (Medium Density Fiberboard) is made from 29 % industrial waste. Other materials used in the Earth range products, such as paper, aluminum and the e3 ceramic steel, are made from recycled materials or industrial waste.

As sustainability doesn't come only in a package, the whole process is made having the environment in mind. Bi-silque's sustainability starts at the core of design and manufacturing which is why Bi-silque make sure to invest in solar energy and water stewardship.

Certifications like Cradle to Cradle have a highly-regarded reputation and hold businesses like Bi-silque to uphold rigorously high standards, not only on the materials they use in the products,

but also on the process of manufacturing.

Bi-silque and Lyreco have marketed as first in Europe's office supplies industry, Cradle To Cradle Certified™ (C2C) W/BOARD products.

C2C is a classification program based on five pillars: the use of non-toxic materials; designing with reusable or biodegradable materials; the use of renewable energy; using water responsibly; and manufacturing in a socially responsible manner.

The C2C certification encourages manufacturers to continually improve and is only awarded to products which are considered safe for human health and the environment, designed for future use cycles and created through sustainable production processes. In Europe, Lyreco sells around 10 different EARTH-IT Boards.

During the latest Supplier Sustainability Assessment, Bi-silque is one of the suppliers having the highest improvement of its score, showing its on-going improvement to Sustainability.

FELLOWES

Fellowes is a global manufacturer and market leader of products for improving life at work, at home and on the go, including business machines, sit-stand workstations, Bankers Box records storage solutions, workspace management products, home and commercial air purification.

Sustainability is central at Fellowes, and this can be illustrated through the different products and services proposed to the customers.

This year comes into force the European GDPR: General Data Protection Regulation.

It emphasizes the need for an ethical reflection on the digital environment.

While we must welcome innovation and the benefits it brings us, we should also remain committed to sustainable development, taking into account issues of inequality and privacy.

GDPR helps to strengthen the Ethics pillar of Sustainable Development.

Fellowes has been working together with Lyreco on sharing with getting businesses up to speed with the GDPR topic, but also how we can help the customer be compliant.

Research has shown that people need to be made aware of the GDPR and how they need to be compliant.

Some companies have already implemented a strong action plan resulting in improving their internal security. Open, a French customer of Lyreco, asserts the need of a strong upgrade to respect the law but also to transform it as a competitive edge.

“The installation of shredders remains one of the simplest actions to implement in the control of data security”
Facility manager Open.

50%
of people in France
do not delete
useless documents⁽¹⁾

52%
of UK employees
fail to shred sensitive
information before
discarding it⁽²⁾

80%
of Dutch employees
don't worry about
throwing away
paper documents⁽³⁾

40%
of Dutch employees
never shred any
documents⁽³⁾

(1) OBSOCO Study for Fellowes 2015. (2) One Poll Research, commissioned by Fellowes 2015. (3) Research Marcommit for Fellowes 2017.

WHAT IS THE GDPR?

The European Union (EU) has changed its data protection rules. **The changes have been live across the EU from 25 May 2018.**

These new rules are called the General Data Protection Regulation (GDPR) and apply across the board from public authorities to small and medium-sized businesses.

Anyone who collects or processes personal data must protect it from misuse and comply with a range of legal requirements. **The GDPR applies to electronic data and to hard copies.**

Businesses need to implement technical and organisational measures to make sure that data is processed properly. If you are not compliant, you might face fines up to € 20 million or 4% of your global annual turnover, whichever is higher.



Fellowes Shredder.

COMMITMENTS AND ACTIVITIES

Because of the variety of activities and operations, Lyreco dialogue with organisations on several levels: regional, national, European and international.

Below are just a few of our stakeholders and shared projects managed at Group level.

Additional national and regional initiatives are managed by the local Lyreco subsidiaries.



UN GLOBAL COMPACT



In 2004, Lyreco was the first company in the Office Supplies industry to join the UN Global Compact demonstrating the company's long-term commitment to Sustainability.

Launched in 2000, the United Nations Global Compact is both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices.

As a multi-stakeholder leadership initiative, it seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to catalyse actions in support of broader UN goals.

With 7,000 corporate signatories in 135 countries, it is the world's largest voluntary corporate sustainability initiative.

UN GLOBAL COMPACT / HUMAN RIGHTS CLUB



In 2017, Lyreco joined the 'Human Rights' Club of the UN Global Compact, strengthening its commitment towards Global Compact principles of the United Nations (six of them directly cover the theme).

The 'Human Rights' Club is a place of exchange and expertise for the members to progress together on this theme.

The objectives of the Club will evolve according to the needs of the members:

- Preventing, controlling and managing human rights risks,
- Better mapping the stakeholders,
- Supporting companies in their approach to human rights,
- Developing appropriate tools,
- Building Collectively a place of influence.

BSCI



In 2013, Lyreco selected BSCI as a validated standard for the social accountability audits of the factories manufacturing Lyreco branded products.

The Business Social Compliance Initiative (BSCI) is a leading supply chain management system that supports companies to drive social compliance and improvements within the factories in their global supply chains.

BSCI implements the principle international labour standards protecting workers' rights such as International Labor Organization (ILO) conventions and declarations, the United Nations (UN) Guiding Principles on Business and Human Rights and guidelines for multinational enterprises of the Organization for Economic Co-operation and Development (OECD).

BEPI



In 2016, Lyreco selected BEPI as a validated standard for the environmental audits of the factories manufacturing Lyreco branded products.

The Business Environmental Performance Initiative (BEPI) is a business-driven service provided by the Foreign Trade Association (FTA) for retailers, importers and brands committed to improving environmental performance in supplying factories and farms worldwide. BEPI provides a practical framework that can support all product sectors in all countries to reduce their environmental impact, business risks and costs through improved environmental practices.

BEPI uses industry best practices alongside practical technical expertise to support companies in developing supply chain visibility and meet the increasing environmental regulatory and stakeholder requirements. The basis of the BEPI Framework is built on the Global Social Compliance Programme (GSCP), environmental reference tools, and it is also aligned with leading environmental standards such as the Global Reporting Initiative (GRI).

SEDEX



In 2013, Lyreco selected SMETA (Sedex Members Ethical Trade Audit) as a validated standard for the social accountability audits of the factories manufacturing Lyreco branded products.

Furthermore, in 2017 the 4 pillars of SEDEX were chosen for the social and environmental audits of all factories working with the 'Lyreco Import structure'.

SEDEX is the world's largest collaborative platform for sharing responsible sourcing data on supply chains, used by more than 43,000 members in over 150 countries.

Tens of thousands of companies use Sedex to manage their performance around labour rights, health & safety, the environment and business ethics.

SMETA (Sedex Members Ethical Trade Audit) is a compilation of best practices in ethical audit, established by the Sedex Associate Auditor Group (AAG). It is not a separate standard or certification process, but a set of protocol for high-quality audits, to be used in conjunction with current established ethical audit practices.

SMETA audits use the ETI Base Code, founded on the conventions of the International Labour Organization, as well as relevant local laws. SMETA audits can be conducted against two or four auditing pillars. The two pillars mandatory for any SMETA audit are Labor Standards and Health & Safety. The two additional pillars of a 4-pillar audit were introduced to further deepen the social responsibility aspect of SMETA audits.

A SMETA 2-pillar audit comprises the following modules:

- Labor Standards
- Health and Safety
- Additional Elements:
- Management Systems
- Entitlement to Work
- Subcontracting and Homeworking
- Environmental assessment (shortened)

A SMETA 4-pillar audit covers the above elements, plus:

- Environmental assessment (extended)
- Business Ethics

EU ECOLABEL



Since 2009, Lyreco promotes EU Ecolabel for its own branded products.

EU Ecolabel or EU Flower is a voluntary ecolabel scheme established in 1992 by the European Commission.

The EU Ecolabel is part of a broader EU Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy adopted by the European Commission in July 2008.

EU Ecolabel meets the ISO 14020 Type 1 requirements for ecolabels. The EU Ecolabel criteria are developed and reviewed in cooperation of experts, industry, consumer organisations and environmental NGOs. EU Ecolabel criteria have been formulated for more than 30 non-food and non-medical product groups that are reviewed every 3–5 years.

EU PEF



In 2014, Lyreco joined the EU PEF (Product Environmental Footprint) pilot phase.

The objective of the Product Environmental Footprint (PEF) initiative is to develop a harmonized methodology for the calculation of the environmental footprint of products, based on transparent methodology.

The European Commission, working closely with the Joint Research Centre, has developed a proposed methodology for the calculation of the environmental footprint of products.

The methodology is based on the life-cycle assessment technique and the International Reference Life Cycle Data System (ILCD) handbook as well as other existing standards and guidance documents, including ISO 14040-44, PAS 2050, BP X30, WRI/WBCSD GHG Protocol.

In total, 14 different impact categories are assessed. In addition, rules have been developed for individual product categories to enable specific details at the product level to be taken into account.

FSC



In 2018, Lyreco aims to become a member of FSC International.

FSC is the world's strongest certification system, in terms of global reach, robustness of certification criteria and number of businesses involved in the system.

Their experience is now more than 20 years old.

FSC has 28,000 certificate holders in 81 countries worldwide.

They work with 150,000 smallholders around the world and one of their 'new focuses' is the increase of working with indigenous groups around the world

FSC membership shows the company's commitment to improving the management of the world's forests.

NORDIC SWAN



In 2017, Lyreco selected 'Nordic Swan' ecolabel for its remanufactured toner cartridges.

The Nordic Ecolabel or Nordic Swan is the official sustainability ecolabel for the Nordic countries, introduced by the Nordic Council of Ministers in 1989. This is done by a voluntary license system where the applicant agrees to follow a certain criteria set outlined by the Nordic Ecolabelling in cooperation with stakeholders. These criteria include environmental, quality and health arguments. The criteria levels promote products and services belonging to the most environmentally sound and take into account factors such as free trade and proportionality (cost vs. benefits).

The Nordic Ecolabel now covers 67 different product groups, from hand soap to furniture to hotels. Products compliance must be checked using methods such as samples from independent laboratories, certificates and control visits. The label is usually valid for three years, after which the criteria are revised and the company must reapply for a license.

LINKING THE UN SDGS WITH THE LYRECO INITIATIVES

The United Nations has set 17 Sustainable Development Goals (SDG) for 2030.

Lyreco has identified 16 goals to which it contributes.



THE GLOBAL GOALS
For Sustainable Development



DEFINITION

End poverty in all its forms everywhere.

LYRECO INITIATIVES

- Lyreco Community Programmes e.g. Food Bank Donations



DEFINITION

Ensure healthy lives and promote well-being for all at all ages.

LYRECO INITIATIVES

- H&S programmes
- H&S certification



DEFINITION

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

LYRECO INITIATIVES

- Lyreco Community Programmes e.g. Food Bank Donations
- Lyreco for Education



DEFINITION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

LYRECO INITIATIVES

- Lyreco for Education
- Lyreco University
- Lyreco Campus



DEFINITION
 Achieve gender equality and empower all women and girls.

LYRECO INITIATIVES

- Code of Ethics
- UN Global Compact / Human Rights Club Membership.



DEFINITION
 Ensure availability and sustainable management of water and sanitation for all.

LYRECO INITIATIVES

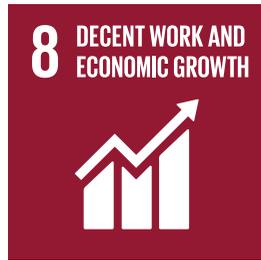
- Lyreco for Education
- Code of Ethics



DEFINITION
 Ensure access to affordable, reliable, sustainable and modern energy for all.

LYRECO INITIATIVES

- Energy Efficiency in Buildings Programme e.g. Solar Panels, ISO 50001
- Renewable Energy Certificates Purchase



DEFINITION
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

LYRECO INITIATIVES

- Supplier Sustainability Assessment
- Supplier Audits
- Code of Ethics
- Employee Satisfaction Survey
- Customer Satisfaction



United Nations Campus – Bonn / COP 23 – November 2017.



DEFINITION
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

LYRECO INITIATIVES

- Innovation structure
- Transformation project



DEFINITION
Make cities and human settlements inclusive, safe, resilient and sustainable.

LYRECO INITIATIVES

- Lyreco Community Programmes e.g. World Environmental Day, Planting of Staghorn Corals.
- Lyreco for Education
- Energy Efficiency in Buildings Programmes
- Renewable Energy Certificates Acquisition



DEFINITION
Take urgent action to combat climate change and its impacts.

LYRECO INITIATIVES

- Carbon & Environmental Footprint Initiatives
- CO² Emissions Reduction target



LYRECO INITIATIVES

- Not Applicable



DEFINITION
Reduce inequality within and among countries.

LYRECO INITIATIVES

- Lyreco for Education
- Supplier Sustainability Assessment
- Supplier Audits
- Code of Ethics



DEFINITION
Ensure sustainable consumption and production patterns.

LYRECO INITIATIVES

- Green Products
- Environmentally Friendly Fleet



DEFINITION
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and biodiversity loss.

LYRECO INITIATIVES

- Lyreco Community Programmes e.g. Biodiversity garden, Installation of Beehives

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



DEFINITION

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels.

LYRECO INITIATIVES

- Code of Ethics
- EU PEF (Product Environmental Footprint) Membership
- UN Global Compact Membership

17 PARTNERSHIPS FOR THE GOALS



DEFINITION

Strengthen the means of implementation and revitalise the global partnership for sustainable development.

LYRECO INITIATIVES

- Supplier Sustainability Assessment
- Customer Sustainability Awards
- UN Global Compact Membership





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