



graphic

Your Brand Ambassador



Communication on progress

BIC Graphic Europe, S.A.
Pol. Ind. Entre Vias s/n
Tarragona
Spain



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Renewal of commitment



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10-APR-2019

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

After joining UN Global Compact's Spanish red in April 2018, I am pleased to reconfirm today our strong commitment to the UN Global Compact 10 Principles as well as to the 17 Sustainable Development Goals.

As new UN Global Compact participant, BIC Graphic Europe's teams worked during the first year on comprehensive compilation of all documentation and practices we have in place in order to see how are the principles and sustainable development goals already covered and how we can improve our level of participation to the said principles and goals.

We are proud to present this very first BIC Graphic Europe's Communication on Progress. Not only you will be able to learn about some of BIC Graphic Europe' initiatives in Spain, you will also see our initiatives at BIC Group worldwide level.

I would like to highlight two actions of BIC Graphic Europe in 2018. Firstly, since September 2018, we are using 100% renewable electricity in our facilities in Tarragona, Spain. Secondly, in addition to our Code of Ethics and Code of Conduct, we drafted and approved a detailed Equality Plan.

In 2019, BIC Graphic Europe will continue to integrate the 10 Principles and 17 Sustainable Development Goals in our everyday operations.

Sincerely yours,



Marc Rugi
Vice-President and General Manager
BIC Graphic Europe, Middle East & Africa



Profile

GENERAL INFORMATION

Complete name: BIC Graphic Europe, S.A.

Type of company: Large unlisted company

Address: Pol. Ind. Entre Vias s/n, 43006 Tarragona, Spain

Web: www.bicgraphic.eu

Higher executive name: Marc Rugi

Contact person: Dominika Partelova

Total number of employees: 255

Sector: Professional services

Activity, main brands, products and/or services:

BIC Graphic Europe is an international company and main supplier of the promotional products industry. The BIC® brand is recognized by 9 persons out of 10. In addition of having more than 50 years of experience and offering various possibilities of full colour customization, the users of our products can be sure that their brands are in hands of an expert. Buying BIC® is not only buying a product, it means buying values, guarantees, emotions and products that are recognized worldwide.

Billing/ Revenue: 24 - 48 million €

The most significant stakeholders: Customers, Employees, Providers, Environment

Criteria to select the stakeholders:

BIC Graphic Europe selected the most significant stakeholders in function of the BIC Group's Sustainable development program as well as its 2025 Writing the future, together commitment.

Countries where the business is present or has production:

BIC Graphic Europe has its headquarters in Spain and serves the territory of Europe, Middle East and Africa.

The production sites of the BIC Group are present in several countries, please refer to page 35 of our [Registration document](#) for further details.

Scope of the COP:

BIC Graphic Europe serve customers in Europe, Middle East and Africa and has various sites around Europe.

The BIC Group is acting on worldwide level.

This COP is focusing on BIC Graphic Europe's actions in Spain or Europe and BIC Group's actions at worldwide level that includes BIC Graphic Europe participation.

How is the materiality or definition of the most important topics to include in the COP?

This COP includes all topics that are part of the BIC Group Sustainable Development Program as well as the 2025 Writing the Future, together commitment BIC Graphic Europe participates to.

How is the COP being disseminated?

This COP is published on the website of UN Global Compact Spanish red and will be also shared via the usual internal communication tools of the BIC Group.

COP reporting period: Calendar year

COP presentation cycle: Yearly

Notes:

The BIC Group publishes yearly its Registration document where the 3rd section covers our environmental, social and societal responsibility report. Such section is reproduced in this COP's Chapter 4.

Do you have activities in developing countries?

BIC Graphic Europe serve countries of Middle East and Africa and some of them can be considered as developing countries.

Do you have providers in developing countries?

Yes, very few of BIC Graphic Europe's provider are based in developing countries.

Do you have high environmental impact?

No, BIC Graphic Europe is not considered as actor with high environmental impact.

STRATEGY AND GOVERNMENT

Indicate how your entity incorporates the suggestions of your stakeholders in your strategy and decision making process.

The 10 principles of UN Global compact are represented in the BIC Group's Codes of Ethics and Conduct. The said Codes are constantly followed within the relationship with our employees, providers and customers. Moreover, BIC Graphic Europe, as participant to the UN Global Compact Spanish red informs and train proactively its employees, providers and customers on the 10 Principles via internal and external focused communication.

Indicate the legal nature of the entity preparing this COP :

BIC Graphic Europe is a limited liability company constituted under the Spanish legislation..

Indicate if the leadership measures the progress and implantation of the 10 principles via indicators .

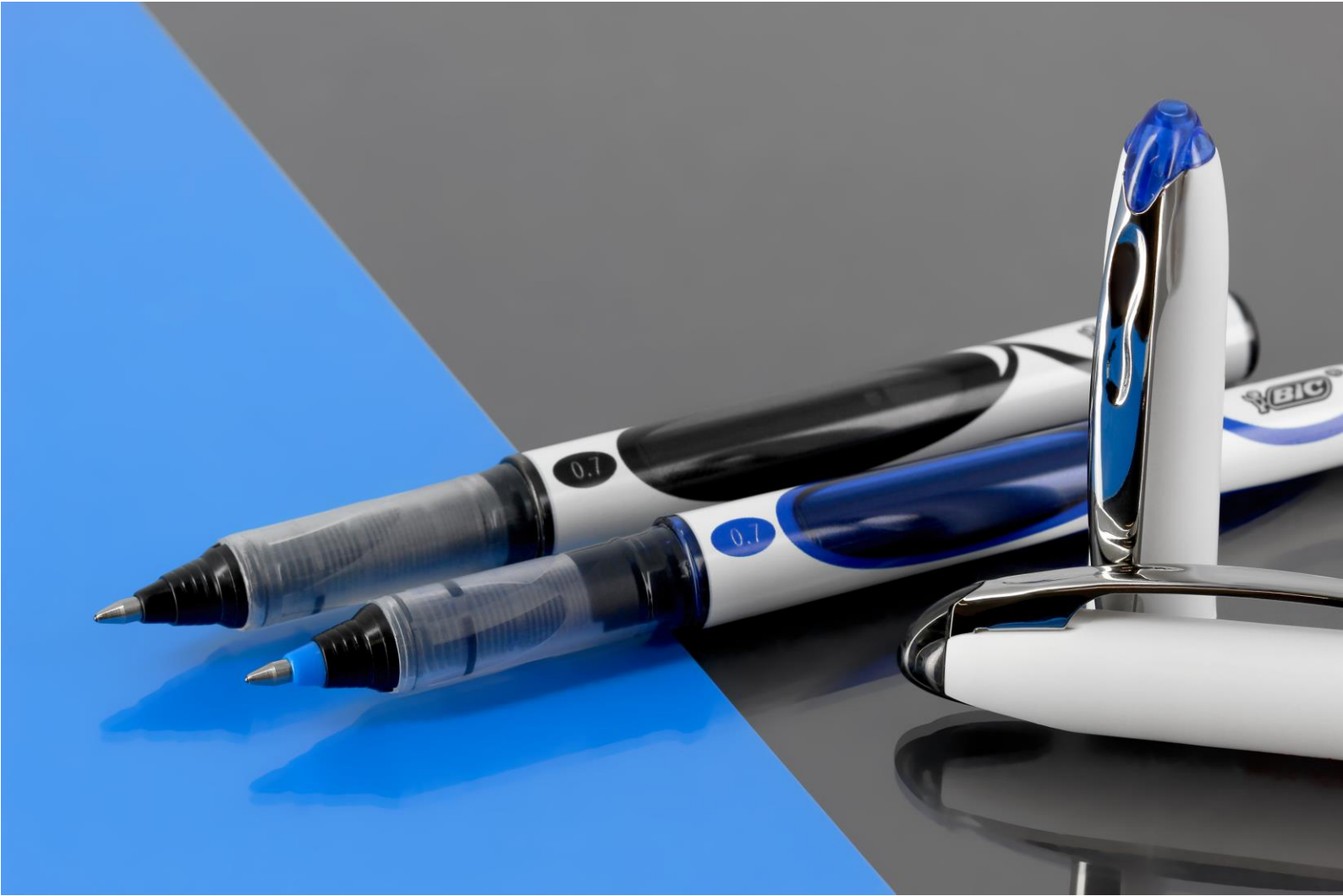
The BIC Group measures the implantation of the 10 principles via its own system proposed in its Sustainable development program.

MORE INFORMATION

BIC Graphic Europe website: www.bicgraphic.eu

BIC Group website: www.bicworld.com

Youtube channel: <https://www.youtube.com/channel/UC7ZQGQ44SIF34LsUvTII1ZA>







Introduction






BIC Group and BIC Graphic Europe

Société BIC is a family-owned company listed on the Paris Stock Exchange and a world leader in stationery, lighters and shavers. For more than 70 years, BIC Group has honoured the tradition of providing high-quality, simple, inventive and reliable choices for everyone, everywhere, every time.

BIC Group's vision is to offer inventive and reliable products for everyone, everywhere, every time.

	Simple	BIC® products provide easy answers for everyday needs. In creating its first product, the BIC® Cristal® ballpoint pen, BIC chose to go straight to what's essential: create something for everyone to use that is simple, yet reliable, and provides a solution for something that we all do. This vision is at the heart of every brand decision BIC makes.
	Inventive	BIC adapts and develops its products to the changing needs of the consumer. Each time BIC identifies a specific need, its research and development teams respond with technical ingenuity to optimize performance.
	Reliable	The best way to gain and keep consumer loyalty is to provide products that offer the same quality of use from start to finish. Every BIC® Cristal® pen provides the same quality writing experience from beginning to end, writing for more than 1,2 miles (2 km). Every BIC® full-size lighter produces up to 3,000 steady flames. Every BIC® Flex 3 razor delivers up to 17 shaves.
	For everyone, Everywhere	Write in many colours, highlight, draw, colour in, correct, produce a flame or shave... with BIC® products, everyone in the world is sure to find what they need, at an affordable price, offering both quality and reliability. In addition, BIC® products are available to consumers worldwide in more than four million retail outlets, from open-air pushcarts to large retailers.

BIC is a special place to work, with a unique atmosphere of mutual respect and professional ambition that is characterized by its 5 values:

	Ethics	We conduct our daily business with honesty, trustworthiness and respect.
	Responsibility	We deliver our commitments to consumers, customers and colleagues, and we hold ourselves accountable for our work and our decisions.
	Teamwork	We believe that a diversity of people from different cultures keeps our minds open to new opportunities, and that working in teams allows us to take advantage of these opportunities.
	Simplicity	We believe that simple solutions are often the best solutions. When faced with complexity, we respond with clarity.
	Ingenuity	We find clever, practical and efficient solutions to the challenges that confront us.

BIC Graphic is the division in charge of advertising and promotional items for the BIC Group.

In the sixties some customers started to request BIC® Writing Instruments personalised with their logo. In the following years more and more orders came and in 1969 the BIC Graphic division was formed in Europe.

BIC Graphic Europe follows seven golden rules inspired from the BIC Group values and principles:

Rule 1 "I WILL BUY WITH CONFIDENCE"	We stand by the Code! It's simple – if you want to be a supplier for BIC Graphic Europe, you have to sign the Group's Code of Conduct. Working conditions, quality, safety: BIC Graphic Europe takes the utmost care when selecting the partners and regularly carries out compliance audits in their factories to make sure that they keep their commitments.
Rule 2 "I WILL ONLY ACCEPT 100% COMPLIANCE"	Products that BIC Graphic Europe offers are basically "spokespeople" for a brand, so we have to do them justice! Not only does the item have to be appropriate to the audience and impactful, it also has to meet all applicable standards. BIC Graphic Europe cuts no corners here either; we systematically apply the highest level of regulations for each region.
Rule 3 "I WILL PROVIDE USEFUL AND CREATIVE PRODUCTS"	A product that BIC Graphic Europe offers not only has to be sturdy, but it also has to be well designed, appealing and creative. It also has to provide a printing surface that is big enough to effectively display the client's logo. From there, BIC Graphic Europe technology makes all the difference and a simple ball pen or lighter makes a lasting impression.
Rule 4 "I WILL REMAIN IN STEP WITH THE TIMES"	There are fashions in promotional items just like in clothing – surfing the trends is key! Like a design investigator, the BIC Graphic Europe team scour the hippest stores, internet sites and specialty trade fairs the world over so that the catalogue is always right in step with the times. Be careful not to confuse trends with passing fad products: BIC Graphic Europe offers to surf the deep waves, the ones that last!
Rule 5 "I WILL STRIVE FOR THE HIGHEST QUALITY SERVICE"	Allô, pronto, Alô, bom dia? At BIC Graphic Europe, not only we do speak the same language as our clients, we come from the same country. That's essential if we are to be able to offer the right products at the right time, or even better, anticipate what clients want and give them original products that are 100% on target for the local culture.
Rule 6 "I WILL SCRUPULOUSLY MEET EVERY DEADLINE"	5.000 pens in your company colours next week? We can do that. Of course, there are more possibilities when you organise things a bit more in advance, but at a pinch, BIC Graphic Europe can still provide what you need. The secret? We do the printing ourselves with products that we have in stock; this allows us to guarantee the quickest reaction time and a finished product of the highest quality.
Rule 7 "I WILL CHERISH MY DISTRIBUTORS"	What we won't do for family... For many years, BIC Graphic Europe has been able to rely on a broad, solid network of several thousand distributors specialising in promotional items and who themselves have in-depth knowledge of their end clients' expectations. In countries with developing markets, BIC Graphic Europe works mostly with distributors of classic BIC® products.

BIC Graphic Europe and BIC Group's Sustainable Development Program




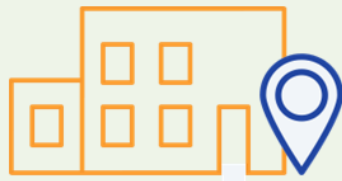


BIC Group's sustainable development approach is based on a set of documents that define our vision and provide a framework for each employee's everyday activities in order to ensure compliance with the principles of sustainable development.

This Program was born in 2003 and is based on 3 principles:




- Develop ecological common sense: the Group strives to minimise the use of raw materials in products and packaging and gradually introduce new eco-friendly materials.
- Reduce environmental impact: the Group measures the environmental impact of its products, factories or transport activities.
- Built day-to-day relationships based on trust: the Group focuses on employees' skills and employability and on improving quality of life in the workplace while promoting initiatives that support local communities.

Progressively the Program focused on 4 pillars:





I: Affordable products made to last.

		
<p>Lightweight</p> <p>Only 2,9 g of materials per kilometer of writing for a BIC®Cristal® compared with 6,4 g for a competing, comparable product.</p>	<p>Long lasting</p> <p>Up to 3,000 lights for BIC® Maxi pocket lighter, up to 2x more than its competitors.</p>	<p>Long lasting</p> <p>60 days of shaving with the BIC® Easy / BIC® Hybrid with its 6 refill blades.</p>
		
<p>Alternative materials</p> <p>By the end of 2016, 83 alternative materials have been tested, including 33 recycled plastics, 26 hybrid materials and 24 materials derived from renewable resources.</p>	<p>Diversified and responsible distribution</p> <p>To make products available to consumers wherever they live, BIC works with local retailers to develop appropriate distribution channels: kiosks, micro-shops, service outlets...</p>	<p>BIC® Ecolutions®</p> <p>The BIC® Ecolutions® range features products made from recycled materials.</p>

II: Reducing our environmental footprint.

		
<p>FACTORIES</p> <p>As an industrial leader in the manufacturing of consumer products, BIC is committed to ensuring that its production facilities operate in an environmentally responsible way</p>	<p>TRANSPORTATION</p> <p>BIC's shipping management system aims to reduce the ecological footprint of its operations by controlling emissions, optimizing shipments and routes, and selecting responsible carriers.</p>	<p>PACKAGING</p> <p>BIC has focused on three priorities for reducing the environmental footprint of our packaging: eliminate packaging whenever possible, select environmentally responsible materials and reduce and recycle packaging waste in the factories.</p>

III: Uniting our people around key values.

		
<p>SHARED VALUES BIC's philosophy "Honor the past, invent the future" constitutes a central element of BIC's culture and arose from the following five shared values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity.</p>	<p>SAFETY AT WORK Safety in the workplace is a fundamental priority for BIC. The company adopts measures that allow it to guarantee a safe working environment for its employees.</p>	<p>HEALTH AND WELLNESS Through our global program, "Quality of Life at Work", BIC seeks to continually promote health and wellness at work, empowering employees to achieve physical, mental and financial well-being.</p>
		
<p>LEARNING AND DEVELOPMENT Every team member at BIC is given opportunities to develop their skills and reach their potential, whatever their function, level of responsibility and years of experience.</p>	<p>DIVERSITY The BIC Charter of Diversity, a global program with local considerations, takes all different types of diversity into account: gender, disability, race, ethnicity, age, etc.</p>	<p>HUMAN RIGHTS The implementation of the BIC Code of Conduct enables BIC to continually improve performance on worker's rights, labor standards, and other human rights issues across the the production process and supply chain.</p>

IV: Commitment to education.

		
<p>PROMOTING ACCESS TO EDUCATION BIC and its employees contribute time and donations to support access to education. In 2016, BIC made 112 donations to promote education for a total of more than €1,5 million</p>	<p>GIVING BACK TO COMMUNITIES In 2016, BIC and its subsidiaries initiated 228 philanthropic programs that involved volunteering, product donations and financial donations representing a total of €2.4 million*. *internal valorization</p>	<p>THE BIC CORPORATION FOUNDATION Born of BIC's desire to promote and structure its philanthropic approach, the Foundation supports increasing access to education, putting emphasis on the funding of social entrepreneurship and innovation in education.</p>

BIC Graphic Europe as part of BIC Group participates actively every year to the Group's Sustainable development Program and progress.

In 2017, the BIC Group defined its new and very ambitious commitment for 2025 Writing the Future, Together.



The 5 commitments are in line with BIC Group's Sustainable development program and strategy:

- Fostering sustainable innovation in BIC® products
- Action against climate change
- Commitment to a safe work environment
- Proactively involving suppliers
- Improving lives through education



Please refer to Chapter 3 of this COP for further details of these flagship commitments and the progress BIC Group and BIC Graphic Europe already made.

BIC Graphic Europe proudly participates to the Writing the Future, Together commitments and the Chapter 4 of this COP will focus on some the main achievements in the year 2018.

BIC Graphic Europe and UN Global Compact







In 2018, BIC Graphic Europe decided to take a further step in our engagement to human rights, labour rights, environmental approach and fight against anticorruption by becoming, in April, participant to the UN Global Compact Spanish red.

BIC Graphic Europe is fully committed to the UN Global 10 Principles that complete BIC Group's own Code of Conduct and Code of Ethics as well as other of its Policies that you can learn about in the Chapters 3 and 4 of this COP.

BIC Group and BIC Graphic Europe also fully support the 17 Sustainable development goals that are incorporated by reference to the Writing the Future, Together 2025 Commitment. The Chapters 3 & 4 detail actions in place regarding the 17 SDG during 2018.

BIC Graphic Europe's audits and certifications

BIC Graphic Europe is proud to be able to show its commitment to the 10 UN Global principles and 17 Sustainable development goals as it disposes of several certifications and was subject to various audits in 2018.

<p>First of all, BIC Graphic Europe is ISO 9001 and ISO 14001 certified since 2000 and successfully renewed its certification in 2018 to the 2015 version of the said ISO standards. www.lr.org</p>	
<p>BIC Graphic Europe is also member of the SEDEX platform since 2012 and is regularly renewing its SMETA 4 Pilar social audit. www.sedexglobal.com</p>	
<p>In 2016 BIC Graphic Europe received its first audit based on The Coca Cola Company standard and in 2018, such audit was renewed with a perfect 0 deficiencies score. BIC Graphic Europe is therefore proudly audited to a standard recognised by members of the Aim Progress Forum. www.aim-progress.com</p>	
<p>In 2018, BIC Graphic Europe also decided to get its first audit to Intertek's Workplace condition assessment as this is the standard BIC Group and BIC Graphic Europe uses to audit its own suppliers. A perfect score of 100% achievement also permitted to Intertek to recognize BIC Graphic Europe by its Achievement Award. www.intertek.com</p>	
<p>BIC Graphic also achieved in 2018 the Ecovadis platform Gold recognition. www.ecovadis.com</p>	
<p>Finally, as already in 2017, in 2018 BIC Graphic Europe was one of winners of 2 PSI Sustainability awards. www.psi-network.de</p>	

BIC Group and BIC Graphic Europe actions

In the following pages, the actions of the BIC Group and BIC Graphic Europe in the field of 10 Principles and 17 Sustainable development goals of UN Global Compact can be found.

Firstly, the Chapter 3 of this COP reproduces the section 3 of BIC Group's Registration document 2018 where all actions of BIC Graphic Europe are included within the Group reporting. The cross-reference table for environmental and social indicators is also reproduced.

Secondly, the Chapter 4 of this COP compiles the most important actions of BIC Graphic Europe as well as a cross-reference table with 10 UN Global Principles and 17 UN Global Sustainable development goals.



Progress at BIC Group Level

How to read the BIC Group's Non-Financial Performance Statement

The BIC Group has decided to present the various elements of information required by French executive order n°2017-1265 of August 9, 2017 (for the application of ordinance n°2017-1180 of July 19, 2017 regarding the publication of non-financial information by certain large companies and corporate groups) in different chapters of its management report in order to place each element where it can most effectively aid the reader's comprehension.

Consequently, the BIC Group's business model is presented in the integrated report, page 7.

Chapter 2, Risks, contains the presentation of major CSR (Corporate Social Responsibility) risks and the methodology implemented by the BIC Group to identify and rank them.

Lastly, Chapter 3, Our environmental, social and societal responsibility, presents:

- in the "Challenges, risks and opportunities" sections: the key issues as identified using the materiality matrix⁽¹⁾, with a link to the major CSR risk(s) identified and described in Chapter 2;
- in the "Policy, approach and measures implemented" sections: a description of the policies instituted by the BIC Group, including, where necessary, the due diligence procedures implemented to identify, prevent and reduce the occurrence of those risks;
- in the "Progress made in 2018" and "Performance" sections: the results achieved by these policies, including key performance indicators.

The BIC Group identifies information expressly required in the Non-Financial Performance Statement with the initials *[NFPS]*. Firmly convinced of the value of the BIC Sustainable Development Program, which has been in effect for 15 years, the Group has also decided to continue presenting all of the action plans implemented as part of this program, including those that do not directly help prevent or reduce a major risk.

A cross reference table is also available in Appendix page 316.

(1) Published in 2017 Registration document.

3.1. THE BIC SUSTAINABLE DEVELOPMENT PROGRAM AND ITS FIVE FLAGSHIP COMMITMENTS: WRITING THE FUTURE, TOGETHER [NFPS]



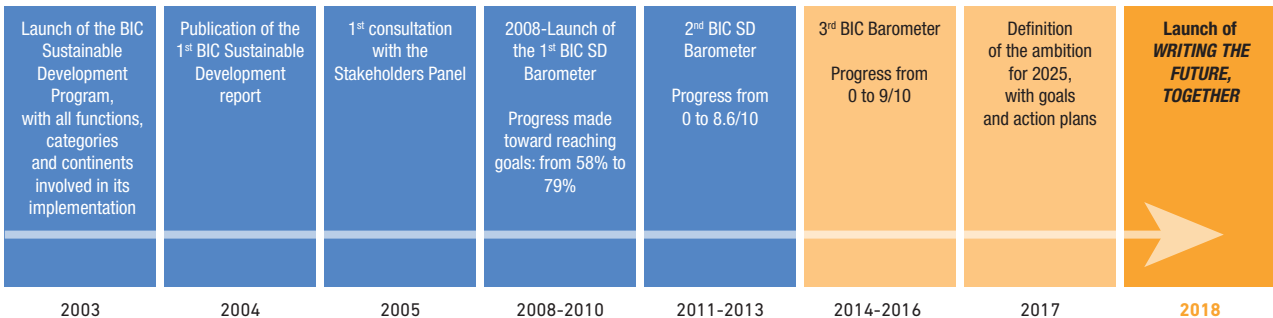
The story of BIC is first and foremost a story about our vision: "To provide simple, inventive and reliable choices for everyone, everywhere, every time." Since the very beginning, sustainability has been deeply rooted in BIC's values as an integral part of its day-to-day operations. For nearly 15 years, sustainable development has played a fundamental role in BIC's strategy, helping guide its various endeavors, especially its social and societal actions.

The ambition of BIC is to ensure that the Group limits its impact and makes a meaningful contribution to the lives of its employees and society over the long term.

Through its new seven-year program, "Writing the Future, Together", BIC seeks to build on its longstanding involvement in sustainable development and to bolster its engagement by pledging to five commitments.

3.1.1. OUR COMMITMENT FOR 2025, ROOTED IN OUR HISTORY AND CONVICTIONS

3.1.1.1. The history of BIC's Sustainable Development Program



Based on the principles of its Sustainable Development Program (see box below), namely studying the materiality of the issues, incorporating the UN Sustainable Development Goals and feedback from the BIC Sustainable Development Barometer, but also taking into account regulatory requirements as well as lessons drawn from regular benchmarks and consultations with stakeholders, in 2017 the BIC Group defined ambitious commitments that will enable it to create value over the long term for the benefit of all of its stakeholders.

The method consisted of a preliminary phase of internal consultations with all of the major departments—categories, continents and functions—followed by a phase of co-defining the commitments with the active engagement of the Leadership Team.

The vision thus defined is expressed in the signature Writing the Future, Together, driven by BIC's ambition for sustainability (see 3.1.1.2) and comprising five ambitious commitments. These commitments are in line with the Group's strategy.

- **#1 Fostering sustainable innovation in BIC® products:** By 2025, the environmental and/or societal footprint of BIC® products will be improved
- **#2 Acting against climate change:** By 2025, BIC will use 80% renewable electricity
- **#3 Committing to a safe work environment:** By 2025, BIC aims for zero accidents across all operations
- **#4 Proactively involving suppliers:** By 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing
- **#5 Improving lives through education:** By 2025, BIC will improve learning conditions for 250 million children globally



THE BIC SUSTAINABLE DEVELOPMENT PROGRAM

Launched in 2003, the BIC Sustainable Development Program has continued to evolve and expand, incorporating major environmental and human issues as well as the expectations of all stakeholders, but also benefiting from advances in R&D, innovations, and evolutions in the Group's operations.

This exhaustive program encompasses all key sustainability issues as well as the risks⁽¹⁾ related to sustainable development to which the BIC Group, as a responsible company, must respond. A specific reporting system is used to monitor the Group's performance as part of a dynamic of ongoing improvement. For nearly 10 years, the Program was guided by a triennial oversight tool called the BIC Sustainable Development Barometer, which has now been succeeded by the five ambitious commitments defined in the signature "Writing the Future, Together."

Through its Sustainable Development Program, the BIC Group also contributes to the global sustainable development goals adopted by the UN in its successive programs (the Millennium Development Goals until 2015 and the Sustainable Development Goals since then) (see also page 69).

3.1.1.2. BIC's ambition for Sustainable Development

"At BIC, we believe in providing simple, inventive, reliable choices for everyone, everywhere, every time. And we believe in doing so responsibly with the planet, society and future generations in mind.

Our approach to sustainability is deeply rooted in our values and is an integral part of our day-to-day operations. Staying true to our philosophy of honoring the past and inventing the future, we want our ongoing commitment to sustainable development to be long-lasting and far-reaching.

Our ambition is to ensure that we limit our impact on the planet and make a meaningful contribution to the lives of the

people we employ and society in the long term, simply because it is the right thing to do.

We believe that improving our environmental and societal product footprint, acting against climate change, providing our employees with a safe workplace, making our supply chain more responsible and reinforcing our commitment to education are key in shaping our business tomorrow so that we can write a sustainable future for all.

The next chapter of our sustainability journey starts here. With you. Today."

Gonzalve Bich – CEO

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the Chapter "Risks" on pages 44 to 48.

3.1.1.3. Writing the Future, Together – Progress chart

WRITING THE FUTURE, TOGETHER				
5 commitments	Progress as of Dec. 2018	Other factors: approach and performance	Pages	UN SDG*
	<p>By 2025, the environmental and/or societal footprint of BIC® products will be improved</p>	<p>As of Dec. 2018, the processes and criteria for product evaluation and improvement are being defined</p> <p>Eight categories of criteria have been selected for the evaluation and improvement of BIC® products' environmental and societal footprint (light and long lasting, recycled plastic, second life, green chemistry, responsible chemistry, efficient manufacturing, affordability, benefits for society.)</p> <p>Other factors of the approach:</p> <ul style="list-style-type: none"> • 8.32% of all BIC® products made from alternative materials • 6% recycled plastics in the manufacture of BIC products (Stationery) • 19 BIC® products with the NF Environnement ecolabel • At least, 50% of BIC® products have environmental benefits • At the end of 2018, more than 34 million pens collected through TerraCycle 	75	
	<p>By 2025, BIC will use 80% renewable electricity</p>	<p>68% renewable electricity being used</p> <p>The use of renewable energy by the BIC Group is part of a global approach to energy that also covers energy efficiency in operations. When it comes to using renewable energy, the approach is based on a Group roadmap and takes into account local opportunities and constraints.</p> <p>The use of certified renewable electricity is expected to help reduce BIC's GHG emissions by 50% by 2025 (market-based).</p> <p>Since 2018, all BIC® products manufactured in France and Brazil are using renewable electricity.</p> <p>Other factors of the approach:</p> <ul style="list-style-type: none"> • In terms of energy efficiency, the Group is continuing its efforts. Thus over the last 10 years, energy consumption per ton of products has decreased by 16% 	88	
	<p>By 2025, BIC aims for zero accidents across all operations</p>	<p>As of end 2018, a roadmap has been defined for each category and continent</p> <p>The Group belongs to "Vision 0," a program of the International Social Security Association</p> <p>Groupwide deployment of the EH&S reference system</p> <p>Safety reporting covering all BIC Group employees</p> <p>An incident management tool for recording and analyzing each incident, then monitoring the resulting action plan</p> <p>209 managers have taken "Managing Safely" training</p> <p>More than 50,000 hours of safety training have been delivered in 2018</p>	98	

* UN Sustainable Development Goals.



WRITING THE FUTURE, TOGETHER

5 commitments	Progress as of Dec. 2018	Other factors: approach and performance	Pages	UN SDG*
 <p>#4 Proactively involving suppliers</p>	<p>By 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing</p>	<p>As of end 2018, the strategic suppliers, risks and actions have been identified</p> <p>The BIC Group has mapped its risks related to purchasing (100% of all purchased supplies) and defined an action plan for controlling key risks.</p> <p>Other factors of the approach:</p> <ul style="list-style-type: none"> • ESG evaluations (EcoVadis tool) of strategic suppliers since 2011 • Global or local program for CSR auditing of contract manufacturers • 346 strategic suppliers • 10 purchasing categories evaluated • 95 risks identified • 31 action categories identified • 74% of contract manufacturers audited in 2018 	108	  
 <p>Improving lives through education</p>	<p>By 2025, BIC will improve learning conditions for 250 million children globally</p>	<p>Learning conditions for approximately 15 million children were improved in 2018 through direct actions with children or through actions with teachers and parents</p> <p>BIC Global Education Week:</p> <ul style="list-style-type: none"> • 63 BIC sites participating • 40 pays • 26.4% of employee participated <p>Other factors of the approach:</p> <ul style="list-style-type: none"> • 58% of actions and philanthropic contributions undertaken by local entities or Corporate Foundation promote education (82% ** in financial value) 	113	     





* UN Sustainable Development Goals.

** For this indicator, all philanthropic actions in favor of education, including those carried out under commitment # 5, are considered.

Writing the Future, Together



BIC GROUP – PRESS RELEASE
CLICHY – 17 APRIL 2019

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Writing the Future, Together Major steps achieved during this first year

A word from Gonzalve BICH, Chief Executive Officer:

“Our sustainable development commitments program, “Writing the Future, Together” concluded its first year with solid results. Thanks to the commitment of BIC team members, I am proud to say that we are on track to achieve the goals we set for BIC by 2025.

The accomplishments made since April 2018 are a great start toward reaching our goal of limiting BIC’s impact on the planet and making a meaningful contribution to the lives of the people we employ and society as a whole in the long term. **Let’s continue Writing the Future, Together!**”

#1 Fostering sustainable innovation in BIC® products

By 2025, the environmental and/or societal footprint of BIC® products will be improved.



In 2018... we defined the processes and criteria to **evaluate our products.**

The objective is to deploy a comprehensive eco-design process within each of the product categories. To achieve this, we are creating a scorecard tool to assess and improve BIC® products’ environmental and societal footprint. In 2018, we held workshops to gather input from the R&D, Innovation, Marketing, Sustainable Development, Categories, Procurement, and IT teams. **Eight categories of criteria were defined for the scorecard**, including whether the products use recycled plastics, alternative materials and responsible chemistry. In addition, BIC continued its work to align with the circular economy and integrate more alternative materials into our manufacturing process.

Some key figures:

- 📍 **8.32%** of BIC® stationery products are made from alternative materials
- 📍 **6%** of the plastic used in the manufacture of BIC® stationery products is recycled
- 📍 **19** BIC® products have the “NF-Environnement” ecolabel
- 📍 **≥50%** of BIC® products offer environmental benefits

#2 Acting against climate change

By 2025, BIC will use 80% renewable electricity.



In 2018... **68% of electricity** used by BIC Group worldwide came from **renewable energy sources.**

As of 2018, many BIC sites now use 100% renewable electricity purchased through certificates that support investments in renewable energy. The sites include: **all the factories and the global headquarters in France, the BIC lighters factory and BIC Graphic Europe sites in Spain, and the Manaus plant in Brazil.** This year Cello installed solar panels in one of its factory rooftops in India.

Some key figures:

- 📍 The Milford lighters plant and Shelton Headquarters in the U.S. use renewable electricity since 2012
 - 📍 and BIC shavers factory in Greece uses 100% renewable electricity since 2016.
- Reducing energy consumption and working on energy efficiency are an essential part of acting against Climate Change. During the last 10 years, BIC’s energy consumption per ton of manufactured products has improved by 16%, and we will continue to make progress in this area.

#3 Committing to a safe work environment

By 2025, BIC aims for zero accidents across all operations.



In 2018... BIC achieved an incidence rate of 2.09 for BIC team members and 61 out of 84 BIC sites had zero accidents.

In 2018, BIC became part of the “Vision Zero” program, a worldwide alliance with over 500 signatory companies and organizations that promote best practices for safety, health and well-being in the workplace.

To support this commitment, BIC:

- Established an international network of HSE (Health, Safety and Environment) experts to share best practices and implement local roadmaps aimed at zero accidents.
- Enlarged the safety reporting scope to cover all BIC team members and activities.
- Implemented an HSE tool for accident monitoring and management across most categories and continents.

#4 Proactively involving suppliers

By 2025, BIC will work responsibly with its strategic suppliers to ensure we have the most secure, innovative and efficient sourcing.



In 2018... we identified the strategic suppliers and their associated risks and opportunities on environmental, social and regulatory aspects

To ensure that we have the most secure, innovative and efficient resources, we are developing an action plan to strengthen supplier relations and reach our objective.

Some key figures:

- 346 strategic suppliers were identified out of 15,000 suppliers
- 95 risks were identified
- 10 categories of purchases were evaluated
- 31 categories of actions were identified

#5 Improving lives through education

By 2025, BIC will improve learning conditions for 250 million children, globally.



In 2018... BIC improved the learning conditions for 15 million+ children!*

BIC teams worldwide acted to promote quality education through: teacher workshops, school contests, educational webinars and more. In 2018, 76 initiatives were carried out, impacting over 15 million children. BIC Group also participates in philanthropic actions led by the BIC Corporate Foundation, regions and factories. These programs positively impact many local communities.

- 107 philanthropic actions (donations of products, funding and skills-sharing) benefited local communities,
- 18 projects in 13 countries were supported by the BIC Corporate Foundation.

Team member engagement is also a main pillar of this commitment. In 2018 the 1st BIC Global Education Week was a great success! Participation included 63 BIC sites in 40 countries, allowing BIC team members to give their time to help improve the learning conditions of children from their local communities.

*People below the legal age in their respective countries.

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#ABOUT BIC

BIC is a world leader in stationery, lighters and shavers. For more than 70 years, BIC has honored the tradition of providing high-quality, affordable products to consumers everywhere. Through this unwavering dedication BIC has become one of the most recognized brands and is a trademark registered worldwide for identifying BIC products which are sold in more than 160 countries around the world. In 2018, BIC Net Sales were 1,949.8 million euros. The Company is listed on “Euronext Paris” and is part of the SBF120 and CAC Mid 60 indexes. BIC is also part of the following Socially Responsible Investment indexes: CDP A list and CDP “Supplier Engagement rating Leader board”, Euronext Vigeo – Eurozone 120, Euronext Vigeo – Europe 120, FTSE4Good indexes, Ethibel Pioneer and Ethibel Excellence Investment Registers, Ethibel Sustainability Index (ESI) Excellence Europe, Stoxx Global ESG Leaders Index.



The BIC Sustainable Development Program and its five flagship commitments: Writing the Future, Together [NFPS]

3.1.1.4. With Writing the Future, Together, the BIC Group contributes to the UN Sustainable Development Goals



GOALS SUSTAINABLE DEVELOPMENT



#1 Fostering sustainable innovation in BIC® products	By 2025, the environmental and/or societal footprint of BIC® products will be improved.
#2 Acting against climate change	By 2025, BIC will use 80% renewable electricity.
#3 Committing to a safe work environment	By 2025, BIC aims for zero accidents across all operations.
#4 Proactively involving suppliers	By 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing.
#5 Improving lives through education	By 2025, BIC will improve learning conditions for 250 million children, globally.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
#1			x			x		x				x					
#2								x	x	x		x	x				
#3			x					x									
#4								x				x					x
#5	x			x	x	x		x					x				

The table shown above charts the ways in which Writing the Future, Together contributes to the UN SDGs. To create it, the BIC Group evaluated its contribution to the targets defined by the UN for its 17 major goals. The BIC Group contributes mainly to two goals, in particular through the products that it manufactures and markets in more than 160 countries, reflecting its vision of offering “simple, inventive and reliable choices for everyone, everywhere, every time”:

SDG 8. Decent work and economic growth, in particular through the development of products and production modes that favor the efficient use of resources, including recycled materials (see pages 74 to 78 and 86 to 94).

SDG 12. Responsible consumption and production, through the Company’s eco-design program, which offers consumers information to help them make their purchasing choices, and through its monitoring and compliance program, which ensures

that the products it markets are safe and comply with health and environmental standards (see pages 75, 80 and 82 to 84).

Within the direct perimeter of its operations or its sphere of direct influence by making simple, reliable products that meet essential needs available to everyone, undertaking initiatives that provide support for its employees, offering various products and programs to promote access to education, reducing the environmental impacts of its factories, ensuring respect for Human Rights in its own factories and by its suppliers and subcontractors, and through the actions of its Corporate Foundation – the Group also contributes to the following UN sustainable development goals:

- SDG 1.** End poverty;
- SDG 3.** Good health and well-being;
- SDG 4.** Quality education;
- SDG 5.** Gender equality;
- SDG 6.** Clean water sanitation;
- SDG 7.** Affordable and clean energy;
- SDG 9.** Industry, innovation and infrastructure;
- SDG 10.** Reduced inequalities;
- SDG 13.** Climate action;
- SDG 15.** Life on land;
- SDG 16.** Peace, justice and strong institution.

3.1.2. INTEGRATING SUSTAINABLE DEVELOPMENT INTO OUR OPERATIONS

3.1.2.1. Analysis of CSR risks resulting from the BIC Group's operations and the use of its goods and services

The main CSR risks resulting from the BIC Group's operations and the use of its goods and services are discussed in the chapter on "Risks," pages 44 to 48.

3.1.2.2. Sustainable development as a key factor in the decision-making process

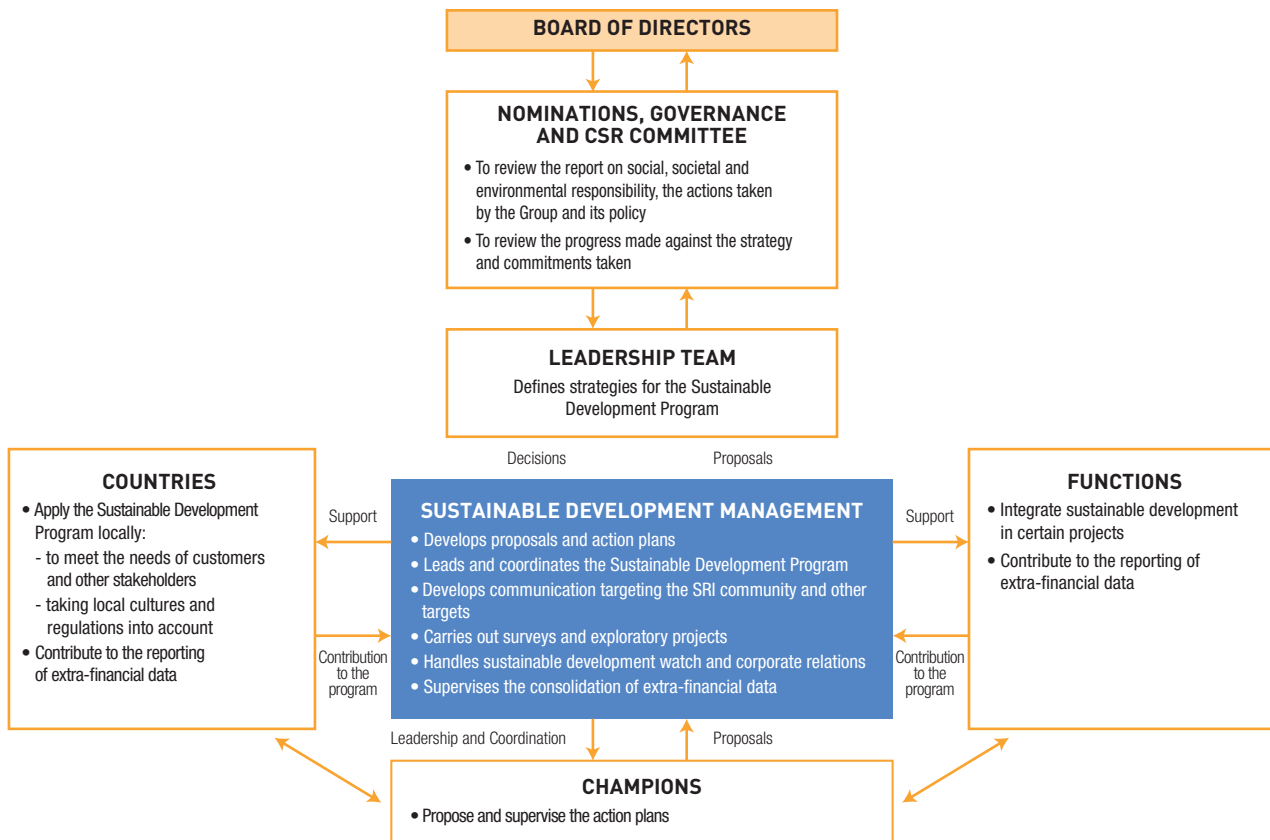
The issues of sustainable development are considered in the Company's decision-making process. Every meeting of the Leadership Team includes an update on recent progress in sustainable development. In 2017, the Leadership Team supervised the development of the "Writing the Future, Together" program and defined the Group's commitments for 2025.

The BIC Sustainable Development Program's goals and progress are presented at least once a year to the Board of Directors and at the Annual Shareholders' Meeting. In addition, the Audit Committee is kept abreast of the policies and programs implemented by the Group. In 2017, a Nominations, Governance and Corporate Social Responsibility (CSR) committee was formed within the Board of Directors.



3.1.2.3. Our operational structure

Managing sustainable development is based on a continuous improvement approach that is deployed across the entire BIC Group since 2013. For the definition of the “Writing the Future, Together” program, “Champions” were designated for each topic in order to coordinate the tasks of defining the commitments. A dedicated organization has been introduced to enable the implementation of the roadmaps and achievement of the 2025 goals. Relying on the “Champions” as well as the active involvement of the Leadership Team and the three category Directors, this new organization reflects the “integrated” approach that BIC seeks to adopt in order to fulfill its commitments.



3.1.2.4. Our Policies

BIC Group’s sustainable development approach is based on a set of documents that defines its vision and gives a framework to each employee’s everyday activities, ensuring compliance with the principles of sustainable development.

The five BIC Values: Ethics, Responsibility, Teamwork, Simplicity, Ingenuity.

Since 2007, **the BIC Code of Ethics** has defined the fundamental ethical principles that the Group asks all employees to follow under all circumstances and everywhere in the world (see also page 111).

The Group’s Anti-Corruption Policy, defined in 2016, states that BIC Group will not tolerate bribery or corruption in any place where it operates, upholding its reputation for integrity (see page 111).

The BIC Group Code of Conduct comprises a set of professional and social principles derived from the standards of the International Labor Organization (ILO) (see also page 110).

The Product Safety Policy, introduced in 2001, specifies the 10 commitments adopted to ensure that the products developed and manufactured by BIC are safe in terms of human health and the environment. More specifically, BIC has adopted seven

commitments to ensure the quality and safety of its lighters (see also page 82).

The Environment, Health & Safety (EH&S) Policy, defined in 2005 and signed by the CEO, codifies the Group’s commitment to minimizing the impact of its industrial activities (see also page 86).

The BIC Charter of Diversity, which was signed by the CEO and the Group’s Human Resources Director in 2011, demonstrates BIC’s desire to actively promote diversity (see also page 105).

The Responsible Purchasing Charter, signed in 2014, codifies the Group’s desire to establish mutually beneficial relationships with its suppliers based on its five Values (see also page 109).

The Responsible Communication Charter, defined in 2013, formalizes BIC Group’s integration of the Value of Responsibility in its communication. This charter applies to all communication undertaken by the Group around the world (see also page 73).

The Group’s statement on animal testing, prohibiting these tests unless specifically required by regulation (REACH) and prompting the Company to use reliable alternatives to animal testing on chemical substances made possible by the latest technological breakthroughs.



3.1.3. INTERACTION WITH OUR STAKEHOLDERS

3.1.3.1. The BIC Panel

› Challenges and approach

To have an outside point of view on its entire sustainable development approach, BIC has organized a panel of four stakeholders since 2005, including two customers, one investor analyst and one supplier.

Each year, individual interviews were held to enable members of the panel to comment on the Company's strategy and practices, suggest improvements that could contribute to the action plans, express expectations for the future and formulate opinions on the Group's Sustainable Development Program.

BIC Group wants to seize the opportunity offered by the new commitment program "Writing the Future, Together" to reassess the way it interacts with stakeholders. The next step could be to form a panel of stakeholders with recognized expertise in key issues for the BIC Group, in particular the major issues concerning the risks identified during the updating of the mapping (laws on the duty of vigilance and Non-Financial Performance Statement).

3.1.3.2. Evaluation by clients of the CSR approach and the products' environmental and social performance

› Challenges

BIC Group distinguishes its "customers" (i.e. companies, public administrations and office supply distributors, as well as major mass-market retailers) from its "consumers," the end users of its products (whose expectations are discussed in section 3.2.2.).

Customers are becoming increasingly demanding in terms of the environmental and social performance of the products they buy, as well as the evaluation of their suppliers' sustainable development policies.

They submit many questionnaires addressing increasingly specific and diversified topics. Their questions concern environmental management policies, systems for collecting and recycling waste, environmental advantages and product labeling, compliance with product quality and safety regulations, the local origin of products, respect for human rights, etc.

Retailers and wholesalers also want their collaborators in the distribution chain to show how they are helping to reduce the global environmental and social impact of their operations. BIC Group participates in Walmart's Sustainability Index (for shavers and writing instruments), which assesses suppliers' sustainability performance according to indicators established by the Sustainability Consortium. BIC also carries out specific reporting for Walmart every year through the CDP Supply Chain.

› Approach

In addition to responding to its customers' specific questionnaires on its CSR approach, BIC discusses all pertinent topics with them, including sustainable development issues, as part of its commercial relations. In certain cases these relations can take the form of partnerships. All the professional functions involved (marketing, communication, sales) are equipped with the tools they need to explain BIC's Sustainable Development Program. BIC Group's eco-design approach (see page 75) and stringent product safety standards (see page 82) give its products an advantage for meeting current societal trends.

3.1.3.3. Responsible lobbying and participation in sector working groups

› Challenges

BIC Group considers lobbying to be a positive action, making good use of its industrial expertise and knowledge of the market in its relationships with the public authorities. For the Group, lobbying is quite simply the communication, targeted towards decision-makers and important players on key issues, of the lessons learned from its experience to help establish the necessary balances. Its purpose is to help improve the effectiveness of the authorities' regulatory actions, to improve the safety of the products available on the market, thus improving consumer safety and ensuring fair competition. In this way, BIC seeks to be recognized and consulted as a stakeholder in all decisions and actions that affect its operations.

› Approach

Participation in sector dialogue

BIC Group pursues its lobbying activities in a responsible, ethical way to ensure that the legal and regulatory decisions, as well as the actions undertaken to enforce the rules, have realistic and effective technical and economic consequences, maintaining or restoring fair and honest relations among all the market players.

Although BIC has no tradition of making public statements on major industrial or societal topics, the Group does address the public when this type of action seems necessary. It also participates in sector dialogue and seeks to exert its influence in four key areas that are directly related to its commitments as a responsible corporation: product safety, the fight against counterfeiting, the fight against unfair competition and environmental protection.

BIC carries out its lobbying primarily as a member of various organizations, participating as needed in their working groups and the conception of their positions:

- French, European and American professional federations;
- standardization committees for toys, lighters and writing instruments;
- French watchdog groups and intra-sector associations.

BIC is a member of the Executive Committees of the main industry associations, and in some cases, has been for many years.

Lobbying activities can also take the form of direct contacts with the pertinent authorities, institutions, governmental agencies and NGOs.

The Group's subsidiaries also cultivate direct relations with the national authorities in their countries of operation. However, the Group has no professional lobbyists on its payroll.

Clearly identified lobbying responsibilities

At the highest level of the Group, CEO Gonzalve Bich and BIC Executive Vice-President Marie-Aimée Bich-Dufour, along with the Category and Continent Directors, are responsible for steering and monitoring all lobbying actions on a regular basis.

The operational responsibility for BIC's relationships with public authorities and institutions is delegated to a small number of specifically identified managers, who have been named to represent the Group in the above-mentioned proceedings. The Category and Continent Directors are kept informed of the progress of laws and regulations that affect their operations.

BIC Group ensures strict compliance with local laws and regulations in the pursuit of its lobbying activities. Like all the Group's activities, lobbying is governed by the Anti-Corruption Policy and the BIC Code of Ethics, which names the persons to be notified in case of violation.

Employee awareness

The latest developments concerning lighters are shared with the Group's employees during the results presentations. The General Managers and Marketing Managers are also kept directly abreast of BIC's lobbying actions on lighters.

› Progress made in 2018

BIC Group lobbying activity in 2018 focused on pending regulations and standards concerning stationery products (EU directives and regulations: REACH, CLP, Toy Safety) and lighters (ISO 9994, Child Safety, CLP). The Group is also following the European Commission project to improve market oversight.

3.1.3.4. Dialogue with the financial community

› Challenges

Shareholders and investors increasingly seek to integrate sustainable development into the realm of finance. As part of its ongoing dialogue with the financial community, BIC strives to offer all relevant information and indicators and shows how its Sustainable Development Program has allowed the Group to seize opportunities and control the associated risks.

› Progress made in 2018

Throughout 2018, the dialogue on the topic of sustainable development continued at various events, including:

- the Oddo Mid-Cap Forum in January 2018 in Lyon, France, where BIC met, upon their request, with financial and extra-financial analysts and fund managers at individual and group meetings;
- the Annual Shareholders' Meeting on May 16, 2018;
- the ESG/SRI meeting organized by Société Générale on November 13, 2018.

3.1.3.5. Responsible Communication

› Challenges

BIC seeks to engage in controlled, responsible communication operations that will allow the Group to retain the confidence of its stakeholders.

› Approach and Policy

Defined in 2013, the **Responsible Communication Charter** formalizes BIC Group's integration of the Value of Responsibility in its communication. This Charter expresses BIC's intention to share reliable information and release clear, accurate messages; it applies to all communication undertaken by the Group around the world towards all its stakeholders.

To ensure accuracy in the Group's communication, this Charter comprises three principles by which BIC pledges to:

- implement the necessary means, in terms of organization, processes and tools, for verifying all communications issued by the Group;
- make responsible use of its stakeholders' personal data, in compliance with the regulations;
- include environmental and social impacts in the criteria that determine its communication choices.

It also defines communication actions to help build a more responsible world.

“ 100% of the environmental claims that appear on the packaging, in the catalogs and on the websites for BIC® products are approved by the Legal Department. ”



3.2. RESPONSIBILITY CONCERNING OUR PRODUCTS [NFPS]

BIC produces and markets consumer products that are lightweight, have a long performance life, and are affordable by everyone. Right from the start, BIC® products have been designed and made with just what's necessary in terms of raw materials, leaving out anything that is superfluous. To attain this goal, the Group has always pursued an approach that is based on innovation and emphasizes economy of materials. Through its Writing the Future, Together program, BIC is reinforcing its commitment with the creation of a "Sustainable Scorecard," conceived to improve the environmental, social and societal performance of all BIC® products. BIC also contributes to the emergence of the circular economy by cultivating its eco-design process, initiating partnerships for the supply of secondary raw materials, and participating in the creation of a pilot recycling program for writing products. In addition, all BIC® products are designed to meet and anticipate the expectations of all consumers in developed as well as developing countries.

3.2.1. OUR PRODUCTS' ENVIRONMENTAL PERFORMANCE

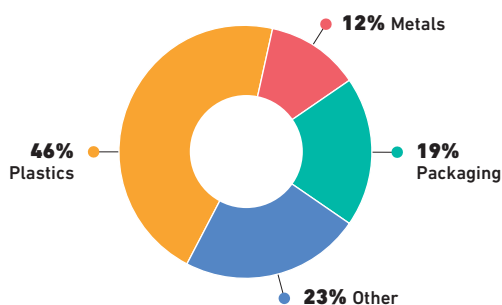
› Challenges, risks and opportunities

To manufacture its products, BIC uses raw materials (plastics, inks, packaging and metals, etc.) and resources (water and energy), and generates waste. The challenge for BIC is to minimize its products' primary environmental impact, namely the use of these raw materials.

The BIC Group has identified the following risks among the major CSR risks ⁽¹⁾ resulting from its operations:

- "Plastic: plastic wastes and depletion of the resource";
- "Animal well-being" (for compliance with the requirements of the REACH regulation).

BREAKDOWN OF RAW MATERIAL PURCHASES IN 2018



3.2.1.1. BIC takes action to minimize the impact of plastics

For many years, beginning long before the current increased public concern about plastic pollution, the BIC Group has been committed to fighting plastic pollution through four different actions:

1. Minimizing the quantity of plastic materials it uses and lengthening the useful life of its products (see page 75);
2. Identifying and using alternative materials (recycled or biosourced plastics) (see page 76);
3. Implementing a recycling system in preparation for the circular economy (see page 79);
4. Preparing for the future.

The BIC Group also monitors very closely technical and regulatory evolutions concerning plastic.

➔ OVERCOMING THE DISPOSABLE/SUSTAINABLE CONTRADICTION

BIC® products are very often stigmatized as "disposable." Although not all of them are refillable, neither are they used just once. On the contrary, most of them offer long-lasting performance: more than 2 km of writing for a ball pen, up to 3,000 flames produced for a lighter and 17 shaves for a triple-blade shaver. In addition, most of them are designed with no superfluous parts or features, using a minimum of raw materials, and BIC makes an ongoing effort to reduce their environmental impact in daily use. Each of the various products on the market, whether refillable or not, meets a specific consumer need.

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.

› Policy, approach and measures implemented

3.2.1.2. Writing the Future, Together – #1 Fostering sustainable innovation in BIC® products

BIC has set the goal of fostering sustainable product innovation and has codified this ambition in the following commitment: By 2025, the environmental and/or societal footprint of BIC® products will be improved.

In 2018, BIC reached the first milestone in fulfilling this commitment by defining the process and criteria for evaluating and improving its products, summed up in the “Sustainable Scorecard.” Designed to accelerate sustainable innovation across the Group, this tool brings together all R&D projects conducted at BIC for the purpose of product improvement. The criteria defined in the Sustainable Scorecard will be applied to all products (both new and updated existing products) and to all the steps in the product development process. To evaluate the products’ environmental and societal footprint, eight criteria (light and long lasting, recycled plastic, second life, green chemistry, responsible chemistry, efficient manufacturing, affordability, benefits for society) have been defined. For each criterion, each product’s performance is evaluated according to two, three or four indicators. This tool makes the eco-design approach developed by the Group many years ago (described below) the focal point of product development at BIC, establishing its guidelines as unconditional principles.

2019 will be devoted to the evaluation of all products with the Sustainable Scorecard, constituting the second milestone in the fulfillment of this commitment.

The implementation of the resulting improvement plans for all three categories of BIC® products is scheduled to begin in 2020. Its progress will be monitored using as an indicator the percentage of BIC® products that have been improved in comparison with the baseline year of 2019.

3.2.1.3. The three eco-design solutions developed by BIC

To minimize the consumption of non-renewable raw materials, BIC has developed an eco-design approach based on three points:

- minimizing the quantity of materials used in the manufacturing of each product, while ensuring long-lasting performance;
- using alternative materials of either vegetable or recycled origin;
- developing refillable products.

➔ BIC’S THREE ECO-DESIGN SOLUTIONS

- Economy of materials
- Integrating alternative materials
- Developing refillable products

Economy of materials

BIC has always sought to optimize its use of raw materials as much as possible. As an expert in the processing of plastics, BIC exercises its responsibility above all by minimizing its use of these materials.

In the Stationery category, the BIC® Cristal® ball pen, one of the Group’s flagship products, exemplifies this approach. Even though its design already optimized the use of materials in 1950, the BIC® Cristal® ball pen continues to benefit from ongoing research to minimize the quantity of material used:

- it has a minimum writing length of more than 2 km;
- it uses only 2.9 grams of material per kilometer of writing, compared with 6.6 grams for a competing product with comparable characteristics.

In the Shavers category, BIC achieves very good performance on its markets due to its highly competitive price/quality ratio. For each product range, this price/quality ratio is made possible by the development of simple products that require an optimal quantity of materials.

For example, the BIC® Simply Soleil® shaver is designed to weigh as little as possible. Although it is hollow, its handle nonetheless ensures a high level of performance, quality and comfort in shaving.

› Progress made in 2018

In January 2018, production was launched in Europe of an optimized version of one of the Group’s flagship products, the BIC® Flex 3, launched in Latin America in 2017. Without affecting its ease of use, the shaver’s hollow handle was further lightened by reducing the quantity of rubber. This modification also makes the production lines more efficient, resulting in a 34% reduction in material and a 22% reduction in weight in comparison with the previous BIC® Flex 3 shaver. The first products with this new BIC® Flex 3 handle were packaged for Europe in July 2018 and will be rolled out to the Middle East-Africa markets in 2019.



➔ BIC® WRITING PRODUCTS EARN THE *NF ENVIRONNEMENT* ECOLABEL

For equal performance in use, the *NF Environnement* ecolabel granted in France by AFNOR Certification certifies products that have a reduced impact on the environment. To obtain this ecolabel, a product must comply with certain functional and ecological guidelines conceived to reduce its environmental impact throughout its life cycle.

In the case of BIC® writing products, the main criteria for receiving the ecolabel are limited quantities of raw materials or the use of recycled materials, a long performance life and the strength of the pencil leads. BIC was the first manufacturer of writing instruments to earn *NF Environnement* certification. **Today, a full range of 19 BIC® products has been granted this ecolabel**, including historical products like the BIC® Cristal® and the BIC® 4-Colors™ ballpoint pen, as well as the pens in the BIC® Ecolutions® line.

Integrating alternative materials

Research & Development

Regarding new materials, the BIC Research and Development teams, in collaboration with the Purchasing departments, focus on two approaches:

- **the use of existing innovative materials.** An inventory of innovative materials available for industrial use is kept up to date. From this list, engineers select materials that correspond to industrial and economic requirements with the objective of conducting feasibility tests. In the absence of a simple, economical solution to develop a material based on biological material from plants, recycled materials are chosen;
- **collaborative research** with suppliers to identify new materials (e.g. plant-based or recycled, etc.), new concepts or hybrid materials. Many materials are considered and then analyzed. These have included potato starch, sugarcane, plant fibers, woodchips, etc. Once a formulation is ready, it is tested to ensure that it meets industrial specifications for quality and safety, sometimes going all the way to the final qualification stage.

133 alternative materials had been tested, including 45 recycled plastics, 38 hybrid materials and 50 materials derived from renewable resources.

“ 133 alternative materials tested. ”

Integrating alternative or recycled materials into stationery products

Since 2014, BIC has been conducting a research program to maximize the use of recycled and alternative materials in BIC® products. To achieve this, the research teams have identified all BIC® products whose design could be modified or adapted for production using alternative/recycled materials without sacrificing quality. The challenge is, first of all, to ensure a perennial source of such materials that meet the specifications and are available on the market, and secondly, to convert any products that lend themselves to this adaptation. Exemplifying this approach, the BIC® Ecolutions® range is a complete stationery line that consists of products manufactured using recycled materials (at least 50%) in compliance with the standard ISO 14021. For example, the BIC® Matic Ecolutions® mechanical pencil contains 65% recycled materials. All stationery lines now include at least one product made with alternative (e.g. recycled) materials.

➔ THE *RECYBIC* PROJECT RECOGNIZED BY ADEME

The *RecyBIC* project was launched in 2016 at the Boulogne site (France) with the goal of increasing production capacity for pencils in the Evolution® line using recycled materials (100+ million units). Submitted in response to an ADEME (French Environment and Energy Management Agency) call for proposals entitled ORPLAST (*Objectif Recyclage PLASTiques*), the project received a subsidy to fund the supply of recycled rather than virgin polystyrene, investment in the necessary equipment and further research.

BIC at the heart of an innovation community

Over the years, BIC has cultivated more than 100 strategic partnerships in research and development with startups, companies at the forefront of innovation, universities, research institutes and external laboratories, playing a leading role in a community with which it pursues long-term prospective and development programs. For example, BIC Group works closely with a number of French startups, like Pilibio and Inofib, specializing

respectively in the production of inks from microorganisms and in natural cellulose fibers. Since 2012, BIC Group has also been a member of *Matériaux Chimie, Chimie Verte* (formerly called MAUD), a competitiveness cluster based in Villeneuve-d'Ascq that backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by the cluster concern multifunctional, eco-designed and bio-sourced materials, high-efficiency processes and clean technologies.

To further its involvement in sustainable development, BIC has joined Bio-speed, a consortium bringing together multiple groups, including Danone, Faurecia, Lego, Michelin, L'Oreal and Quicksilver, for the purpose of accelerating the emergence of a biomass economy. Its goal is to reduce fossil fuel dependency and the environmental footprint of manufactured products by promoting the conversion of non-food biomass into polymers.

Developing refillable and hybrid products

BIC makes an ongoing effort to launch refillable products due to their environmental advantages. However, in the case of low-end stationery products, the consumer demand for refills is virtually non-existent.

In the Stationery category, BIC continues to offer refillable pens. For example, in the BIC® Gel-ocity® line of refillable gel ink pens, the

4-Couleurs™ and 4-Couleurs™ 3+1 combine three ink colors and a mechanical pencil, all refillable. On the U.S. market, pen refills are available on a dedicated website www.shopbic.com. They are also available on the website www.bicworld.com, which links to a European e-commerce site offering the BIC® refill range.

In the Shaver category, the BIC® Hybrid shaver is sold as a handle with four-to-six heads. The underside of the handle is also ribbed to reduce the use of plastic without altering the shaver's ergonomic characteristics, which are the same as those of a conventional handle. Because it comes with four-to-ten heads, the product's performance life is at least four times that of a standard non-refillable shaver. Over its entire life cycle and for one year of shaving, the environmental impact of the BIC® Hybrid shaver is 28% less than that of a similar non-refillable BIC® model, like the BIC® Comfort 3® Action®.

LAUNCH OF THE BIC SHAVE CLUB

In 2017, BIC Group launched the "BIC Shave Club" in France and in the United Kingdom. The first such service in France, it offers online subscriptions for refillable BIC® men's shavers. With their subscription, customers receive a free handle and thereafter monthly refills shipped directly to their homes. Meeting the current demand for direct sales and easier access to products, this new distribution mode makes optimal use of the potential of BIC's refillable shavers.

Progress made in 2018

Building on the success in recent years of its triple-blade BIC® Hybrid shavers, which offer the consumer high-quality shaving along with environmental performance, the Group pursued the development of this line in 2018 by:

- expanding its distribution under the BIC® Comfort 3 Hybrid brand in Latin America;
- launching a BIC® Flex 3 Hybrid shaver in a pack containing a handle and five heads, adapted for North America;
- launching the BIC® Soleil Bella Click, a four-blade women's shaver consisting of a lightweight hollow handle sold with four heads, in North America;
- launching the BIC® Flex 5 Hybrid in Russia in a pack containing a handle and two heads.

Performance of the eco-design process

In 2018, the three BIC® products categories have sold at least 50% of products with at least one environmental benefit.

BIC has defined the environmental benefits for its products by complying with at least one of the following:

- lightweight and long-lasting (writing instruments ≤ 3 g/km; correction products ≤ 1.8 g/m; lighters ≤ 8 g/1,000 flames; shavers ≤ 1 g/shave);
- made from alternative materials (recycled, vegetable origin, etc.);
- refillable;
- eco-labeled (*NF Environnement*, etc.).

This indicator is calculated on the number of units and concerns the products of the three main categories (except PIMACO and Cello Pens activities).

Perspectives

To sustain the momentum of recent years, in 2019 the Group plans to further expand the distribution of its men's and women's hybrid shaver lines:

- two launches in North America: the BIC® Flex 2 Hybrid in a pack containing a handle and 10 heads, and the BIC® Soleil Click 5, a women's five-blade shaver consisting of a handle sold with three heads;
- a launch in Europe: the BIC® Soleil Click in Italy, a three-blade women's shaver consisting of a lightweight hollow handle sold with six heads;
- two launches in Latin America: the BIC® Soleil Clic, a three-blade women's shaver consisting of a lightweight hollow handle sold with six heads, and the BIC® Flex 3 Hybrid, a handle sold with five heads;
- two launches in the Middle East-Africa: the BIC® Flex 3 Hybrid, a three-blade shaver sold with four heads, and the BIC® Flex 5 Hybrid, a five-blade shaver sold with four heads.

The Stationery category is pursuing several innovative projects, including the reuse of post-industrial waste in the core of a Velleda whiteboard, which will reduce emissions of this type of waste by 300 tons a year. BIC Stationery is also conducting trials for the circular economy in partnership with LOOP.




3.2.1.4. Tools to facilitate the eco-design process

Measuring products' environmental performance

Eco-measurement has shown that the product's weight/performance life ratio is a pertinent indicator for environmental performance. In fact, the more lightweight a product is and the longer it lasts, the better its environmental performance. This illustrates the necessity for finding solutions that are adapted to saving resources.

To deploy an effective policy for limiting the environmental impact of BIC® products, the first step is to measure these impacts across entire life cycles. BIC has been a pioneer in this field since 1994, commissioning life cycle studies of its products by outside consulting experts, which confirm that the environmental impact of a product is mainly due to raw material usage in its manufacturing. BIC has embarked upon an environmentally responsible approach, and demonstrated that its founding principle of "just what's necessary" ⁽¹⁾ enables the Group not only to offer more affordable products, but also products that have less impact on the environment.

ENVIRONMENTAL PERFORMANCE MEASUREMENTS FOR THREE MAIN BIC® PRODUCTS

Life cycle assessment approach - ReCiPe (version 1.12) Endpoint (H/A) Europe				
	Raw materials	Production	Distribution	End of life
BIC® Cristal® ball pen	81%	12%	4%	3%
BIC® Maxi flint lighter	81%	11%	5%	3%
BIC® Classic single-blade shaver	79%	14%	4%	3%

To evaluate its products' environmental performances, BIC focuses on life cycle phases where it can take action. For shavers, an approach incorporating the usage phase shows that this step – involving water, water heating and the disposal of the shaving cream packaging – plays a key role (78% of the total environmental impact, according to certain estimations), underlining the importance of consumer awareness.

From 2008 to 2014, BIC measured the environmental performances of its products as part of a commitment specified in the Barometer. This measure is now completely integrated in the processes for designing or modifying a product. In Stationery, 100% of new products are thus subject to eco-measurement.

“ 100% of new Stationery products are subject to eco-measurement. ”

Our LCA and eco-design tools

In 2004, upon the launch of its Sustainable Development Program, BIC extended the life cycle work and commissioned a normalized Life Cycle Analysis (LCA) along with several simplified LCAs for three category-leading products. The move was immediately followed by the procurement of an internal environmental measurement tool for use by BIC designers.

In 2009, continuing its approach, BIC replaced its first tool with SimaPro, a professional LCA software package that is equipped with the e-DEA ⁽²⁾ interface to enable Research and Development

(R&D) designers to carry out complete and detailed environmental evaluations, as well as create quick decision-making studies during the design process.

Whenever possible for products that are still on the drawing board, BIC R&D teams explore different solutions for minimizing impacts by varying the types and quantities of materials used, while respecting design and manufacturing requirements. In this way, BIC continues its quest to find a balance between quality, cost and environmental requirements.

In 2015, the databases used by the SimaPro tool were updated, making it possible to integrate the most recent scientific knowledge. These updates take place in stages, eventually extending to all categories.

Within BIC Group, the users of SimaPro in combination with the e-DEA interface are essentially the R&D design teams and the Sustainable Development Department, for building the internal scientific expertise needed for the realization of normalized LCAs (ISO 14040).

To bolster and spread the culture of eco-design within the Group, BIC deployed two specific tools in 2016:

- sharing the **products' environmental profiles** with the teams in charge of their development, in the form of information sheets summarizing the SimaPro findings. These sheets, which are integrated into the design and development process, improve the product managers' knowledge of each product's environmental benefits;
- an in-house **eco-design and LCA guide** was made available to the teams in charge of product design and new product launches.

(1) *Il y aura l'âge des choses légères* by Thierry Kazazian, Victoires Éditions, 2003.

(2) *Everybody can Design with Environmental Awareness*.



LCA AT BIC

A Life Cycle Analysis (LCA) is a method for assessing a product's total environmental impact in each successive phase in its life: the extraction and transportation of the raw materials used to make it, the manufacturing processes, transportation to the consumer, product usage, and finally, end of life and waste processing. BIC Group often uses the simplified method of the life cycle approach, which is similar to Life Cycle Analysis except that it does not include the final independent verification phase.

LCA is a comprehensive, multi-criterion method. Unlike carbon footprint analysis, which focuses on measuring a product's impact on climate change, the LCA method takes all environmental aspects into account: water, air, soil, waste, human health, etc. From the very beginning of its Sustainable Development Program, BIC Group has been committed to the life cycle approach to verify that it is making steady progress in all pertinent areas.

3.2.1.5. BIC Group's contribution to the circular economy

› Challenges

BIC Group is committed to eco-design, the efficient use of resources and waste reduction, with the aim of continuing to use a minimal amount of materials and to experiment with alternative, especially recycled, materials. BIC also seeks to understand all issues concerning the end of its products' life cycles, exploring their recyclability and experimenting with recycling systems.

› Approach

BIC develops an innovative circular economy model

The first line of outdoor furniture made in France from recycled pens, Ubiocity™ was launched in October 2017 upon the initiative of BIC Group. It is the result of a successful collaboration between partners of an independent recycling channel that proposes a circular economy model unique in France.

With Ubiocity™, BIC is testing a long-term recycling channel that aims to:

- fund the extension of the collection program for used pens (see below);
- show citizens and schoolchildren the concrete results of their waste sorting: by collecting used pens, they contribute to the transformation of those materials into outdoor furniture for use in public areas and schoolyards;
- accelerate post-consumer waste recycling, especially for plastics.

This experiment relies on two innovative partnerships:

BIC's partnership with TerraCycle for the collection of used writing instruments: since 2011, the BIC-TerraCycle program has been offering the collection and recycling of used writing instruments in Europe. A pioneer in this field, the program allows users of these products to organize at their consumption sites the collection of all types of writing instruments, whether BIC® branded or not, to be recycled. For each instrument collected, one euro cent is donated to a charity or non-profit association of the organizer's choice or, in the case of schools, directly to the school to finance an educational project. As of the end of 2018, more than 34 million pens had been collected and 467,000 euros in donations made. This program, funded entirely by BIC, enables the Group to gain a better understanding of the way its products are used by consumers and to promote the sorting of waste.

A partnership with Govaplast and Plas Eco for the design, manufacture and distribution of Ubiocity™ products. Used pens collected by the BIC-TerraCycle program are sorted and shredded by a recycler. The plastics selected for the production of outdoor furniture are shipped to Govaplast, which converts them into recycled plastic boards. The boards are in turn shipped to Plas Eco, which designs, manufactures, distributes and markets the products of the Ubiocity™ line. France's first line of outdoor furniture made from recycled pens, Ubiocity™ offers seven models: benches and standing seats for secondary and high schools, benches and educational planters for schools, picnic tables and tree seats. Made entirely from recycled plastic, these products are themselves recyclable, resistant to rot, ultraviolet radiation and graffiti as well as very durable (guaranteed 10 years). They thus offer a smaller environmental footprint than virgin plastic or wooden outdoor furniture, along with excellent value in use and very low maintenance costs.

Recognized for the innovative character of Ubiocity™, BIC and its partners in this project have frequently been invited to share their initial feedback, in particular at conferences on innovation or the circular economy, for example at professional events organized by the AGEEM teachers association and the mayors of France, the Made in France trade fair, and a conference on the circular economy hosted by ASLOG (French Logistics Association).

As part of the continuation of its partnership with TerraCycle, BIC has developed a teaching module entitled *Halte aux Déchets* ("No More Waste") on recycling for elementary school teachers, combining all of the necessary pedagogical material. The pupils are encouraged to learn about waste and recycling through fun and engaging lessons and exercises, and to recycle the pens they use in school. The module is distributed through the website EDD-Primaire.fr and a demonstration is available at www.bicworld.com and on the TerraCycle site.

Waste prevention and management at BIC factories and other sites

More than 78% of the waste in BIC factories is recycled or reused in other ways (see page 92). For more than 10 years now, the waste tracking indicators have shown a constant reduction in the proportion of non-recycled waste per ton of production (-21% between 2009 and 2018).

Although **fighting against food waste, combating food insecurity and promoting responsible, fair trade, sustainable food** are not key issues for BIC, the Group holds regular awareness events for employees in its company restaurants, especially in Brazil and France.

3



Approach for the sustainable use of resources

Resource optimization measures are implemented at various stages in the products' life cycles for which the BIC Group has the means to take effective action:

- the three-part approach to eco-design: economy of materials, integrating alternative materials and developing refillable products, described on pages 75 to 79;
- the RecyBIC project to increase the production capacity for pencils in the Evolution® line using recycled materials (see page 76);
- the approach for reducing the environmental footprint of the Group's packaging through the use of certified or recycled fibers, described on page 84;
- the approach for reducing water consumption and the numerous water-saving actions implemented in the factories every year, described on page 87;
- the approach for reducing energy consumption and the numerous energy-saving actions implemented in the factories every year, described on page 89;
- the use of renewable electricity, specified in a BIC Group commitment for 2025 as part of the "Writing the Future, Together" program (see page 88).

BIC remains vigilant about the issue of soil protection even though it is not a major issue for the Group. Soil use conditions and the measures undertaken for soil protection are explained on page 93.

“ 6% of the plastics (by quantity) used in the Stationery category are recycled. ”

› Progress made in 2018

In 2018, the Ubicuity™ line took off in France, with outdoor furniture installed in several cities.

In April 2018, Ubicuity™ was a finalist for the Plastic Recycle Awards at the Plastic Recycling Show Europe, and is one of the projects shortlisted for the Entreprises pour l'Environnement (EpE) prize.

The Ubicuity™ outdoor furniture line was honored in October 2018 as part of the 11th Sustainable Development Trophies organized by Caux Seine Développement and Caux Seine Agglo. The project was commended for its circular economy approach, recovery and reuse of waste materials and partnership involving multiple private parties.

› Perspectives

Pursuing its learning curve in the circular economy, the BIC Group will continue striving to improve the model.

3.2.2. PRODUCTS CONCEIVED TO MEET AND ANTICIPATE CONSUMERS' EXPECTATIONS

Since its founding, BIC has believed that its products should satisfy and anticipate the expectations of all its consumers. It therefore strives to develop and offer simple, affordable products leaving out anything superfluous, that meet the expectations of consumers and customers in developed countries as well as the needs of developing countries.

3.2.2.1. Encouraging consumers to adopt more responsible consumption habits

› Challenges

In the past few years, the demand for responsible products has become a market trend in developed countries. Although this criterion has become a strong expectation among the Group's customers (major retailers, administrations, distributors – see page 72), BIC has observed that the demand for "products offering the best environmental or social qualities" is not significantly higher among the consumers on its markets. Nonetheless, the Group seeks to promote responsible consumption through its product range and consumer information.

› Approach

To promote responsible consumption, BIC uses its know-how to develop responsible products and ensures that its consumers are aware of this fact, making a special effort to:

- offer products with the least possible environmental and social impact;
- give consumers accurate, pertinent information to help them make well-informed choices.

All the products that use recycled materials display the Moebius strip symbol as well as information to help consumers make their purchasing decisions. Some BIC® products are *NF Environnement* certified, while others supply information on their environmental and social qualities (eco-values) to help consumers choose products that meet their expectations. The most appropriate approach is chosen for each continent or category. For example, the communication in Europe emphasizes the *NF Environnement* ecolabel certification of a given product, where it was manufactured, the amount of recycled materials in it or its writing length. In the Lighter category, the packaging for the BIC® Maxi, the world's bestselling lighter, mentions the number of flames ("Up to 3,000 lights" or "Up to 2x more lights") and the website www.mybiclighter.com includes a section on performance.



To help consumers make well-informed decisions, BIC strives to improve the clarity and reliability of the communication used for its range of responsible products. In keeping with its Responsible Communication Charter, the Group seeks to provide clear, accurate consumer information on the benefits of BIC® products. (See section 3.1.3.5 Responsible Communication).

In France, BIC is a member of the ADEME-Quantis platform and participates in the joint effort now underway on environmental labeling of products. To this end, in 2012 the Group launched a test score posting in the form of a dedicated website⁽¹⁾ that shows the ecological footprint of the BIC® Flex 3 and BIC® Flexi Lady shavers

and proposes eco-habits that allow consumers to help reduce the footprint.

Since 2015, in compliance with French law, BIC Group has been offering consumers sorting instructions for its packaging. This information is posted in a dedicated section of the Group's website.

➤ **“VOICE OF CONSUMER”: FOLLOWING UP ON CUSTOMER AND CONSUMER COMPLAINTS**

BIC's organization makes it possible to collect consumer feedback on its products throughout the Group. All complaints are subject to an in-depth analysis, after which the products in question are sent to the quality team at their factory of origin. The resulting analysis reports, called the “Voice of Consumer,” provide a key performance indicator: the number of complaints per million products sold. This ratio has been reduced by half in the past five years and now stands, for example, at 1.6 for all Stationery products.

“ 19 BIC® writing instruments received the French ecolabel NF Environnement (NF 400). ”

➤ **Perspectives**

Responsible products are a permanent and ever-growing feature of BIC's product range. In the coming years the Group will continue integrating these products into its corporate strategy, in particular through commitment #1 of Writing the Future, Together: fostering sustainable innovation in BIC® products, while giving them greater visibility by pursuing the efforts undertaken to improve the communication of its range of responsible products.

3.2.2.2. **Making our products affordable to all**

➤ **Challenges**

BIC Group is guided by a vision: “To offer simple, inventive and reliable choices for everyone, everywhere, every time.” For BIC Group, making products that everyone can afford means adapting them to markets in developing countries. The pens and shavers marketed by BIC in more than 160 countries promote access to education and personal care. BIC is thus contributing to social progress around the world.

In 2018, 32% of the Group's turnover came from these growth markets.

➤ **Approach and progress made in 2018**

BIC Group's approach consists of adapting all possible parameters to make its products affordable:

Building close relations between its production units and their distribution markets to facilitate the manufacture of products that are adapted to local consumption habits and purchasing power. For example, a factory opened in Tunisia in 2013 enables the Group to respond more effectively to the needs of the North African markets. In 2015, BIC opened an office in Côte d'Ivoire and a

subsidiary in Morocco, allowing it to serve these markets even better. In 2018, the Group announced the acquisition of the production operations for writing instruments of HACO Industries in Kenya, as well as the Company's distribution operations for writing products, lighters and shavers. With this acquisition, the Group is bolstering its presence in the heart of East Africa, one of the world's strongest markets for BIC® products.

Creating products for growth markets. Between 2014 and 2016, eight products for growth markets, most of which were in emerging countries, were launched. In 2016, the BIC® Cristal® Ultra Fine pen was launched in Nigeria, with a fine tip that meets local consumer preferences.

Adapting BIC® products to the buying power of emerging countries, to meet basic needs of the population with quality products. For its launch in Nigeria, the design and production of the BIC® Cristal® Ultra Fine pen was adapted to ensure compatibility with the local monetary system and buying power.

Completely rethinking the packaging. In certain emerging countries, BIC is marketing its pens, lighters and shavers in packages that contain only one or two items. Examples include the BIC® 1 shaver and the BIC® 1 Lady shaver, which are sold in single-unit or two-unit pouches in Nigeria, Kenya, Madagascar, Côte d'Ivoire, Cameroon, Mali, Pakistan and Bangladesh.

Offering the best functionality at the best price. In emerging countries, where the optimization of the quality-price ratio is of great importance for low-income populations, BIC sets its pricing policies in collaboration with local retailers, taking into consideration local consumption trends and selling price thresholds. For example, in 2017, BIC Group launched a new BIC® Soleil® Sensitive shaver developed especially for the South American markets. Building on the know-how that it has acquired for meeting the needs of North American consumers, BIC adapted this product to offer high-quality shaving at a lower cost. In 2018, the Cello One was launched in India. This product was designed to be affordable to all and thus facilitate access to writing on the Indian market.

Developing innovative distribution models. To reach the most impoverished consumers wherever they live, generally in remote rural areas or on the outskirts of large cities, BIC relies on local retailers to develop appropriate distribution channels, such as individual kiosks or micro-shops, service outlets near schools or specific “Social business” initiatives (see page below).

(1) www.bicworld.com/fr/affichage-environnemental.



› Perspectives

Combining all of these parameters, the Group plans to launch the BIC® Flex 2 in emerging markets starting in 2020.

3.2.2.3. Experimenting with innovative alternative distribution modes through a Social business initiative

› Challenges

The expression "bottom of the pyramid" (BOP) designates the lowest-income populations, for whom most consumer goods remain unaffordable, primarily because they are designed for more affluent populations at the "top of the pyramid." Today it is estimated that more than three billion people in the world live on less than three U.S. dollars per day. In keeping with its vision of offering "simple, inventive and reliable choices for everyone, everywhere, every time," BIC Group explores ways to make products available that meet the needs of BOP populations. Its longstanding commitment to sustainable development and the BIC® brand's reputation for offering high-quality products at an affordable price is among the Group's key assets for playing an active role in these markets.

› Approach

BIC Group created the position of BOP and Social Business Director in 2016, and then in 2017 it defined its roadmap for 2025. First, the meaning of the term "BOP" within the BIC Group was clarified in order to be able to provide precise responses for the target populations. Then the possible strategies were analyzed to define an action plan. To this end, an internal qualitative study was conducted among the Group's key employees. It showed that apart from a few niches, BIC® products are mostly well-suited for the widest possible public, and that BIC employees are convinced that inclusive distribution is a useful leverage point for meeting the needs of consumers at the bottom of the pyramid. The Group plans to launch nine financially viable inclusive distribution projects, with the aim of identifying three to be maintained over the long term.

To that end, three essential priorities have been defined: the strengthening of existing internal initiatives, partnerships with inclusive business structures, and partnerships with major companies that have established their own distribution modes.

› Progress made in 2018

In 2018, after exploring the latter two priorities, BIC turned its focus to the first one. The Group set out to perpetuate an inclusive distribution system that had been established by its subsidiary in Senegal in 2015. Under this system, sales representatives visit owners of traditional stores, within a perimeter that can be reached on foot, to offer five BIC® products in three categories, thus covering the entire country. In this way, they create new inclusive distribution routes, making these hygiene, personal care and writing products affordable to populations who live far from the conventional distribution networks. The BIC Group hopes to

improve their compensation by increasing their social benefits, for example offering healthcare protection or access to micro-credit loans. A similar system was launched in Madagascar in May 2018, and had already begun to achieve encouraging results by the end of the year.

› Perspectives

In 2019, the Group will launch three inclusive distribution pilot projects in different countries. Goals will be defined for each project in terms of both economic viability and social impact, in order to implement a system for marketing profitable, and therefore long-term, products.

3.2.3. PRODUCT SAFETY

› Challenges, risks and opportunities

BIC Group seeks to offer safe products that meet all standards and consumer expectations. This entails the integration of consumers' health and safety concerns in the design and production of its products. Consumers want to be assured that the products they buy are free of certain substances and safe for their health and the environment. BIC Group also strives to strictly comply with all regulations and the increasingly stringent, constantly evolving restrictions concerning product usage and chemical substances.

The "Product safety and consumer health-safety" risk is one of the major CSR risks ⁽¹⁾ identified by the BIC Group.

› Policies, approach and measures implemented

The topics of product safety and the protection of consumer health are of strategic importance for the Group. With the primary goal of offering safe, standard-compliant products, BIC Group integrates regulatory compliance and risk management concerning product safety into its strategy through a body of documents defining its commitment, and through strict processes conceived to ensure that it markets only safe, compliant products. As a result, each day, BIC supplies millions of products while maintaining consistent quality, checked through a vast array of tests and in compliance with national and international safety requirements.

The BIC policies for product safety

The **Product Safety Policy**, introduced in 2001, specifies the 10 commitments adopted to ensure that the products developed and manufactured by BIC are safe for human health and the environment. They include:

- a systematic program of pre-market product qualification testing;
- a global approach, resulting in products that often exceed the safety requirements of local markets;
- expecting BIC suppliers to comply with safety standards;

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.

- incorporating safety considerations from the earliest stages of product design, including toxicological evaluations and tests to assess the products' potential physical and chemical hazards;
 - the anticipation of product safety requirements through active regulatory monitoring at national and international levels, in close cooperation with industry associations that share their members' expertise with the appropriate authorities;
 - the integration of innovations in product safety processes;
 - building awareness among all stakeholders about safety and the appropriate use of BIC® products;
 - carefully reviewing all incidents involving the safety of BIC® products;
 - appropriate measures for product recall in the case of an incident;
 - the implementation of this Policy by a Product Safety Department.
- BIC has also adopted seven specific commitments to ensure the quality and safety of its lighters (see below).

 **THE BIC GROUP'S SEVEN COMMITMENTS TO ENSURE THE QUALITY AND SAFETY OF ITS LIGHTERS**

1. All BIC® lighter plants are ISO 9001 certified production plants. BIC® lighter products meet or exceed the ISO 9994 international safety standard requirements.
2. BIC is an active member of various organizations (such as the European Federation of Lighter Manufacturers, working groups and technical committees for ISO and CEN and numerous other national standardization bodies) to provide the latest and most reliable quality and safety information to its customers.
3. Each BIC® lighter undergoes more than 50 separate automatic quality checks. Additionally, BIC conducts regular post-market product tests of its lighters.
4. BIC continuously develops exclusive technology to ensure the quality and safety of all BIC® lighters, including factors like flame height and stability, extinction time, and a reservoir that can resist extreme drop tests and exposure to elevated temperatures.
5. BIC has an integrated production process, designs and develops much of its own machinery and uses all the latest manufacturing technologies, from basic materials right down to the packaged product.
6. BIC employees are all guided by three principles: Method-Precision-Discipline. Each employee in the lighter plants spends nearly 25% of his or her time checking product conformity and proper operation of the control equipment.
7. BIC has been committed to sustainable, long-term safety programs for over 30 years.



Regulatory monitoring and compliance

BIC Group has a comprehensive monitoring system based on formalized regulatory watch procedures in addition to internal and external resources – in particular, the product safety teams' specific knowledge of BIC® products, their components and the materials used. In 2018, a BIC Watch List was created. With this list, the Group is extending the monitoring system to include non-official lists defined by NGOs, future regulations and controversial substances that are not already banned. The Group always strives to anticipate the substitution of regulated substances. By its very nature open-ended, this Watch List will be expanded to include requirements and controversies reported from outside of Europe.

The BIC Group, as a member or Executive Committee member of numerous sectoral organizations and industry associations⁽¹⁾, actively participates in regulatory watch and interactions with local regulatory authorities, an important activity for staying abreast of new requirements.

Marketing compliant products that are safe for human health and the environment

To guarantee consumer safety, the BIC Group category Directors are responsible for marketing safe products that comply with regulations. To this end, they rely on:

- BIC Group's commitment to ensure that its products comply with regulations and are safe for health and the environment (see above);
- monitoring by dedicated regulatory watch teams (see above);
- a product safety qualification process for all products before they are launched in the market (see below).

This solid, longstanding organization is constantly being adapted and expanded to take changing regulations into account. The Leadership Team and management teams are systematically kept abreast of new developments in product safety and regulations.

(1) In particular, the BIC Group is a member of EWIMA (European Writing Instrument Manufacturers Association), WIMA (Writing Instrument Manufacturers Association), ACMI (Art & Creative Materials Institute), TIE (Toy Industries of Europe), EFLM (European Federation of Lighter Manufacturers), and the Fédération des Entreprises de la Beauté in France.



Systematic testing and evaluation programs

Before they arrive on the market, all BIC® products, including modified products, must pass a full program of safety qualification tests. These tests and evaluations make it possible to assess potential hazards and to identify the chemical substances present, evaluate their risk level, verify their compliance with standards, and identify any adaptations of the formulas or substitutions that might be needed to reduce risks.

BIC Group faces competition from several low-cost lighters that too often do not comply with international safety standards. According to tests conducted by independent accredited laboratories, more than three-quarters of the lighter models in the European market

fail to meet standards. The Group has initiated actions to raise awareness among the various parties involved.

In 2010, emphasizing the consequences for consumer safety, BIC filed a complaint against the Netherlands with the European Commission for non-enforcement of EU safety standards for lighters. As a result, the Commission opened an infringement procedure against the Netherlands. In March 2012 and then in July 2014, the country was served formal notice to explain its failure. The procedure remains pending. In 2018, BIC filed a complaint with the European Commission for similar failures to enforce standards in France and Germany.

COMPLIANCE WITH THE REACH REGULATION

The European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation establishes the regulatory framework for chemical substances and places responsibility on manufacturers to demonstrate the safety of the chemicals they use.

To address these requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At Group level, an expert was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the Group and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has preregistered 168 substances for six of its legal entities. In particular, the teams involved registered 14 substances in time to meet the final deadline of May 2018. Procedures have been implemented to anticipate the need for future registrations.

Progress made in 2018

In 2018, the training cycle started in 2015 was continued and finalized. These training actions are aimed at production managers and technicians and concern the evolution of the regulatory context and the BIC processes to respond to them. By giving meaning to the processes put in place, these trainings are intended to help the operational staff in their implementation.

Lastly, more than 335 products were tested in independent laboratories.

Perspectives

In the coming years, the Group will continue to adapt its working methods and means to maintain its own standards and level of compliance concerning product safety. BIC will continue to expand its regulatory watch activities to remain ready to adapt its processes, products and formulas as needed. The Group also plans to continue developing and extending its product safety training.

3.2.4. OPTIMIZED PACKAGING

Challenges

Packaging is needed at several stages in the life cycle of BIC® products: for their protection, shipping, storage and sale, and for promotional support. BIC's packaging consists primarily of boxes and cases made of plastic, paper and cardboard. This packaging

has an environmental impact during its manufacturing and shipping, and at its end of life.

Approach and progress made in 2018

Historically, BIC promotes selling products without consumer packaging or in value packs. In Europe, 69% of writing products are packaged in boxes, trays or pouches of at least 10 products (83% in North America), 79% of lighters are sold in trays of at least 50 (72% in North America) and 67% of shavers are marketed in pouches of five, 10 or more (49% in North America).

BIC Group Packaging Community

The "Packaging Community" was formed to promote a packaging approach that takes sustainable development into account and demonstrates its utility for the Group (in particular through data on financial advantages and reductions of GHG emissions), by pursuing shared goals (reduced use of PVC, increased use of recycled and/or certified cardboard – see below) and by defining a strategy for the Group in response to major trends (plastics policy, the circular economy, etc.). To that end, it unites a network of packaging experts from around the world.

Three priorities for reducing the impact of our packaging

Priority #1: Selecting responsible packaging materials

With the aim of reducing its environmental footprint resulting from the production of packaging, the Group has set two goals, one on cardboard packaging and one on plastic packaging:

- maintaining the level of 90% of BIC’s cardboard packaging coming from certified and/or recycled sources;
- targeting the level of 90% of BIC’s plastic packaging being PVC-free.

Certified and/or recycled sourcing for cardboard packaging

In order to increase the use of certified or recycled cellulose fiber in its packaging, BIC works closely with its packaging suppliers to help them obtain certification and improve their supply processes. Certifications can be: FSC (Forest Stewardship Council), SFI (Sustainable Forestry Initiative) or PEFC (Pan European Forest Certification).

As of January 2014, the Group has reached its previously defined goal of having 90% of its packaging come from certified sources and/or containing more than 50% recycled fibers. At the end of 2018, the Group’s rate was 94.16% overall. This result reflects the efforts made on several continents and in the concerned factories to select suppliers that are engaged in a long-term responsible approach.

PVC-free plastic packaging

The elimination of PVC in BIC Group packaging was completed several years ago for the factories in Europe and in the U.S., where 99% of the packaging is now PVC-free. The elimination of PVC packaging is also well advanced in Mexico.

Depending on the type of packaging, the transition from PVC to PET can entail a few simple adjustments of the machine settings or, in other cases, a complete reworking of the packaging system. For this reason, the “Packaging Community” works with the factories and R&D, getting the marketing teams involved as far upstream as possible. This transition, initiated by BIC many years ago, allows the Group to meet the demands of certain distributors. For example, one major distributor in the U.K. will no longer stock products whose packaging contains PVC.

The BIC Group takes advantage of every opportunity to replace plastic packaging by cardboard in its products. Two examples provide an apt illustration of this learning curve initiated by the Group:

- In 2018, the BIC® 4-Couleurs™ Velvet, marketed in Europe since the end of December, was designed with all-cardboard packaging. This solution offers consumers the possibility of touching the product directly and eliminates the blister, for a savings of 1 ton of plastic;
- In the U.K., the plastic presentation tray for shaver packs has been replaced by a cardboard tray, for a savings of 16.5 tons of plastic.

Priority #2: Reducing the quantity of packaging per product sold

BIC Group actively seeks to reduce the weight and volume of its packaging through multiple targeted actions around the world in accordance with local distribution models. For example, in the U.S. in 2018, BIC continued its participation in Walmart’s “Packaging Scorecard” program, which puts the focus on seven “Rs” for progress: Remove, Reduce, Reuse, Recycle, Renew (use renewable materials), Revenue (look for savings), and Read (educate consumers).

The packaging center in Charlotte (U.S.) has continued to reduce consumption of packaging per product sold, raising the proportion of blister packs made directly on the production lines to 80%.

Following the products distributed in North America and Oceania in 2017, the packaging for the entire BIC® Soleil line has been optimized for better visibility on the shelf while reducing the quantity of plastic used. This modification has made it possible to reduce the use of plastic by 20% and optimize shipping costs and the related CO₂ emissions (by about 15%).

Priority #3: Reducing packaging waste

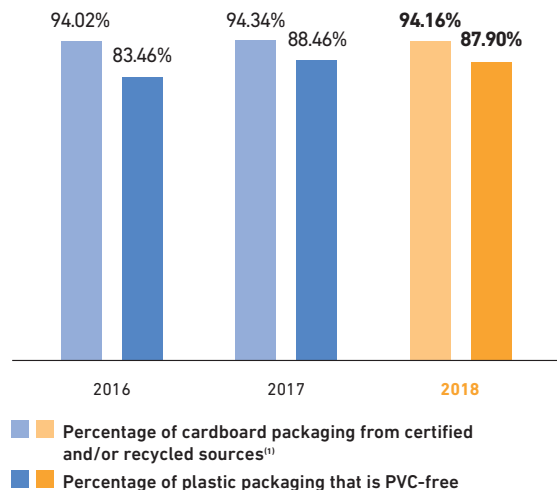
The Group is taking action to increase the recycling rate of packaging production waste in the packaging center facilities. The Charlotte site in the U.S. has already reached the program’s goal of 100% waste recycling. The site is now focusing on the reduction of waste due to packaging obsolescence.

The “Packaging Community” also seeks to reduce the amount of waste generated by the destruction of stocks of obsolete packaging.

In Australia, since 2013, BIC has been a member of the Australian Packaging Covenant (APC), a governmental initiative to promote the development of more sustainable packaging systems, increase recycling and reduce packaging waste – three priorities shared by BIC Group. BIC Australia has defined several goals in this area.



Performance



(1) Cello Pens excluded.

These indicators cover all packaged BIC® products delivered to the Group’s customers all over the world (except pallets): consumer packaging (pouch, blister, cardboard box), outer/inner, shrink-wrap, displays, etc. It is calculated on material weight.

Perspectives

BIC will pursue its programs to reduce the amount of materials used in its product packaging as well as the packaging waste generated by its factories.

The Stationery category plans to launch an action plan in 2019 to reduce the consumption of packaging materials. Based on a survey of good practices and innovations conducted within the category in 2018, this plan will be shared with the other categories in 2019 through the “Packaging Community.”



3.3. ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS ^[NFPS]

As an industrial leader in the manufacture of consumer products, BIC is committed to ensuring that its sites operate in an environmentally responsible way. BIC Group strives to reduce the impact of its manufacturing operations, optimize the shipping of its products and control the environmental footprint of its sales and support activities.

BIC exerts good environmental control over its entire manufacturing chain due to two factors. First, BIC favors in-house production over contract manufacturing (92% of the Group's net sales are generated by products manufactured in its own factories). Secondly, in the Consumer business in Europe, 82% of the products sold on this continent are also manufactured there.

3.3.1. OUR INDUSTRIAL SITES AND OFFICES

› Challenges, risks and opportunities

To manufacture its products, BIC uses raw materials (plastics, inks, paperboard, metals, etc.), consumes resources (water, energy) and produces waste. The Group is aware of the environmental impact of its production activity and is committed to minimizing it. While the need for raw materials is determined mainly by the design of the products (see section 3.2.1. Our products' environmental performance), the factories that manufacture BIC® products assume the important responsibilities of optimizing their water and energy consumption, as well as reducing greenhouse gas (GHG) emissions and waste production.

The BIC Group has identified the following risks as major CSR risks ⁽¹⁾ resulting from its operations:

- "climate change" risk;
- "other types of pollution (SEVESO sites)" risk.

3.3.1.1. Management systems

› Policy, approach and measures implemented

The **Environment, Health & Safety (EH&S) Policy**, defined in 2005 and signed by the Chairman and CEO, codifies the Group's commitment to assessing, managing, and improving the environmental and safety impacts that result from our operations, our products and our packaging. The Policy specifies BIC's dedication to:

- pollution prevention;
- health and safety risk prevention;
- regulatory compliance;
- continuous improvement;
- awareness and involvement.

Since 2010, the EH&S Policy is deployed at all industrial sites. BIC maintains a formal procedure to review the BIC EH&S Policy to

ensure that it remains pertinent and appropriate to the business. This procedure describes a periodic assessment and revision of the Policy to ensure that it is still appropriate for any changes in the Group's activities and products, including acquisitions and changing stakeholder expectations.

In addition, since 2018, all BIC sites (factories, packaging or distribution centers, head offices and other offices and installations) have been equipped with a system for documenting and managing safety incidents, as part of the implementation of commitment #3 Writing the Future, Together, Committing to a safe work environment (see page 98).

At the industrial sites

The Group's Policy on Environment, Health & Safety (EH&S) requires factories to implement pragmatic management systems designed to involve all stakeholders, as well as to drive continuous improvement of operational performance. Every BIC factory has a local EH&S manager in charge of deploying and maintaining these management systems. In addition, the Stationery category, which has the most sites around the world, employs a central EH&S manager who coordinates with local EH&S managers to ensure that all facilities comply with the Group's Policy and objectives, and to monitor site performance by consolidating, analyzing and communicating the results achieved.

The environmental management system helps ensure **compliance with applicable laws and regulations concerning the environment**. This may include daily or periodic controls, to comply with local regulations, that are carried out internally or with the assistance of an independent external company. An action plan is established to correct any identified compliance issues.

Within the framework of the management systems, an in-depth review of all aspects of the site's activities and environmental impacts (water, air, soil, noise, etc.) is performed and action plans are defined to limit these environmental impacts. Simple improvement targets are set for the factories to contribute to BIC's overall environmental performance while meeting their own specific challenges (production, resources, geographic location, etc.).

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.



The environmental management systems deployed at BIC Group's industrial sites call for **contingency plans to deal with pollution accidents with off-site consequences**. Emergency prevention and response plans have been established in locations where there is an identified risk of an accident with consequences beyond plant boundaries.

For example, in France, the two SEVESO plants have emergency procedure protocols (*Plan d'Opération Interne* and *Plan Particulier d'Intervention*), and a major hazard prevention policy (*Politique de Prévention des Accidents Majeurs*). They have also implemented a Safety Management System.

Outside France, some Group plants have equivalent emergency plans that address risks with potential off-site consequences. For example, plants in the U.S. maintain an Emergency Response Plan that includes prevention and management of the off-site consequences of any accidents.

In 2018, the implementation rate for BIC management systems at BIC industrial sites is 78% complete for the environment and 88% complete for health and safety. These rates for management system implementation vary every year as plants join or leave the scope and others make progress, but rates remain consistently high.

Certifications

In 2018, BIC Viorex (Greece) has renewed ISO 50001 certification, the international standard for energy management. This certification requires the definition of goals to improve energy consumption and the adoption of a system to track the results achieved to ensure ongoing improvement in energy management.

In 2018, the BIC Viorex factory (Greece) has also renewed the European Water Stewardship (EWS) Gold certification in recognition of its adoption of a water management system that optimizes consumption, reduces pollution, encourages the sharing of best practices. EWS certification also requires close cooperation with the other users of the catchment basin for the joint management of this resource.

In 2018, BIC Viorex was granted BREEAM (Building Research Establishment Environmental Assessment Method) certification for one of its buildings.

The BIC (Nantong) Plastic Products (China) and BIC Bizerte (Tunisia) factories were granted LEED (Leadership in Energy and Environmental Design) certification in 2013 and 2016 respectively.

In 2018, BIC Shavers Mexico (Mexico) obtained the ISO 14001 certification and nine other sites renewed the certification. ex (Greece) renewed their. BIC thus has 12 industrial sites that have met the criteria of this environmental standard.

BIC's continued and steady progress in systems registrations underscores the Group's commitment to the highest standards of environmental protection and health and safety.

In the offices

For the sake of exemplarity, the BIC Sustainable Development approach covers all of its operations, including office activities, even though they represent a non-significant part of the Group's environmental impact. The environmental performances of the Group's three main offices (Clichy in France, Shelton in the U.S. and Cajamar in Brazil), which have been monitored for four years now,

are consolidated with the presentation of the performances of the Group's industrial sites.

Initiatives have been undertaken at these sites to reduce their environmental footprint. The Shelton (U.S.) offices were granted LEED (Leadership in Energy and Environmental Design) certification in 2009 and are powered by electricity from renewable sources. The Clichy site (France) also purchases electricity from renewable sources. In 2018, the site's office waste collection system was completely overhauled to ensure more effective sorting. The Clichy site (France) is in the process of finalizing a mobility plan in order to offer employees alternative solutions to the individual car for their commute to work. In addition, the renewal of the fleet of company and sales vehicles offered an opportunity to choose vehicles with lower emissions, making it possible to reduce the fleet's average emission rate from 150 to 113 gCO₂ per km.

In the supply chain

Beyond the accounting of its own environmental impacts, BIC Group also considers the impacts of its supply chain. Since 2014, the Workplace Conditions Assessment (WCA) platform for auditing subcontractors' working conditions (see page 110) has included a comprehensive questionnaire on environmental performance, accounting for 6% of the total number of questions posed. Of the 25 suppliers who were active and audited in 2018, 12 suppliers had deficiencies relating to the environment. A total of 18 deficiencies were identified, 44% of which were minor and 56% moderate.

3.3.1.2. Reducing water consumption and assessing the scarcity of the resource

› Reducing water consumption

Progress made in 2018 and performance

Water consumption per ton of production decreased by 2.6% between 2017 and 2018. Total water consumption decreased by 5% over the same period while production decreased by 2.5%. This is mainly due to the implementation of water efficiency programs that contemplate the optimization of the industrial processes and machinery.

By normalizing water consumption to production, the measure of water efficiency is less dependent on fluctuations in production volumes. However, it is important to note that:

- for BIC Group's purposes, "water consumption" is understood to mean total water withdrawal. A portion of the industrial site withdrawal is not consumed or evaporated during their operations, but it is treated and discharged. The fact that the Group measures water withdrawal ensures that all uses and dispositions of water are included;
- a portion of water consumption, for building maintenance or watering for example, cannot be entirely correlated to production, mainly because it depends on external events (climatic conditions for instance);
- the ratio per ton of production is a more relevant measure for BIC Group activities with high levels of production (which is not the case for product storage and packaging, advertising and promotional product printing, or office activities);



- the gross indicators are disclosed on page 119 for additional information.

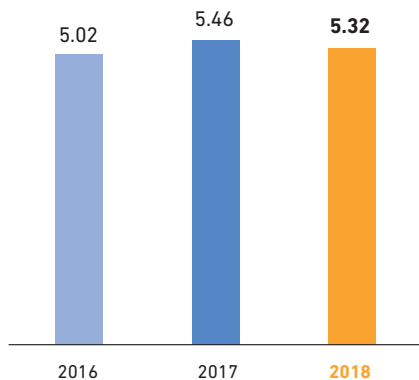
In 2018, 11 sites reduced their ratio of water consumption per ton of production. These sites represent 36% of the Group's water consumption and 48% its production, having improved their ratio of water consumption per ton of production by 13% overall.

BIC Amazonia (Brazil), which represents an important part of the Group's water consumption (12%), reported a nearly 12% decrease in its ratio, mainly due to the installation of a daily monitoring remote system that allows the quick identification and resolution of potential problems. Furthermore, improvements of sanitary facilities were performed and a heating, ventilation and air conditioning (HVAC) system was implemented in the Stationery factory that enabled condensed water from air conditioning was reused to cover other parts of the HVAC system water needs.

In general terms, various water efficiency actions have been implemented in different sites, such as the optimization of production machinery, awareness-raising among employees, rainfall water recovery and improvement of the consumption monitoring systems.

In 2018, the water consumption at the three main offices – Clichy (France), Shelton (U.S.) and Cajamar (Brazil) – decreased by 15.6%, totaling 18,513 m³, or 19.2 m³/occupied workstation, as a result of the closure of BIC Graphic operations in 2017, which were attached to the water consumption of the Cajamar office.

ANNUAL WATER CONSUMPTION NORMALIZED TO BIC FACTORIES PRODUCTION – BIC GROUP – IN M³/TON



Assessing the scarcity of water resources at industrial sites and main offices

In 2018, BIC Group consumed 515,296 cubic meters of water worldwide. However, in addition to the volumes consumed, it is essential to consider where this consumption takes place. It can occur in so-called "water stress" zones where water is a scarce resource. The uneven distribution of water across the planet and limited access to it, may give rise to severe political and social tensions.

In 2018, to identify priority action zones, the Group sought to determine the degree of scarcity of water at all of its sites (industrial sites and offices). An assessment of the risks related to water and its availability was carried out based on the sites' geographic locations.

Although no BIC Group industrial sites or offices are located in major water stress zones, eight are located in medium stress areas (in Europe, United States, India, Africa, Mexico and Brazil).

A cross-analysis of the scarcity of water and water consumption rates at the industrial sites and main offices shows that consumption at the sites in medium stress areas is already relatively limited. The Group will continue to improve the water consumption ratios at these sites. This new correlation of water consumption and scarcity enables BIC to prioritize its action plans for reducing water consumption.

3.3.1.3. Writing the Future, Together – #2 Acting against climate change

› Policy, approach and measures implemented

Fighting climate change has always been an integral part of BIC's Sustainable Development Program. In 2017, in parallel with the "One Planet Summit," held on December 12, BIC Group signed the French Business Pledge, joining 89 other French companies in a vow to fight climate change.

BIC has set the goal of taking action against climate change and has codified this ambition in the following commitment: By 2025, BIC will use 80% renewable electricity.

Building on the experience acquired in recent years at certain of its sites, in 2017 the BIC Group defined a roadmap for its goal of 80% renewable energy by 2025, as part of a long-term vision of achieving 100% renewable electricity. This roadmap reflects a strategy in which each country or site examines its opportunities for sourcing renewable electricity, taking their regulatory and operational constraints into account. To bring about a far-reaching change in its purchasing process for electricity, BIC is putting the focus on renewable energy certificates⁽¹⁾, green contracts and specific Power Purchase Agreements, and is investigating the production potential of certain sites.

In addition to the use of renewable electricity, BIC is pursuing its investments and actions to improve its sites' energy efficiency and strives to optimize its transportation activities in order to reduce their climate footprint (see section 3.3.2 Our transportation activities).

› Progress made in 2018

The use of renewable energy

In 2018, the share of renewable electricity consumed by the BIC Group stood at 68%, compared with 23% in 2017. This significant increase in the Group's use of renewable electricity reflects its commitment in this area. In 2018:

- in France, the BIC Group purchased renewable electricity (Guarantee of Origin, or GoO) certificates for all of its French factories and the headquarters in Clichy. This means that BIC® products manufactured in France are produced using renewable electricity;
- in Spain, the BIC Iberia and BIC Graphic Europe sites began sourcing renewable electricity in September through the purchase of certificates (GoO);

(1) Renewable electricity is defined as electricity generated by biomass sources (including biogas), geothermal, solar, water (including hydroelectrical) or wind power.



- in Brazil, the Manaus site began sourcing wind energy in 2018 through the purchase of iREC certificates. This factory, which combines all three BIC® product categories, produces about 1 billion products per year for the South American market;
- in India, the Group invested for the first time in the installation of photovoltaic solar panels (15 kW), installed on the roof of one of its eight factories in the country.

In addition, the Group continues to purchase certificates in other regions and conducts opportunity studies for other renewable energy supplies:

- in the United States, the purchase of renewable wind energy certificates (U.S. RECs) has covered the electrical power needs of the Shelton headquarters and the factory in Milford since 2012. This means that the lighters manufactured in the U.S. are produced using renewable electricity;
- in Greece, purchased GoO certificates cover all of the electrical consumption of the BIC Viorex site since 2016.

The BIC Group's use of renewable energy allows it to promote the development of these energy sources in the countries where it operates, thus reducing its market-based (scope 2) indirect emissions⁽¹⁾. BIC estimates that the use of renewable electricity in its operations will contribute to reducing its greenhouse gas emissions by approximately 50% by 2025.

Optimizing energy consumption

Many industrial sites forge partnerships with their suppliers to explore all options for reducing electrical consumption.

BIC constantly strives to strike a balance in its factories between optimal productivity and associated energy needs. For example, the Group has implemented a program to replace hydraulic injection machines with more energy-efficient electrical machines.

Energy consumption per ton of production slightly increased between 2017 and 2018 (+1.3%), caused by increased needs for air conditioning and heating due to weather conditions and to quality requirements of production processes.

By normalizing energy consumption to production, the measure of energy efficiency is less dependent on fluctuations in production volumes. However, it is important to note that:

- a portion of energy consumption, for building heating or lighting for example, cannot be entirely correlated to production, mainly because it depends on external events (climatic conditions for instance);
- the ratio per ton of production is a more relevant measure for BIC Group activities with high levels of production (which is not the case for office activities, product storage and packaging or for advertising and promotional product printing);

- the gross indicators are disclosed on page 119 as additional information.

Nine industrial sites improved their ratio of energy consumption per ton of production in 2018. These sites represent 19% of the Group's energy consumption and 23% of the production of finished and semi-finished products, having improved their energy efficiency by 12%.

For example, BIC Amazonia (Brazil) achieved a 9% reduction in its energy consumption per ton of production thanks to the installation of new machinery for the Shavers category and new LED lighting.

Energy efficiency programs at Group sites also included the installation of more efficient machinery, the optimization of lighting towards more efficient solutions and the awareness-raising among employees.

More specifically, in 2018, energy consumption at the three main offices – Clichy (France), Shelton (U.S.) and Cajamar (Brazil) – totaled 0.65 GJ/m². This performance represents a nearly 3% improvement in comparison with 2017, in particular due to the closing down of BIC Graphic operations in Cajamar.

Since the main BIC offices are equipped with servers, the sustainable development approach adopted by the IT support departments has a direct impact on the sites' environmental footprint. After several years of effort on this issue:

- the virtualization of the Group's internal and external servers has now reached the optimal level of about 80%. This gradual conversion has made it possible to reduce the number of machines and to use increasingly efficient equipment, thus reducing the amount of energy needed for cooling;
- in 2017, the Group finalized the implementation of its "Software as a Service" strategy: the applications shared by users Group-wide are installed in the "cloud," i.e. on virtual servers that are externalized, mutualized and configured for automatic standby. To guarantee data security, service providers with ISO 27001 certification are chosen for externalized "cloud" storage;
- the specifications for the renewal of the workstations incorporate two sustainable development guidelines: the quality of the suppliers' sustainable development approach and the energy efficiency of the equipment. The difference in energy consumption between the old and new workstations is estimated at approximately 20%;
- since 2013, in the Europe and Middle East-Africa zones, 100% of the employees who use a computer (some 4,000 in all) have been equipped with "Skype for Business," a set of solutions for remote collaboration.

(1) There are two ways to account for indirect (scope 2) emissions: a location-based method reflecting the average electricity mix of grids in each country in which energy consumption occurs, and a market-based method reflecting emissions from electricity that companies have actually bought.



▶ Performances

For more than ten years, BIC Group provides information to the Carbon Disclosure Project (CDP). In 2018, aligned with the former years' performance, BIC obtained an A rating, placing it in the Climate "A-list" and on the CDP "Supplier Engagement Rating leader board" rewarding companies that are making an outstanding contribution to the fight against climate change.

In 2018, BIC Group quantified the direct and indirect emissions of GHG from its industrial sites and main offices (scopes 1 and 2):

- the direct emissions (scope 1) are GHG emissions resulting from the combustion of fossil fuels, primarily natural gas and fuel oil, mainly used to heat buildings. The total amount of direct GHG emissions in 2018 was estimated at 9,813 teqCO₂, a representing a 13.6% increase compared to 2017;
- the indirect emissions (scope 2) are GHG emissions resulting from the production of the electricity consumed by the

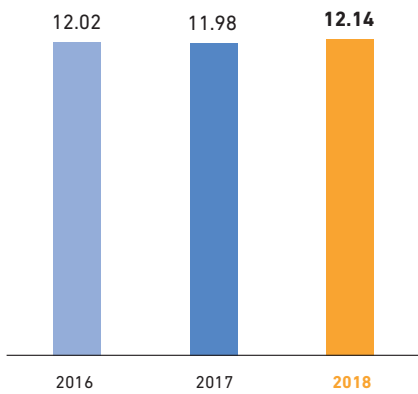
factories. The total amount of indirect GHG emissions in 2018 was estimated at 88,470 teqCO₂, showing a decrease of 5.9% compared to 2017.

The total amount of direct and indirect GHG emissions was thus estimated to be 98,283 teqCO₂ in 2018. Given that production decreased by 2.5% between 2017 and 2018, the ratio of direct and indirect GHG normalized to the Group's production has decreased by 1.9%.

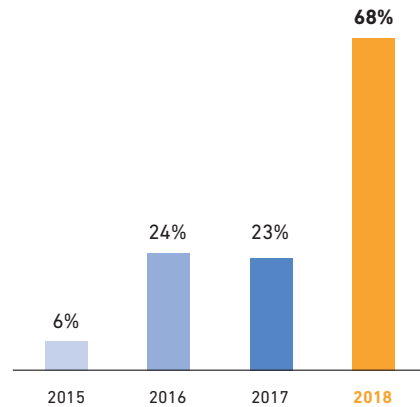
This reduction is explained mainly by the decrease of the national emission factors (scope 2) in some countries.

In the same time, the total amount of direct and indirect GHG emissions with the "market-based" approach is estimated to 58,646 teqCO₂, corresponding to a decrease of 14% compared to 2017. This is due to the increase of the share of electricity from renewable energy consumed by the Group.

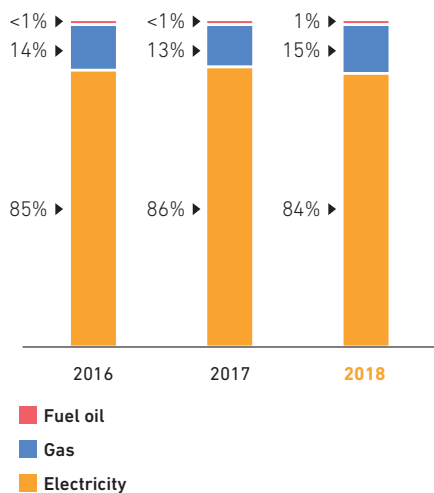
ANNUAL ENERGY CONSUMPTION NORMALIZED TO BIC GROUP PRODUCTION - IN GIGAJOULES/TON



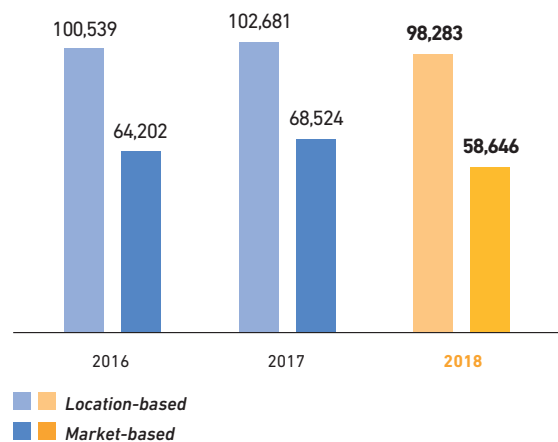
SHARE OF RENEWABLE ENERGY - IN % OF TOTAL CONSUMPTION - BIC GROUP



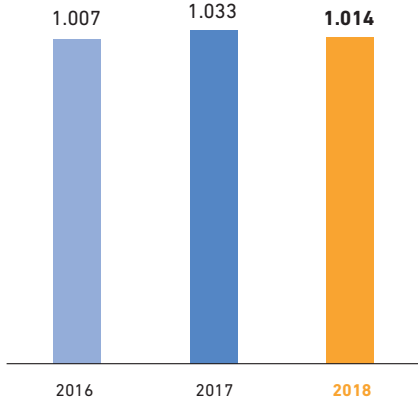
BREAKDOWN OF BIC GROUP ENERGY CONSUMPTION



ANNUAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS (SCOPES 1 AND 2) LOCATION-BASED AND MARKET-BASED - IN TONS OF CO₂ EQUIVALENT - BIC GROUP



ANNUAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS (SCOPES 1 AND 2) NORMALIZED TO PRODUCTION – IN TONS OF CO₂ EQUIVALENT/TON – BIC GROUP



Measuring and limiting the impact on climate change of other main causes of greenhouse gas emissions

The 2016 study of the main causes of greenhouse gas emissions related to BIC Group’s operations and consumption of goods and services (covering factories and offices, excluding Cello Pens) was based on a carbon footprint study of the Clichy headquarters (France) and two factories (BIC Amazonia in Brazil and BIC Rasoirs in France) using the ADEME Bilan Carbone® method. The study demonstrated that in addition to direct emissions (scope 1) and indirect emissions (scope 2), the main sources of other indirect (scope 3) emissions are: the purchase of products and services, upstream and downstream transport, and product end of life. Direct (scope 1) and indirect (scope 2) emissions plus these three main causes of scope 3 emissions account for more than 80% of the Group’s total GHG emissions.

Regarding the item “purchases of goods and services,” the BIC Group has been evaluating emissions related to its purchases of raw materials since 2017. In 2018, these emissions were evaluated at 316,000 teqCO₂, which corresponds to a rise of 14% due to the integration of Cello Pens in the reporting.

Regarding the item “upstream shipping,” the BIC Group estimates the emissions related to its intra-company shipping at 37,000 teqCO₂.

Beyond simply measuring these emissions, the Group is implementing procedures to limit the footprint of these three causes of significant indirect (scope 3) emissions through: eco-design (see page 75), the optimization of shipping by limiting the weight of its products, the reduction of air freight, the optimization of shipping routes, including selection of its locations (see page 93), as well as adoption of a circular economy approach (see page 79).

Evaluating the physical risks for the BIC Group regarding climate change

In 2018, using an analysis model based on risk statistics and the geographic locations of the sites, the physical risks linked to

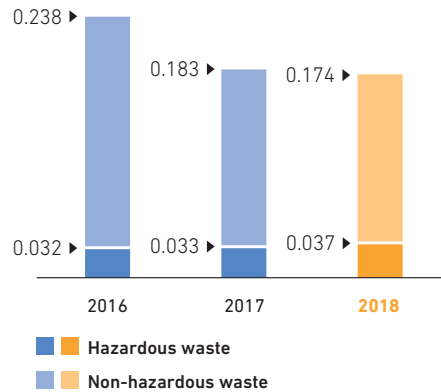
climate change (risks resulting from high temperatures, flooding, storms, hydric stress and rising sea levels) were evaluated for each BIC site and for certain subcontractors and major suppliers. For the sites most at risk, the Group plans to define an appropriate action plan, incorporating any measures already implemented to counter the risk.

3.3.1.4. Reducing waste production

› Progress made in 2018 and performance

In 2018, BIC Group reported a decrease (-1.9%) in the amount of waste generated per ton of production compared to 2017. This variation results from a decrease in the ratio of non-hazardous waste generated per ton of production (-4.6%), which represents almost 82% of the waste generated by the Group, and from an increase in the ratio of hazardous waste (+13.5%).

ANNUAL PRODUCTION OF WASTE NORMALIZED TO PRODUCTION – IN TONS/TON – BIC GROUP



Hazardous waste

In 2018, BIC Group registered a 13.5% increase in hazardous waste generated per ton of production compared to 2017. This increase is mainly due to increased maintenance needs of machinery, in order to improve their productivity standards and to an improvement of waste classification.

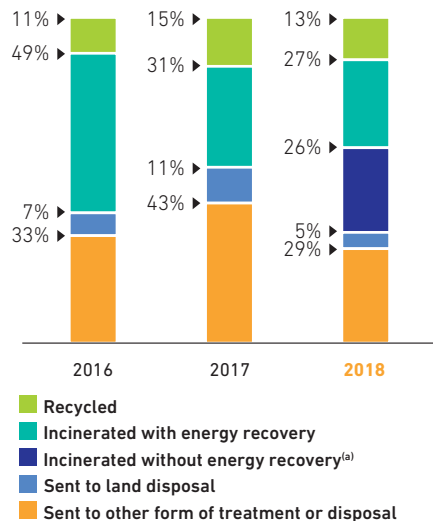
However, 12 sites improved their ratio of hazardous waste generated per ton of production in 2018. These factories, which represent 40% of the Group’s annual production of finished and semi-finished products and generate 25% of the Group’s hazardous waste, reported a 2% overall decrease in their ratio of hazardous waste generated per ton of production.

BIC Viorex (Greece) reported a 13% decrease in its ratio of hazardous waste per ton of production, following the implementation of a project to stabilize and reduce the generation of wasted oil in the production process.

In addition, some factories utilize a wastewater treatment plant to treat some hazardous waste such as that from the surface treatment workshops, transforming it into metal hydroxide sludge, which can be managed to minimize risk to the environment.

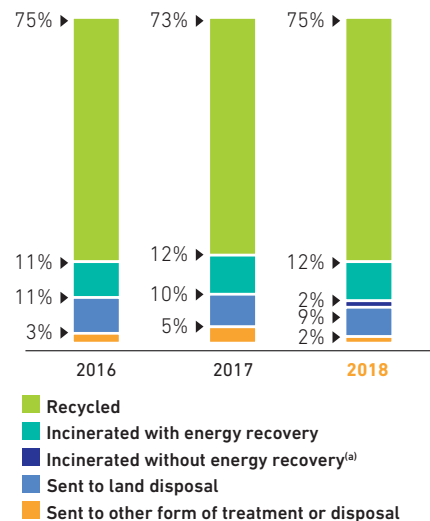


HAZARDOUS WASTE TREATMENT – % OF TOTAL EXPRESSED IN TONS – BIC GROUP



(a) The category “Incinerated without energy recovery” was created in 2018. In 2016 and 2017 this waste was reported under the “Sent to other form of treatment or disposal” category.

BREAKDOWN OF NON-HAZARDOUS WASTE TREATMENT – % OF TOTAL EXPRESSED IN TONS – BIC GROUP



(a) The category “Incinerated without energy recovery” was created in 2018. In 2016 and 2017 this waste was reported under the “Sent to other form of treatment or disposal” category.

Non-hazardous waste

In 2018, BIC Group’s ratio of non-hazardous waste generated per ton of production decreased by 4.6% compared with 2017.

12 industrial sites improved their ratio of non-hazardous waste generated per ton of production between 2017 and 2018. These industrial sites, which represent 48% of the Group’s annual production of finished and semi-finished products, reported a 9% decrease overall in their ratio of non-hazardous waste generated per ton of production.

For instance, BIC Shavers Mexico (Mexico) optimized its production process to generate less plastic waste. PIMACO Autoadesivos (Brazil) implemented a program to reuse wooden pallets, extending the life of the material and lowering the tonnage of wood waste recycled.

Regarding the main offices, non-hazardous waste production was 129 tons, which represented a decrease of 44% when compared to 2017, due in particular to the closing of BIC Graphic operations in Cajamar (Brazil) and extraordinary discarding activities of furniture and archives in 2017. The Shelton (U.S.) headquarters sends 100% of waste to recovery (recycled or incinerated with energy recovery). All three sites have a dedicated program to responsibly manage end of life for computer equipment. The Clichy headquarters (France) is studying the possibility of totally eliminating single-use cups and glasses for both employees and visitors starting in 2019.

Better recovery of wastes, promoting recycling and reducing waste to landfill

In 2018, the proportion of recovered waste (recycled or incinerated with energy recovery) remained stable. It went from 79% to 78%. This slight decrease is caused by the increase of non-recovered hazardous waste.

The percentage of recycled industrial waste remains at 64%, the same level as in 2017.

During the same period, the quantity of waste produced per ton of production decreased from 0.216 tons to 0.212 tons, reflecting the Group’s ongoing effort to limit its environmental footprint by improving its waste recovery and limiting the amount of wastes that it produces.

Efforts in plants towards recycling continued, such as the implementation of better waste monitoring systems and awareness-raising among employees. In 2018, BIC Canada pushed towards waste recovery by incinerating with heat recovery its non-recyclable waste, instead of sending them to a landfill.

Furthermore, in 2018, the Group reviewed the waste treatment chosen for some of the wastes generated in the sites. The objective was to understand why a certain treatment was chosen over others and evaluate if it was still the best option available in the market. These reasons were mainly regulatory obligations or the absence of waste treatment facilities in isolated zones. In 2018, eight sites sent zero waste to landfill.



3.3.1.5. Reducing other forms of environmental impact

Impact on biodiversity

BIC Group's effect on biodiversity takes place primarily through its land use (industrial, logistical and administrative sites) around the world.

To evaluate this impact, BIC relies on a "site approach": A cartographic analysis of the physical surroundings of each BIC⁽¹⁾ factory has been carried out in 2011. The majority of BIC's factories are in non-sensitive (in most cases industrial) zones, and neither their land use, nor their operations, pose any evident risk to their surroundings.

In places where there are specific obligations, the management systems address the problem and enable follow-up.

Three hives were installed at the headquarters site in Clichy (France) in partnership with Ekodev, and four hives are managed by a local beekeeper at the BIC Écriture 2000 site in Marne-la-Vallée (France). Through its partnership with Ekodev, BIC also sponsors a melipona hive in the Yucatan region of Mexico as part of an effort to reintroduce this bee to its natural habitat.

Air, water and soil release that seriously affect the environment

The nature of BIC Group's manufacturing operations, primarily the molding and assembly of plastic products and printing of products, has a relatively low local environmental impact compared with other manufacturing sectors. Nevertheless, the BIC Sustainable Development Program, based on the EH&S Policy (see page 86), requires each site to measure, evaluate and reduce every significant form of environmental impact.

Conditions for use of soil

In Europe and the U.S., where most of the Group's sites are located, whenever an industrial site is closed, BIC ensures that plant decommissioning is performed in accordance with local laws and best environmental practices. When appropriate or when required by law, BIC carries out studies of the soil and subsoil, although most sites are not subject to compulsory examination. Such studies of pollution at European plants used over many years demonstrate that the Group's business does not have a significant impact on soil and subsoil.

For French plants subject to specific regulatory requirements, the policy for preventing the risk of soil pollution is an integral part of the operating plan.

Noise and odor impact

Odor is considered an insignificant aspect in the Group's product molding, assembly and printing activities.

As far as noise impact is concerned, measures are taken within the property limits in the context of local regulations. If noise pollution is brought to the Group's attention in the future, studies will be conducted and any appropriate corrective actions implemented.

(1) Cello Pens is not in the scope of this study.

3.3.2. OUR TRANSPORTATION ACTIVITIES

Challenges

The objective of BIC's shipping management system is to ensure the availability of its products to around 4 million points of sale all over the world, thus maximizing customer satisfaction, while at the same time reducing the environmental impact of its transport activities and optimizing costs.

BIC engages in two types of transport for its products:

- "Inter-site shipping" which refers to factory-factory and factory-warehouse shipments (inter- and intra-continental);
- "Distribution shipping" which refers to shipments from the factories or warehouses to the end customer.

Due to the environmental and financial impact of air freight, the key challenge for the Group is to use this form of shipping as little as possible. Even though it accounts for only 0.6% of the total tonnage shipped, air freight is the transport method that generates the most GHG: in 2018 it represented 43% of the Group's total emissions from transport.

Approach and progress made in 2018

BIC Group has factories all over the world, which tends to limit the need for shipping its products. For example, in the Consumer business in Europe, 82% of the products sold on a given continent are manufactured on that continent.

In addition, BIC has chosen to outsource its transport operations while maintaining a high level of internal expertise in the management of service providers, flow engineering and transport management tools. A specific effort focused on each transport flow is the best way to provide high-quality, competitive shipping while reducing environmental impact.

Led by BIC's Transport Community, which unites the Group's shipping managers on each continent, the approach is comprised of three main tactics:

- raising awareness and controlling emissions;
- optimizing shipments and routes;
- selecting responsible carriers.

BIC pays close attention to the proportion of this type of transport, with the goal of continuing to keep it below 2.3% for intra-company transport. In 2018, the share of air freight, in tons.kilometers, was 0.93%.

Raising awareness and measuring emissions

Like any function involving the supply chain, the optimization of shipping is a responsibility shared by several teams within BIC Group, from production to delivery, as well as sales and warehouse management.

Since 2014, the "Transport Community" has been working closely with the categories (Stationery, Lighters, Shavers) and a steering working group tasked with identifying solutions to achieve significant and long-term reductions in air freight. In 2018, the Transport Community continued to consult with experts and work in cooperation with customers. Transport companies that are committed to sustainable development are also regularly consulted.

The specific monitoring of air transport was introduced in 2014, with quarterly reports to the management teams in each zone.



With this regular monitoring, the Transport Community is focused on this issue at the highest managerial levels. A detailed analysis of these reports has allowed the Transport Community to identify worldwide flows and to define three key actions for their optimization. Cost and flow optimization and the promotion of initiatives to foster sustainable development are included in the criteria for choosing transport service providers in new calls for tenders.

In Europe, a new tool has been tested for distribution shipping in France, Benelux and the UK. Called the "TK'Blue index," it is used to measure GHG emissions due to transport as well as all related negative externalities (noise, soil and air pollution, safety, congestion), while also taking social factors into account. This index enables the precise, reliable monitoring of GHG emissions resulting from the shipping of BIC® products, based on the transport providers' current vehicle fleets and applying the same calculation method for all providers. Having proven its viability within the initially restricted perimeter of three countries, the test has now been extended to other European countries.

Optimizing shipments and routes

In shipping, the main leverage points for decreasing emissions are the reduction of the distances traveled, the choice of transportation mode and load optimization. BIC's logistical teams work on all three points in cooperation with other departments within the Group, such as Production and Sales, and service providers. Following the completion of a project to map all intra-Group flows, a study is being conducted to pool shipments on a Group-wide scale.

Selecting responsible carriers

Logistical operations are carried out by transport companies chosen by BIC. Therefore, their equipment, methods and management systems are determining factors in the level of GHG emissions, including the age of the vehicles, training in the techniques of eco-driving, the use of speed governors, tire technology, emission measurement capacities, etc.

In conjunction with the Group's responsible purchasing policy, BIC selects carriers that can reduce the ecological footprint of its shipping operations. For example, in the U.S. and Canada, the Group only works with carriers that have received SmartWay® certification, a program designed by the U.S. Environmental Protection Agency.

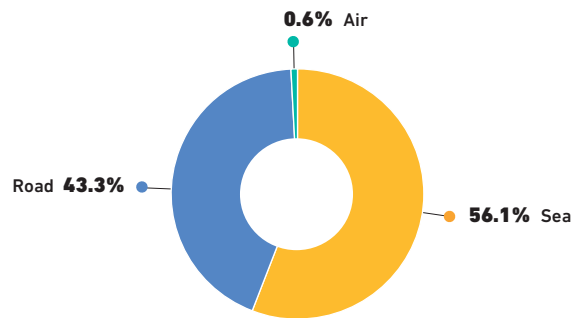
To encourage its transport service providers to adopt responsible practices, BIC has incorporated the reduction of GHG emissions in its criteria for selecting carriers.

Lastly, to foster its carriers' commitment to corporate responsibility, BIC extended its Code of Conduct to logistics service providers. The amended Code was made available to all the Group's transport teams worldwide, to be put into practice with their service providers. To facilitate their carriers' efforts, in 2015 the Brazilian teams developed a methodology for auditing a transporter's commitment in relation to the requirements of the BIC Code of Conduct, with the goal of rewarding the most committed vendors.

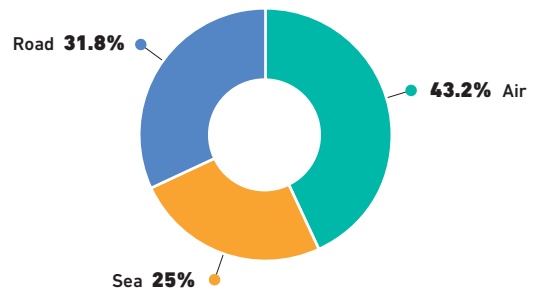
> Performance

“ In 100% of the new Group's calls for transport tenders, sustainable development is a criterion for selection. ”

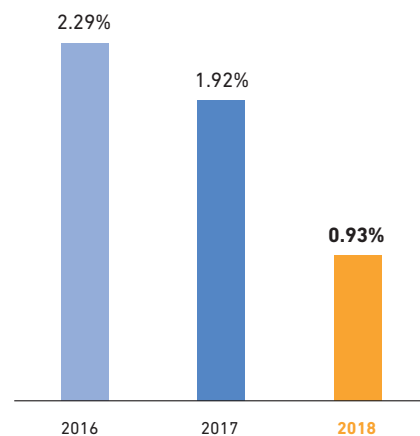
BREAKDOWN OF TONNAGE SHIPPED BY MODE OF TRANSPORT - AS % OF TOTAL



BREAKDOWN OF GHG EMISSIONS BY MODE OF TRANSPORT - AS % OF TOTAL



SHARE OF AIR FREIGHT AS % OF TOTAL (IN TONS/KILOMETERS)



> Perspectives

In 2019, the Shaver category plans to launch a project to optimize the packaging of the Twin Lady shaver in Saltillo (Mexico). This optimization will increase by 10% the overall number of shavers per outer, for a savings of about 300 pallets per year, or seven containers in the Athens-Saltillo flow.



3.4. OUR SOCIAL RESPONSIBILITY TO OUR EMPLOYEES ^[NFPS]

The women and men who make up BIC Group have been the key to its success from the very beginning. With factories all around the world, distribution teams in 53 countries and about 4 million sales outlets spanning the globe, BIC thrives on a shared corporate culture, enriched by local specificities. The challenge for its Human Resources is to continue to nurture this common culture, founded on BIC's values and philosophy, across geographic, professional and organizational borders. Shared protocols, based on the Group's history and built to serve its industrial and commercial goals both present and future, are deployed to develop the skills and strengthen the commitment of everyone in the Company, while protecting and improving their health, safety and well-being. Working with its social partners, BIC strives to create a favorable environment for the long-term development of its employees, and of the Group as a whole.

3.4.1 THE WORKFORCE

For the year ending December 31, 2018, BIC Group had 13,664 permanent employees and 3,291 temporary staff.

The following sections describe the BIC's workforce in 2018 and the evolution.

3.4.1.1. Breakdown of the workforce by region and activity

Changes in staff numbers by region are shown below:

WORKFORCE BY REGION – IN FULL-TIME EQUIVALENTS AS OF DECEMBER 31

Workforce by region	Dec. 2016	Dec. 2017	Dec. 2018	Variation 2018/2017
Europe	4,144	4,014	4,061	+1.1%
North America	2,345	805	740	-7.8%
Developing markets	10,873	10,117	8,863	-12.3%
TOTAL PERMANENT STAFF	17,362	14,936	13,664	-8.5%
Temporary staff	3,268	3,912	3,291	-15.9%
TOTAL	20,630	18,848	16,955	-10.0%

In 2018, permanent employees decreased by 8.5% (1,270 employees).

This essentially reflects the decrease of headcount in Cello Pens in India (1,331 fewer employees between December 2017 (6,996 employees) and December 2018 (5,665 employees)). This decrease is linked to the volumes production decline and productivity improvement. In all other BC subsidiaries, the permanent workforce is rather constant.

Permanent employees (with a permanent employment contract) accounted for 81% of the Group's total workforce. Temporary workers accounted for 19% of the Group's total workforce, split

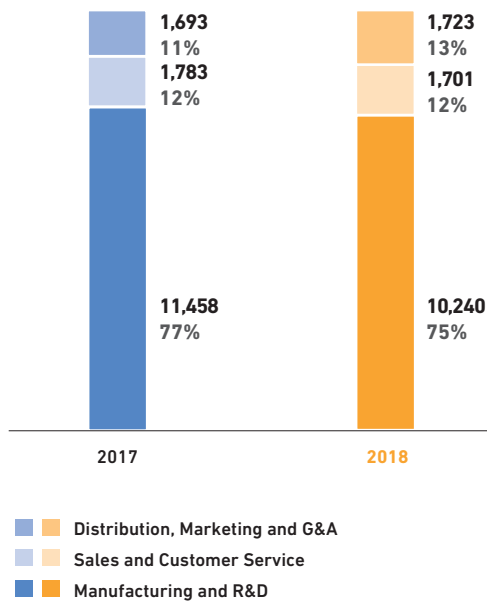
across temporary staff, fixed-period contracts and school and university interns.

As of December 31, 2018, the number of temporary workers was lower than December 31, 2017 by 621 (3,291 vs. 3,912). In India, the number of temporary workers decreased to 423, as well as in Athens, Greece (80 less) and in Mexico (230 less). These decreases are linked to changes in the production volumes.

Temporary workers are employed in manufacturing (89% of temporary staff), sales support (6%) and distribution and administration (5%), essentially due to the highly seasonal nature of BIC's activities.



PERMANENT EMPLOYEES BY ACTIVITY - BIC GROUP

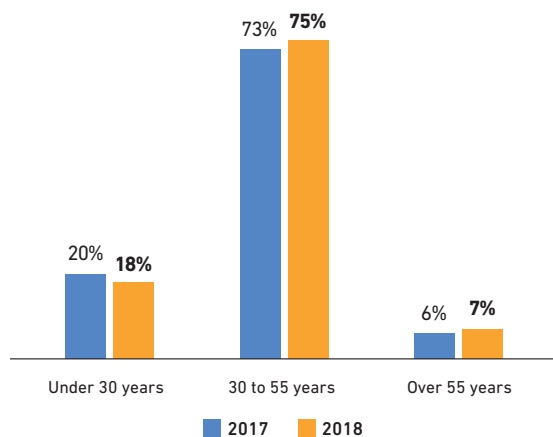


The workforce, across each activity, has remained constant in recent years, reflecting the stability of BIC's system of organization.

3.4.1.2. Breakdown of the workforce by age

All ages are represented in BIC.

BREAKDOWN OF THE WORKFORCE BY AGE GROUP



3.4.1.3. Breakdown of the workforce by category

PERMANENT HEADCOUNT BY CATEGORY

	December 2017	December 2018	Variation 2018/2017
Managers	2,723 (18%)	2,787 (20%)	+2.3%
Non-managers	12,211 (82%)	10,877 (80%)	-10.9%

Managers accounted for 20% of permanent Group employees in 2018. For BIC Group, the main characteristic of a manager is that he/she coordinates a range of resources for which he/she is responsible, with a degree of autonomy and responsibility necessary for the achievement of objectives on at least an annual basis. Management might refer to a team, a project, a process, a technique, or a customer or supplier portfolio.

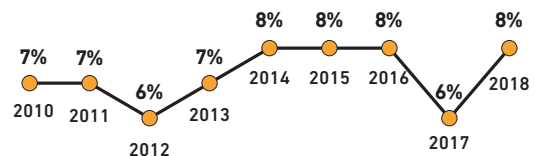
3.4.1.4. Recruitment and terminations

For recruitment purposes, the Group has, over recent years, developed a mobility policy and an active internal promotion policy backed by career management tools (Individual Development Plan, Succession Plan, talent accelerators, etc.).

The Group recruited 1,563 external candidates, including 400 for management positions. In 2018, the external recruitment rate was 11%, as last year (15% for managers).

The Group enhances awareness of the Company in the international employment market through the use of tools such as LinkedIn and also partners with internationally renowned specialized recruitment companies. Over recent years, the Group has reinforced its managers' expertise in recruitment techniques and has developed a more efficient selection and tracking process.

VOLUNTARY TURNOVER - PERMANENT WORKFORCE



In India (Cello Pens) the number of voluntary departures has doubled in 2018. It has increased from 740 in 2017 to 1,421 in 2018. The voluntary departures rate is 20% for 2018.

In the rest of the Group, the voluntary departures rate increased from 6% to 8% in 2018, which corresponds to 622 resignations and retirements in 2018 (569 departures in 2017).

In 2018, as in 2017, the highest rate is in Asia-Océania (21%). In North America, the rate is 11%, 10% in Middle East Africa and 9% in Latin America. For several years, Europe has a low voluntary turnover (5.6%) due to staff stability in factories.

For the perimeter excluding India - Cello Pens, the Group carried out 360 terminations in 2018 versus 314 in 2017⁽¹⁾. The involuntary departure rate has increased from 3 to 5%.

In India, the number of terminations has significantly increased; from 295 to 431 terminations in 2018, representing an involuntary departure rate of 6%.

In the event of staff restructuring that results in job cuts and terminations of profiles that are not adapted to the future organizations, Group policy is to respect local legal obligations as a minimum, in cooperation with social partners. Moreover, BIC strives to reassign employees whenever possible.

(1) Excluding Cello Pens and departures related to the sale of BIC Graphic in 2017.

As part of the operation to transfer BIC Sports activities, BIC Group committed to communicating with all stakeholders in a consistent, transparent manner and in accordance with applicable regulations. Multiple communication formats were created and delivered throughout the BIC Graphic locations in question to keep employees regularly up to date on the process. All employees of BIC Sports were rehired by the new owner under the same contractual conditions (salaries and benefits).

3.4.2. SHARING OUR VALUES, LISTENING TO OUR EMPLOYEES

› Challenges

The Group's philosophy "Honor the past, Invent the future" symbolizes for BIC a respect for its heritage, which is one of the keys to its success, as well as the way in which its employees build the future of the Group together. BIC's heritage encompasses many aspects: an entrepreneurial spirit, products that have become icons within their markets, irreproachable quality, attention to detail, and the commitment of the employees who have built the BIC® brand.

This philosophy constitutes a central element of BIC's culture and arises from the following five shared Values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity.

BIC values the opinions of all its employees and regularly seeks their views on the Group, their work environment and their perception of the Group's programs.

› Approach

Since 2005, surveys on engagement and adherence to values have been used to measure the difference between the values as they are defined in the communication tools and as they are truly experienced by employees in the workplace, as well as the employees' engagement and related factors like working conditions, individual recognition, independence, career opportunities and management effectiveness.

Accompanying this survey, the "Values in Action Awards" are conferred on team members, nominated by their co-workers, who embody and excel in certain BIC values in the workplace. To date, over 1,400 team members have been recognized within this program, which started in 2006.

› Performance and progress made in 2018

The Engagement and Adherence to Values Survey

Once again, BIC conducted its Engagement and Adherence to Values Survey in 2018. All factories within the Group were represented, along with 2,000 team members from India. This year the survey covered 11,053 team members (permanent and temporary employees under contract). Participation increased from 84% in 2016 to 93% in 2018, a rise of 9 points, with 10,255 team members responding. This year over 83% of the participants responded online.

2018 saw an overall engagement index increase of +1.5 compared with 2016 (84.3% vs. 83%). The addition of India accounted for the positive swing.

The manager index saw a significant increase in 2018 compared with 2016 (77.6 vs. 72.2).

In 2018, BIC's strengths focused on Pride in Company, Engagement and, once again, BIC Values. 87.9% of team members are "proud to be associated with BIC." This is reflected in the favorable responses around the Group's core values of Responsibility and Ethics. BIC also saw areas of opportunity, particularly in Growth and Development, Recognition and Reward, and Resources and Support. In addition, there was opportunity identified with clarity of direction for the Company, which scored under 50%.

For the first time, BIC included an item targeting Diversity and Inclusion: "BIC promotes an inclusive culture where people of diverse backgrounds feel welcome." Overall, team members responded very favorably at 82.4%.

The engagement of its team members is a key asset that BIC seeks to maintain. To that end, the Group's managers continue to use specially developed tools and coaching to help them define local action plans in response to the survey results. These action plans are defined by each entity, based on its results. Training plans for high-potential employees have been bolstered and possibilities for offering non-financial recognition are being studied. BIC University is being refreshed for a global relaunch in January 2019 (see page 103).

› Perspectives

BIC will continue its program of in-house surveys, with the goal of being attentive to its employees and implementing plans for improvement. For example, North America conducted three separate "spot" surveys of its team members throughout 2018 in response to a change of leadership.

3.4.3. HEALTH/SAFETY IN THE WORKPLACE

› Challenges, risks and opportunities

The BIC Group has identified the "health/safety in the workplace" risk as one of the major CSR risks ⁽¹⁾ resulting from its operations.

Safety in the workplace is a fundamental priority for BIC Group. BIC's operations, both industrial and commercial, expose its workers to various professional risks (mechanical, chemical, psychosocial, biological, ergonomic) that differ from function to function (headquarters, factories, sales force). For the Group, workplace safety means ensuring its employees' physical and mental well-being by preventing accidents and occupational diseases. The Group deploys all useful means: health and safety management, ongoing improvement of working environments and the organization of working hours, and actions to raise employees' awareness of safety issues.

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.



The information presented in this chapter on health and safety in the workplace concerns all of the BIC Group's activities.

Writing the Future, Together – #3 Committing to a safe work environment

BIC has set the goal of taking action for safety in the workplace, as stated in the following commitment: By 2025, BIC aims for zero accidents across all operations.

Inspired by the "Vision Zero" approach developed by the International Social Security Association ⁽¹⁾, the Group is developing a program that integrates the dimensions of safety, health, and well-being at work, at every level, with the goal of achieving zero sick leave days due to on-site accidents for everyone who works for BIC. It is based on the ISSA's Seven Golden Rules: take leadership – demonstrate commitment; identify hazards – control risks; define targets – develop programs; ensure a safe and healthy system – be well-organized; ensure safety and health in machines, equipment, and workplaces; improve qualifications – develop competence; invest in people – motivate by participation.

This "zero accidents" goal implies an intensification of the Group's safety culture and policies in all of its operations, and includes the implementation of specific local actions.

In 2018, building on the approach already adopted over the past several years in the Stationery category, BIC began extending and adapting that category's health-safety roadmap to the other categories and continents. 2019 will be devoted to finalizing and implementing these roadmaps.

Policy, approach and measures implemented

BIC adopts a Health & Safety program that allows it to guarantee a working environment that protects its employees' physical integrity. In keeping with its **Environment, Health & Safety (EH&S) Policy**, BIC Group strives to prevent or at least reduce health and safety risks for its employees, subcontractors and people who live or work near its production sites.

The Group deploys safety management systems at its production sites. Each site has an EH&S manager in charge of the deployment of the EH&S Policy and follow-up of programs for reducing the employees' health and safety risks, under the responsibility of the Industrial Directors. The self-assessments of compliance with the Code of Conduct were conducted for 10 years, until 2016. These self-assessments are based on a questionnaire prepared and analyzed by independent Auditors. The organization of work in BIC's factories complies with local laws and the Group's Code of Conduct, which is modeled on the standards of the International Labor Organization.

The BIC Group has established a specific internal organization for this purpose, including a contact at each BIC site (industrial sites or offices) as well as an EH&S manager for the Stationery category, which has the largest number of factories within the Group, plus a safety manager for Latin America. A Group EH&S committee is in charge of deploying the approach on all categories and continents and sharing best practices. Made up of HR and EH&S supervisors, it meets every quarter.

In the Shavers category, since 2011 three of the four factories have earned triple certification for their development and deployment of the EH&S Policy: Safety (OHSAS 18001), Quality (ISO 9001) and Environment (ISO 14001).

Progress made in 2018

In 2018, the launch of the "Vision Zero" approach spawned a great many projects:

- an accident surveillance tool (the "e-HSE Suite" platform) was selected and implemented in all of the Group's sites. To be operational in 2019, it will serve as the management tool for workplace accidents (evaluating risks, recording and documenting accidents, defining corrective action plans). This tool will also be useful at the category and continent levels for developing effective action plans;
- health & safety reporting was extended throughout the Group, and is no longer limited to the factories and headquarters. All Group sites (offices, factories and headquarters) are now included in the approach and reporting.

In the Stationery category:

- all of the category's factory directors got together for a two-day meeting at which they defined the safety strategy for each of their factories. These strategies were then shared with the employees and their implementation began within the year;
- employees at all factories (except Cello Pens) were surveyed on the Group's health-safety culture. This survey revealed the employees' attitudes toward safety in the workplace and identified the elements of the health-safety culture at BIC. The results were shared with the management team of each factory to help them develop appropriate action plans. This survey will be repeated every other year to measure progress in the adoption of the health-safety culture;
- Safety Watches were initiated in 2018 at all sites (except Cello Pens). Conducted among employees, they allow co-workers to point out questionable practices and habits in a dynamic of dialog and ongoing improvement. They have proven to be an effective tool for improving safety by changing behavior patterns;
- the EH&S managers were trained in behavioral safety to facilitate the deployment of the Safety Watches.

Each year, various types of initiatives are also launched in the Group's factories and other sites. A few examples from 2018:

- BIC South Africa opened a space dedicated to sharing safety information within the factory in order to communicate on: the "Vision Zero" roadmap and progress made so far, incident/accident alarms, responses to proposals submitted via a suggestion box, and feedback from audits and cross-visits;
- the Conté-Samer and BIC Écriture 2000 sites (France) hosted their first Safety Days in 2018;
- "Safety Weeks" were organized at the BIC Violex (Greece) and Manaus (Brazil) sites.

(1) The International Social Security Association (ISSA) is an international organization uniting social security administrations and institutions around the world.



› Performance

In 2018, health and safety management systems were operational at 88% of BIC's sites.

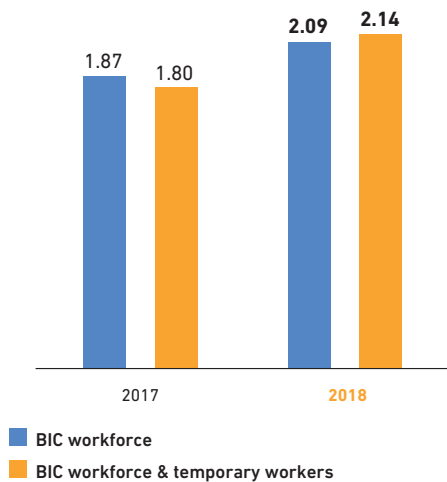
In all BIC sites, accidents resulting in lost work time for BIC employees are mainly caused by the handling of materials and machines. The frequency rate increase in 2018 from 1.87 to 2.09. The development and implementation of actions plans will continue in 2019 and should lead to an increased safety culture and a decrease of this rate. The severity rate remains stable at 0.08. In addition, 61 sites reported no accidents with lost work time in 2018.

More generally, the Group regrets 76 accidents for BIC employees and 8 for external temporary workers. The incidence rate for BIC employees and temporary workers reaches 2.14 in 2018.

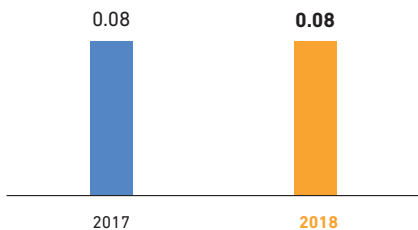
Most of the occupational diseases, which so far have only been monitored in France, are related to musculoskeletal disorders.

Due to the extension of the reporting perimeter in 2018 to include all of the BIC Group's operations (factories and offices), only two years of data will be given below.

INCIDENCE RATE: NUMBER OF ACCIDENTS LEADING TO LOSS OF WORK TIME - PER MILLION HOURS WORKED



SEVERITY RATE: NUMBER OF CALENDAR DAYS LOST DUE TO AN ACCIDENT - PER THOUSAND HOURS WORKED - BIC WORKFORCE



› Perspectives

Starting in 2019, significant actions will advance the adoption of the Group's safety culture and the implementation of the health-safety roadmaps:

- the first worldwide EH&S meeting will be held in Greece at BIC Violex in April 2019;
- the actions implemented by the Stationery category in 2018 will be duplicated in the Shavers category;
- a safety welcome session will be established for all office newly hired personnel;
- the sharing of good practices will be expanded with a "Best In Class" communication campaign within the Group;
- Safety Watches will be extended to the two Cello Pens factories in India.

3.4.4. EMPLOYEE SECURITY RELATED TO GEOPOLITICAL RISKS

The BIC Group has identified "employee safety related to geopolitical risks" as one of the major CSR risks ⁽¹⁾ resulting from its operations.

In 2018, BIC Middle East launched Travel Tracker, a service provided in partnership with International SOS. This service offers team members comprehensive information and support before and during travel, automatically linked to their travel booking. It prepares them for their visit by providing information on any potential health, security, political or climate risks. It also includes emergency services through which BIC can be notified in case an unforeseen event occurs while an employee is traveling. Team members can also seek help if they find themselves in danger, have questions or need medical support during their trip. This initiative is part of a proactive strategy to mitigate risk by keeping safety and security top of mind.

3.4.5. HEALTH AND WELL-BEING IN THE WORKPLACE

› Challenges

For BIC Group, employee health and well-being are also a matter of reducing the incidence of work-related diseases, primarily musculoskeletal disorders and psychosocial risks (PSR) such as stress. BIC keeps a close watch on these issues and constantly strives to reduce all forms of job-related suffering.

To this end, in conjunction with the above-mentioned approaches to organization and health-safety in the workplace, programs to promote well-being at work are coordinated Group-wide and deployed locally depending on each site's specific needs.

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.



› Approach

The **Group's worldwide program called "Quality of Life at Work"**, launched for the purpose of defining goals and a global strategy for improving quality of life in the workplace, continues to be developed at many sites. As part of this worldwide program, action plans have been defined and implemented locally based on past initiatives deployed in various countries. Through this program, BIC seeks to promote wellness at work in the interest of its employees and their engagement. In this way, the Group will help limit the effects of professional or personal stress on its employees' health.

This program promotes both short- and long-term initiatives and action plans based on a combination of reactive and preventive approaches. It includes a separate section on the "Role of Managers". "Quality of Life at Work" also examines employees' job responsibilities and the quality of their working environment.

The efforts focus on four main areas:

- **health and well-being:** safety, physical exercise, nutrition;
- **the manager's role:** stress management and prevention as well as the new skills required for team leaders;
- **workspace and workstations:** ergonomics, configuration of workspaces and common areas;
- **employee services:** to make everyday life easier and help employees deal with personal and professional difficulties.

In each of the four above-mentioned fields, new initiatives have been undertaken and the programs developed over the past several years in various countries are being continued. The most significant programs are described below.

› Progress made in 2018: health and well-being "You First by BIC" in the United States

In the United States, BIC CORPORATION continues to focus, through the "You First by BIC" initiative, on all aspects of employee health and well-being: physical, psychological and financial. In 2018, there was a continued campaign to promote a holistic approach to well-being through a telehealth program, subsidized gym memberships, an on-site cafeteria with healthy options and a healthy eating incentive program, healthy vending machines, a seasonal on-site farmers market, an on-site walking trail and an on-site fitness room for group classes/meditation/yoga. Other efforts included the promotion of healthy lifestyles and an offer for CIGNA HealthCare members and a covered spouse to earn "well-being dollars" annually.

To promote physical well-being, BIC CORPORATION continues to offer its employees numerous on-site preventive screening

programs (osteoporosis, skin cancer, oral cancer and hypertension screenings). In addition, biometric screenings are offered at all BIC sites in the United States (height, weight, waist circumference, body mass index, cholesterol levels and A1C screenings). On-site flu shot clinics are offered in all U.S. locations.

Prevention/awareness campaigns in Latin America

To supplement the weekly exercise sessions that have been offered for several years now at the Group's sites in Brazil (BIC Amazonia, PIMACO and the headquarters in Cajamar), a new program called GymPass has been launched to encourage employees and their families to engage in sports and physical activity. Awareness sessions were also held as part of the "Pink October" (for the prevention of breast and cervical cancer) and "Blue November" (against prostate cancer) programs. In addition, on World Diabetes Day, BIC Amazonia offers screening and information for employees about the disease and ways to prevent it.

In Mexico, a new security brigade was implemented for the new offices in Toreo. A Safety and Hygiene Committee was also formed to comply with Mexican regulations.

A series of initiatives were implemented in Central American locations as a result of the well-being program launched in 2017. These initiatives focus on promoting a healthy lifestyle and physical activity. They include programs like after-work exercise as well as monthly awareness sessions on nutrition, healthy snacks and other topics. Screening campaigns were also conducted on Health Day in November.

In Colombia and Ecuador, Healthy Week was continued from 2017. During the week of August 13, team members were offered information on nutrition, wellness exams and talks by various speakers from the wellness and health industry. In addition, "Well-Being Committees" were formed at the beginning of the year. These committees focus on organizing and implementing activities such as health and legal talks for team members. Medical checkups were offered to ensure that all team members maintain their health. External sports activities like soccer games were encouraged to promote exercise.

In Argentina and Chile, the Group offers annual Safety and Hygiene training sessions, including CPR training, evacuation drills and handling of fire extinguishers. A week of health awareness called "Your Health Matters" was implemented. 28% of the workforce received influenza vaccinations and 37% received a medical checkup.

Wellness promotion in Morocco

In Morocco, "Joy Ministers" are elected every quarter to focus on implementing wellness initiatives focused on well-being at work.

The fight against HIV/AIDS in South Africa and programs to help employees maintain good health

Every year since 2000, BIC South Africa has implemented a program to combat HIV and AIDS in a country where the virus is taking an especially heavy toll. This initiative is managed by an in-house clinic and a team of peer educators made up of Group employees. The program consists of three parts: employee education, voluntary counseling and testing for anyone (permanent or temporary employees) and a health program. BIC South Africa pays the majority of medical expenses for HIV-positive employees: 100% of the employees who ask for antiretroviral medication receive it. If needed, seropositive employees can be vaccinated against hepatitis B. In 2018, educators were offered a refresher training course and videos about sexually transmitted diseases were shared with all employees. On World AIDS Day, like every year, an awareness campaign was carried out with the goal of reaching all employees. All of these events will be ongoing in 2019. The Company's charge nurse attended an HIV conference in November 2018 to learn to identify complications that employees might develop.

The in-house clinic provides primary medical care for health problems and work-related diseases, in particular for shift-work employees. It also conducts numerous preventive and screening campaigns: eyesight, hearing, blood pressure, blood sugar, cholesterol, complete annual checkups, screening for various forms of cancer and tuberculosis, etc. Special well-being days offer employees an opportunity to participate in seminars on fitness, reflexology, etc.

Reducing physical stress on the job in France

In compliance with new regulations, an analysis of potentially strenuous working conditions was conducted at all sites. One key point is the reduction in the number of jobs associated with strenuous conditions. The "job strain account" has been adopted, integrating 12 criteria defined by law.

Developing the social protection systems available to BIC employees

In 2018, BIC Middle East introduced a life, total and partial disability insurance policy for its team members in the UAE. This is a major step in providing some financial security for members' families in the case of events that significantly impact a team member's well-being.

In 2018, BIC CORPORATION in the United States continued its partnership with OneExchange, a private healthcare exchange that offers a broad range of plan choices in compliance with U.S. healthcare reform. The percentage of employees with health insurance linked to a healthcare savings account continues to rise.

A call for tenders in health and life insurance was launched in several countries for the purpose of finding brokers or insurers that can offer reduced rates and/or improved medical coverage. The resulting changes will be implemented in 2019.

› Perspectives in health and well-being

In 2018, a new consultation with insurers and intermediaries in the sector will be an opportunity to extend the current system to include screening campaigns in several countries, to be implemented in 2019.

› Progress made in 2018: the role of the manager

The managers' attitudes and behavior are the cornerstone of any effort to combat psychosocial risks (PSR). As a responsible company, BIC trains its managers in the ability to acquire and apply new managerial skills and in their fundamental role as the providers of a positive dynamic for themselves and for their teams. They also have a clearly stated mission to be on the lookout for the subtle signals indicating that an employee is in distress and are trained to detect those signals. The "Manager@BIC" and "Leader@BIC" training modules, created to help managers deal effectively with the challenges they face as team leaders, increasingly incorporate the aspect of well-being at work as well as stress management in their programs.

All managers were trained on the new Performance Module, which consisted of: the model itself, how to give and receive feedback, writing a development plan and how to successfully evaluate team members based on the new model, encompassing not only the accomplishment of Business Goals but also how each team member demonstrates BIC's Core Values, Core Competencies and Functional Competencies.

› Progress made in 2018: employee services

An Employee Assistance Program (EAP) has been in operation in the United States (at BIC CORPORATION) and in France (the PASS program) for several years, and since 2016 in the Asia-Pacific zone. Set up for the benefit of BIC employees and their families, this service offers a 24-hour helpline plus the possibility of face-to-face meetings with professionals.

In 2017, an EAP was launched in Latin America for employees of the BIC Consumer Products business, offering help in legal, financial, medical and psychological matters. Building on this, in 2018 monthly communications were generated about the EAP with a focus on specific topics by site. In addition, a 24/7 free telephone assistance service was implemented for team members and their direct families.

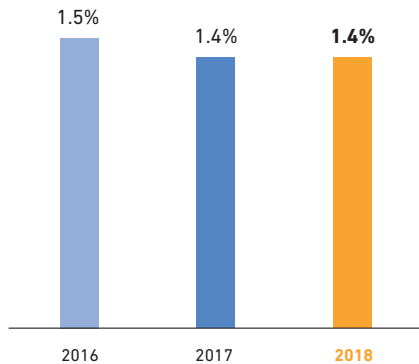
› Performance

In France, BIC had recorded 40 recognized cases of occupational diseases by the end of 2018.

3



ABSENTEEISM (EXCLUDING ON-SITE ACCIDENTS AND MATERNITY) - BIC GROUP PERMANENT WORKFORCE (CELLO PENS EXCLUDED)



Absenteeism (excluding on-site accidents and maternity) remained stable.

Absenteeism (including on-site accidents and maternity) is globally in 2018 1.4% (excluding Cello Pens, it is stable and equal to 2.4%, as in 2017, while for Cello Pens, it is 0.5% in 2018).

3.4.6. EMPLOYEE DEVELOPMENT

› Challenges

The values of Responsibility and Ethics at BIC go hand in hand with the implementation of programs to cultivate its employees' skills and employability.

Employee development is a crucial issue, in that it facilitates:

- achievement of the economic goals set by the various BIC entities;
- definition of internal succession plans to ensure the continuity of the Group's activities;
- raising the level of its employees' skills and expertise;
- maintaining an above-average market level of engagement;
- development of the internal and external employability of every man and woman who works for BIC.

› Approach

Regardless of function, level of responsibility, and type and length of contract, all BIC employees will be given opportunities to increase their external and internal employability. That is the employability commitment of BIC to its employees.

To achieve its commitment to employee development, BIC aims at being a learning environment for its employees based on the 70/20/10 model, which boosts development by combining three dimensions:

- **learning from new professional experiences** (70%): by promoting project management, BIC offers opportunities for employees to work in multi-functional teams;
- **learning from others** (20%): developing a feedback culture, every employee has opportunities to receive and offer further feedback, either to build on a strong point or to strengthen a developmental point;
- **learning from training** (10%): by increasing access to the BIC University programs, as well as locally developed training programs.

The Talent Development team makes this model available to all teams. It is for example used to structure BIC tools like the Taleo system and the People Acceleration Plan, etc.

BIC Group's competencies framework specifies the Core Competencies that all employees around the world must cultivate to ensure BIC's success: "Displays strategic agility", "drives for results", "champions MPD" (Method, Precision, Discipline), "engages others", "acts with courage" and "develops self and others". These core competencies are being embedded in all BIC University training programs and are included in the pre-employment testing process.

› Progress made in 2018

Numerous actions were undertaken to encourage the use of the 70/20/10 model. Some examples are given below.

Learning from new professional experiences (70) New Performance Review Model rollout

All leveled Team Members were trained on the new Performance Model, which has specific criteria evaluating both the WHATs of performance as well as the HOWs. The HOWs reflect how well a team member demonstrates BIC's Core Values, Core Competencies and Functional Competencies. During this training, Team members reviewed the 70/20/10 model and were encouraged to seek out relevant professional experiences as part of their development plan, thus addressing areas of opportunity in the HOW of performance.

BIC enjoyed another successful year of Executive Mentoring, offering identified Key Talents a formal approach for the development of their Core and Functional Competencies.

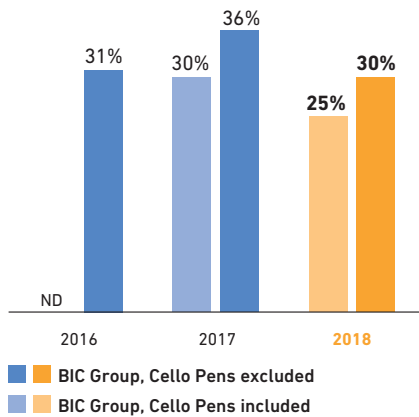
In 2018, BIC Group launched a global "Performance Management" training program worldwide to help employees understand the changes made to BIC's Performance Management process. The goal of the training was to build skill in the fundamentals of Performance Management (goal setting and development planning) and introduce the qualitative assessment of HOW. Continuous feedback via Touch Points was also introduced and is essential to ensure that team members are on track with goal and development plans set in the beginning of the year. The retraining of the entire organization allowed BIC to drive a stronger adoption of the process and deliver higher performance for the business.

Mobility and succession plans

The “Open Positions Review” sessions facilitated by the Group Talent Development Team are designed to facilitate the mobility process. During these meetings, open positions are discussed along with role requirements and potential matches suggested in an effort to offer team members the best options for their own development and for the business. Open positions are shared globally in an effort to make optimal use of the available talents. In addition to the Open Positions Review discussions, BIC conducts a formal detailed review of high potential employees and potential succession to key positions.

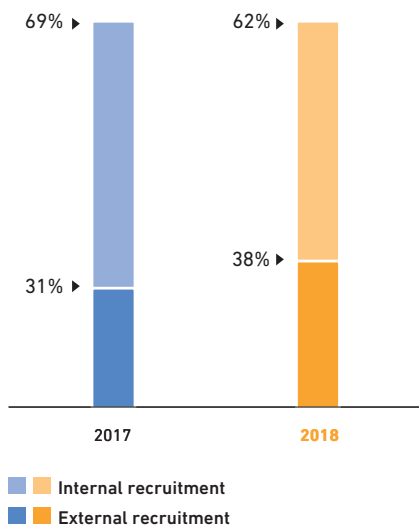
› **Performance**

INTERNAL DEVELOPMENT MOVES AND PROMOTION RATE



This indicator measures the number of manager and non-manager positions filled internally, compared with the total number of positions filled within the Group over the same period. It includes promotions (level change) and developments (change of position, geographic zone or entity).

RATE OF INTERNAL PROMOTION AMONG MANAGERS (LEVELS 3, 4, 5 AND 6) – BIC GROUP



In 2018, the internal promotion rate went down by 62% for the four top manager levels.

For all managers' categories, the internal promotion rate was also decreasing to 44% in 2018, while it was at 51% in 2017.

Learning from others (20)

In 2018, BIC University implemented Mentoring@BIC, a program that offers Team Members the experience of being mentored by leaders at BIC to identify developmental needs and take appropriate action within an agreed-upon development plan.

BIC University also structured the coaching program under Coaching@BIC, which offers team members support from trained coaches to help them recognize ways they can improve the effectiveness of their performance and their impact in the business.

Learning from training (10)

The programs developed by BIC University

Created in 1998, the mission of BIC University is to “Develop and evolve learning solutions that meet business needs and for building the workforce for the future.”

With plants and sales teams in 53 countries, it is critical for BIC to make training accessible to everyone, everywhere in the world. In order to achieve this challenge, BIC University has a team of five dedicated people based in France and North America as well as a network of 12 BIC University Ambassadors all over the world. The community of Ambassadors promotes, leverages and delivers BIC University solutions. In addition, BIC University relies on an internal network of more than 71 internal trainers, subject matter experts with a passion for knowledge sharing.

Since its creation, BIC University has developed numerous training programs that serve as vehicles for developing the core competencies that must be shared by everyone in the Group. For example:

- The BIC U Curriculum – which contains training in main topic areas such as Personal Effectiveness, Business Skills for Tomorrow and People Manager Development – is available everywhere in various forms: facilitator-led training, webinars, e-learning modules, simulation exercises, etc.
- In 2018, the Recruiter@BIC and Managing Other programs were completely redesigned to better adapt to the Group's current business and team organization.

BIC University's online portal, BICUonline, contains a catalog of curated resources available to 5,300 team members worldwide. The BIC U Curriculum and the BICUonline portal were refreshed in 2018 for simpler navigation and access to learning opportunities. All resources are mapped by Core Competencies and main topic areas, making it easy to identify the right training opportunity to meet each team member's developmental needs.

This portal also hosts all of the Group's compliance training (BIC Group Code of Ethics and Anti-Corruption Policy).



Increasing BIC University's impact

BIC continues to invest in its organizational capacities in order to make BIC University's training available to everyone everywhere.

"BIC U everywhere for everyone": in 2018, the implementation of BIC University at BIC-Cello (India) continued with the identification and development of internal and external resources (training for trainers and selection of external service providers) plus greater visibility of BIC U through BICUonline.

"BIC U aligned with business priorities": in 2018, the BIC Performance Management process was completely revamped and BIC University trained all team members and people managers impacted by the new process. 2,967 people were trained by 71 trainers.

"Quality first": in 2018, the impact of the programs for the Company was evaluated by employees, using the ForMetris tool, at a rate of 75%. This is above the market average, confirming the ForMetris levels of the past several years.

"BIC U remains a melting pot for BIC": the ProChange program, for example, uses a BIC toolkit developed and evolved by internal experts from all categories and all continents.

Technical/functional training

The technical training for BIC's specific industrial operations is developed locally: each entity invests in a program to build the technical and functional skills it needs.

For the past several years the Group has been striving to perpetuate its key technical skills. For example, in Tarragona (Spain), the Lighter category is recruiting new employees through apprenticeship programs in partnership with two schools. In France, the "Training for Industrial Professionals" (TIP) program trains young people in the technical functions of mechanics, tool setting and plastics technology, for which there is a shortage on the labor market.

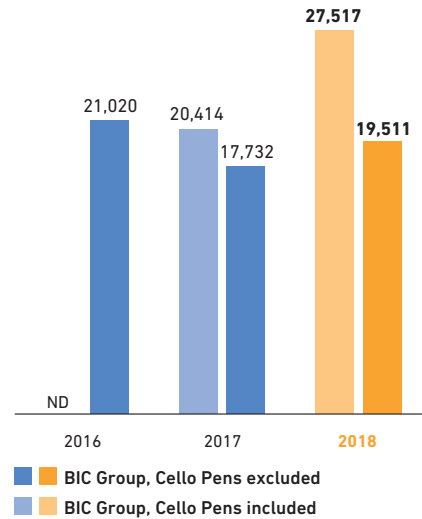
Since 2016, 13 apprentices have been recruited as part of this program in those three categories, and 10 trainees have completed their training in Tarragona (Spain) and at Violex (Greece).

In Manaus (Brazil), BIC University enables employees to receive training and earn certification. In addition, the Manufacturing School has been relaunched with the objective of developing technical skills and competencies for team members in technical careers. The main changes were: a new training matrix was created taking into account the needs per job, new content was created to meet those needs, and 10 internal voluntary facilitators were certified with the appropriate methodology and competencies to multiply knowledge and train others. The School's primary goal is to be recognized as a key program for professional and technical career growth, relying on BIC know-how and the facilitators' knowledge and experience. 40 team members across categories were enrolled in the first module, which focused on Problem Solving. A new Languages Program was also launched in 2018 in order to improve English skills across categories and support areas. Individual assessments were carried out to identify proficiency levels and organize the classes. There are now five classes for 36 team members running at BIC after work, in partnership with an English business school.

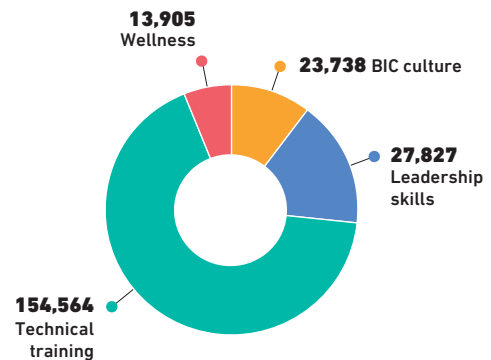
Performance

In 2018, 11,459 employees received training (or 68% of headcount present on December 31, 2018) with an average of three days per employee.

NUMBER OF TRAINING DAYS – BIC GROUP – PERMANENT AND TEMPORARY WORKFORCE



NUMBER OF TRAINING HOURS (PER THEME) – BIC GROUP 2018 – PERMANENT AND TEMPORARY WORKFORCE



3.4.7. THE REMUNERATION SYSTEM

Challenges and approach

BIC seeks to develop a fair and motivating remuneration system that can make the Group both competitive and appealing to potential employees.

BIC Group's remuneration policy is determined every year by the Human Resources Department in agreement with the Leadership Team. It is based on three principles:

- pay for individual and/or collective performance;
- internal equity;
- external competitiveness.

The acknowledgement of the performance of the individuals and the teams is an essential element in BIC Group's remuneration policy. Thus, for managers, salary increases reflect individual merit (except in certain countries where legal obligations require general increases).

In 2018, variable remuneration relating to performance represented an average of 13% of fixed remuneration for Group employees (excluding Cello Pens).

For non-managers, BIC guarantees an appropriate remuneration and respects minimum salaries determined by local laws and which is inspired by local and international companies locally.

Human Resources teams worldwide are responsible for implementing BIC Group's remuneration policy and for ensuring that it is adhered to.

› **Performance**

The average annual cost (including payroll taxes) of each employee totaled 33,854 euros in 2018, increasing +5.6% versus 2017, at actual exchange rates.

Analysis using constant exchange rates shows an increase of +9.7% compared with 2017. Overall, this variance in the average annual cost of each employee is due to:

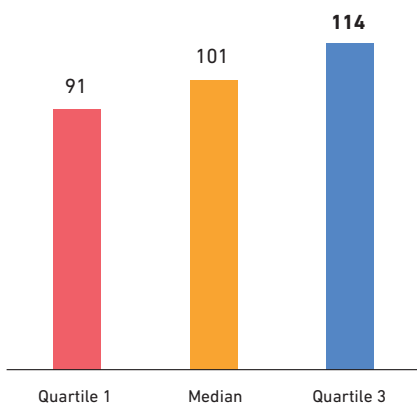
- a +8.8% increase in average fixed remuneration;
- a +14.6% increase in variable remuneration compared with 2017;
- a +10.2% increase in payroll taxes and other benefits.

Excluding Cello, the average annual cost is stable.

Information on Senior Management remuneration is provided on pages 150 to 168.

An analysis of the external competitiveness of BIC managers' base salaries is conducted on a regular basis in about 50 countries. This competitiveness analysis conducted at end-2017 shows that, on average, BIC managers' base salaries are positioned at their local market median.

COMPARISON OF MANAGERS' SALARIES WITH THE MARKET – STATISTICAL BREAKDOWN OF COMPARISON RATIOS (IN 2017)



The difference in pay between team members reflects responsibilities, experience, performance, potential and considers the characteristics of local markets.

3.4.8. PROMOTING DIVERSITY

› **Challenges, risk and opportunities**

As an international company, BIC considers diversity to be an intrinsic part of its corporate culture, as well as a key factor for its sustainable growth, in addition to legal or ethical considerations. This growth is explained by the Group's development in new subsidiaries, notably in the Middle East and Africa, and also by the anchoring of the diversity policy in the Group's recruitment processes.

Diversity also contributes to making the Group more attractive to its consumers and partners and to team members who prefer to work for a responsible company that tries to reflect the society that it serves.

The BIC Group has identified "discrimination related to gender" as one of the major CSR ⁽¹⁾ risks resulting from its operations.

› **Policy, approach and measures implemented**

The **BIC Charter of Diversity**, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates BIC's desire to take action to promote diversity. It is shared by all of the Group's entities worldwide and has been translated into the main languages spoken in the Group. It is now being reformulated in order to fine-tune the definition of BIC's position on diversity and integration.

As part of its approach, BIC takes all different types of diversity into account: gender diversity, disabled employees, minorities, seniors and younger workers, etc. Actions are organized locally every year to address these topics, depending on local contexts and initiatives.

› **Progress made in 2018 and performance**

To cultivate even greater diversity, BIC formed a working group in 2017 comprising employees from the various categories and geographic zones. The group also reflects the Company's diversity, uniting different nationalities, age brackets, responsibility levels, genders, etc. In 2018, this working group focused on the definition of a roadmap that includes: expressing the Group's vision for promoting diversity all the way to the highest level of the Company, defining a Group-wide commitment, introducing training on unconscious bias at all hierarchical levels, and establishing a network of Diversity & Inclusion correspondents.

In 2018, the topic of diversity and inclusion was added to the Group engagement survey.

In Argentina and Chile, typical meals from various countries were served at lunch during Diversity Week, increasing employees' understanding and appreciation of other culinary cultures.

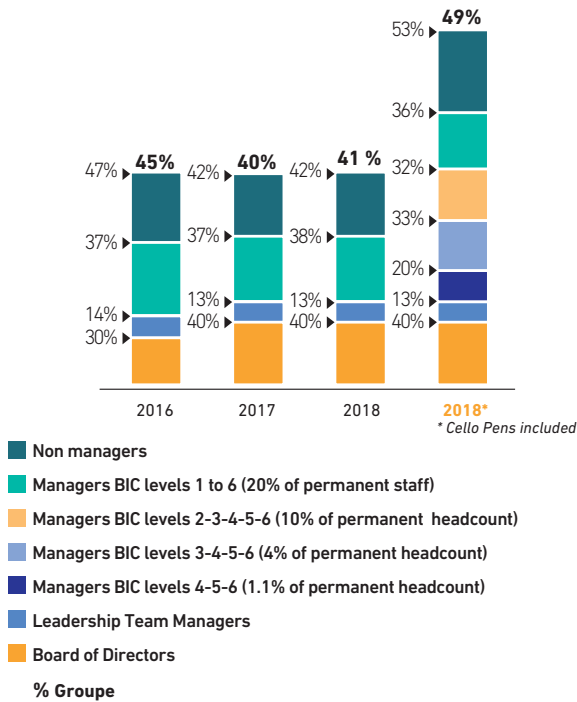
The mentoring program in the Africa Middle-East zone seeks to ensure gender equality in the targeting of talents.

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.



Male/Female equality

PERCENTAGE OF WOMEN IN THE PERMANENT WORKFORCE – BIC GROUP



In 2018, women accounted for 49% of permanent employees in the Group: 35% of the workforce in Europe, 41% in North America, 48% in Latin America and Asia, 47% in Middle East – Africa, 62% in India and 43% in Oceania.

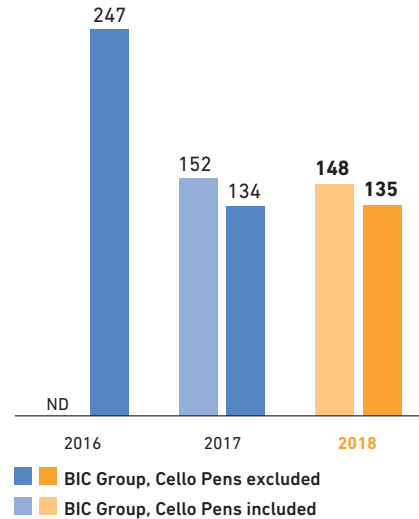
Compared with 2017, the proportion of women in the headcount remains globally stable.

Disabled employees

BIC Group is committed to promoting employment for the disabled. Its entities conduct short-term and long-term initiatives in this direction at the local level.

The commitment of BIC in favor of diversity is reflected particularly by local training and employment assistance for disabled workers.

NUMBER OF DISABLED WORKERS ON THE PERMANENT WORKFORCE – BIC GROUP



In 2018, disabled workers at the Group's largest sites totaled 148 (excluding indirect jobs associated with outsourcing). They numbered 53 in Europe, 22 in North America, 49 in Latin America and 24 in the rest of world (Middle East, Africa, Oceania and Asia).

Intergenerational equity

The aging of the population and its consequences will be a major issue in the years to come, especially in regions like Europe and the U.S. To ensure the transmission of skills and continuity of the Company's know-how, an analysis of the age structure and seniority has been made in the Group's factories.

In this context, BIC seeks to promote:

- cooperation among generations;
- professional motivation for seniors, and their employability throughout their careers;
- the transmission of knowledge and skills.

Perspectives

Based on the proposals of the Diversity & Inclusion working group, BIC plans to set specific goals and launch pilot initiatives in this area in 2019.

3.4.9. SOCIAL DIALOGUE

› Challenges

BIC Group strives to use all the means available to engage in dialog with its employees. In this spirit, it sets up the initiatives on listening to employees mentioned on page 97. To maintain its employees' engagement and remain attentive to their expectations, the Group strives to cultivate a high-quality social dialog, either directly with the management or with the employees themselves, their representatives, or labor union representatives at unionized sites.

› Approach

In every country where the Group has operations, it complies with all applicable collective agreements. In addition, each subsidiary The following table gives a few examples of such agreements.

Perimeter	Topic
Spain – BIC Iberia	A contract was signed between unions and the employer guaranteeing the Company's independence from branch or field agreements, ensuring ongoing discussions and negotiations with internal team members who know the local and internal context. The contract offers team members better conditions than the steel union branch agreement while corresponding more closely to BIC's needs. It ensures better follow-up and analysis of absenteeism, with the possibility of a corrective action plan, and confirms the update in 2018 and 2019 of job families, jobs descriptions and job mapping.
United States	A three-year agreement with the United Steelworkers union has been signed that will improve employees' financial conditions while giving the Company greater flexibility.
Clichy (France)	Negotiation of a new optional profit sharing agreement based on criteria linked to operations in order to improve individuals' impact on the Group's shared profits. An agreement on gender equality that integrates new benefits for employees while ensuring across-the-board equality of women and men in terms of human resources and careers.

› Performance

An audit conducted in 2014 showed that at the end of that year, nearly 63% of Group employees were covered by a form of employee representation through Works Councils or committees, Health and Safety Committees, trade unions and collective agreements or equivalent. This representation takes place through regular meetings for explaining the monthly or annual financial results, describing the Company's strategy, answering questions, etc.

Employees in Manaus (Brazil) can make their observations and expectations known through the "HR & You" program. This new communication channel allows employees to dialog with human resources staff via a questionnaire focusing on leadership

strives, insofar as its resources allow, to improve working conditions by offering wages above the legal minimums, through superior employee benefits, or through investments to improve the working environment.

These types of social progress are a subject of prior dialog, and the employees and their representatives are kept informed to ensure optimal communication.

› Progress made in 2018

The topics discussed in the negotiations are related either to local obligations or to the previously mentioned management points. For example, many mechanisms to promote safety and health in the workplace have been initiated through social dialog.

effectiveness, communication, remuneration and engagement. The Leadership Team is also questioned in order to highlight any convergences or gaps that might arise between the two groups. Action plans are then defined to address the critical points thus identified. This project was launched for the Lighters category in 2017, and in 2018 the participation rate among employees in the Shavers category was 100%.

› Perspectives

This culture of remaining attentive to its personnel and taking collective requests into consideration is vital for the Group and will be maintained in the years to come through contacts with both labor unions and employee representatives.



3.5. OUR SOCIETAL RESPONSIBILITY [NFPS]

In September 2015, the United Nations adopted a new Sustainable Development Program comprising 17 worldwide goals for combating poverty, inequality and injustice. These goals emphasize the crucial role of universal access to education and hygiene. The Group strives to meet these challenges through its local economic presence, with about four million points of sale offering BIC® products worldwide, and through its global presence: BIC manufactures and distributes its products in 160 countries, supplying the most developed marketplaces as well as some of the most impoverished ones (see page 82).

The societal challenges undertaken by BIC also include respect for ethics and Human Rights in the workplace and the fight against corruption. To meet these challenges, BIC's operations and subcontracting activities integrate its Code of Conduct, Code of Ethics and, since 2016, its Anti-Corruption Policy.

Lastly, BIC seeks to support local communities through the development of philanthropic policies that favor involvement at both the Group and the individual level.

3.5.1. FULFILLING OUR RESPONSIBILITY ACROSS OUR ENTIRE VALUE CHAIN

► Challenges, risks and opportunities

The vast majority of BIC® products, representing 92% of the Group's net sales, are produced in BIC factories. BIC's corporate organization prevents it from diluting its responsibility when it calls upon subcontractors: all purchased or subcontracted products and their suppliers are subject to stringent prior qualification processes in terms of quality, safety and social criteria.

In the course of its operations, BIC works with about 2,000 suppliers and subcontractors. For the Group, being a responsible company means maintaining control over the entire value chain. To this end, the Purchasing Departments analyze all risks: stock levels, diversification of suppliers and sourcing zones, risks associated with the country and the rarity of the resource. BIC also strives to extend the high standards that it applies in its own operations, in terms of quality, respect for the environment, ethics and Human Rights, to all the parties involved in the production and distribution of its products. Its demands encompass factors like compliance with deadlines, cost control, quality and innovation, but also include adherence to the Group's values and commitments in terms of sustainable development.

The BIC Group has identified the following risks as major CSR risks⁽¹⁾ resulting from its operations:

- "human rights (child labor, ILO standards)";
- "fair practices (corruption)."

The risks identified by the BIC Group in its supply chain are detailed in section 2.3 of the registration document, "Vigilance Plan."

► Policies, approach and measures implemented

3.5.1.1. Writing the Future, Together – #4 Proactively involving suppliers

BIC has set the goal of involving its suppliers proactively and has codified this ambition in the following commitment: by 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing.

In 2018, BIC reached the first milestone in fulfilling this commitment by conducting a comprehensive review of its system, based on its longstanding approach of ESG evaluations of strategic suppliers and audits of contract manufacturers.

In 2018, the BIC Group's purchasing teams were mobilized to define the ambition of the purchasing strategy, namely: to maximize purchasing's contribution to the creation of value for BIC, its suppliers and subcontractors by:

- **securing the created value** (ensuring continuous supply and consistent quality, consumer safety, regulatory compliance, brand protection);
- **increasing the created value** (performance and costs, manufacturing processes, the development of new customer benefits with no technological or material disruption);
- **creating additional value** (innovation that benefits consumers, overhaul of the processes).

A complete review of the supplier database has been carried out in order to identify suppliers that are considered strategic for the BIC Group based on four criteria:

- representing high volumes of purchases for BIC;
- continuity of operations if the supplier ceases to function;
- single-source supply;
- a significant impact on BIC's growth.

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the chapter "Risks" on pages 44 to 48.

As a result of this review, the BIC Group has identified 346 strategic suppliers among the 15,000 suppliers in its database.

An evaluation of the CSR risks related to its suppliers was carried out, the results of which are presented in the Group's Vigilance Plan (see page 49).

Lastly, a review was carried out of the risk control tools already in place within the Group. To meet the requirements of its Responsible Purchasing Charter (see box), BIC currently relies on three main tools:

- compliance with the Code of Conduct (see page 110);
- audit programs (see page 110);
- ESG evaluations by EcoVadis. From 2011 to 2017, BIC used the EcoVadis tool to evaluate the performance of its strategic raw material suppliers based on environmental, social and governance (ESG) criteria.

Furthermore, the "Transport Community" uses the tools made available by the Group to help its transport service providers make progress in sustainable development. In 2013, the BIC Code of Conduct was amended to make it applicable to transport carriers and was shared everywhere the Group has operations. In Brazil a booklet presents the Code of Conduct to transport contractors.

The "Packaging Community" works with its suppliers in a similar way. In particular, paper and cardboard packaging suppliers are encouraged to obtain SFI, FSC or PEFC certification or to supply packaging containing recycled materials (see page 84).

The cross-identification of risks and the review of the risk control programs resulted in the drafting of an initial list of recommendations for improving control over risks related to strategic suppliers and implementing the strategy for maximizing the contribution to the creation of value.

These recommendations concern the use of each tool in the system, its perimeter of application, internal responsibilities and roles, and the possibility of implementing additional tools in the future.

The Responsible Purchasing Charter

The Group seeks to cultivate long-term commercial relationships with its suppliers, establishing responsible relations with them and upholding its commitment to Responsible Purchasing. BIC's Responsible Purchasing Charter, finalized in 2014, codifies the Group's relations with its suppliers in keeping with its five shared Values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity. This charter applies to relations with suppliers and contract manufacturers involved in the production or shipping of BIC® products.

Through the Responsible Purchasing Charter, the Group reminds its suppliers and subcontractors that all of the commitments that BIC has made concerning its own operations apply to their activities as well. This charter is submitted to all suppliers and subcontractors to whom it is applicable.

Perspectives

2019 will be devoted to defining a roadmap based on purchasing's contribution to the creation of value for BIC, its suppliers and subcontractors. The implementation of this roadmap will then be monitored by the indicator "% of strategic suppliers concerned by at least one responsible purchasing action". In addition to this roadmap for controlling major risks related to purchasing, BIC is pursuing its program of social audits of contract manufacturers.

3.5.1.2. Ensuring respect for Human Rights in the workplace

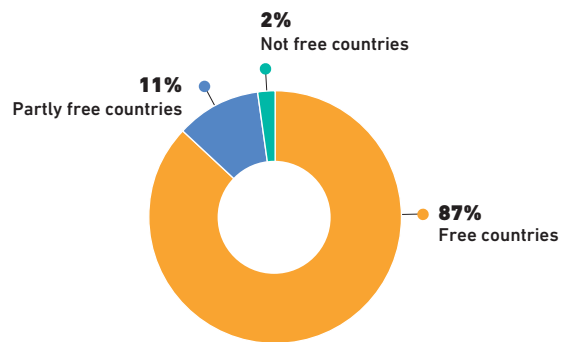
Challenges

BIC's reliance on contract manufacturing is relatively low. Overall, 92% of the Group's net sales are generated by products made in its own factories. 87% of these factories are located in countries with no Human Rights risk according to Freedom House ⁽¹⁾.

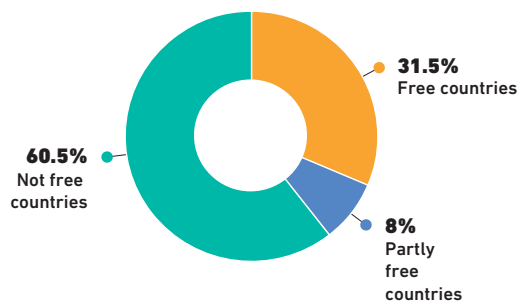
BIC works with subcontractors primarily for stationery products in the Consumer business and for Advertising and Promotional Products. Subcontracting gives the Group greater flexibility.



PERMANENT WORKFORCE BY CATEGORY OF COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2018 - BIC GROUP



GLOBAL CONTRACT MANUFACTURERS BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2018 - BIC GROUP



(1) Source: "Freedom in the World 2018", a study by the non-governmental organization Freedom House.



› Approach

An approach guided by the BIC Group Code of Conduct

To ensure respect for Human Rights in the workplace, BIC has implemented a **Code of Conduct**. This document comprises a set of professional and social principles derived from the standards of the International Labor Organization (ILO). The Group is committed to upholding socially responsible behavior in all its operations. The principles in this document are applied at all production facilities, whether owned by the Group or operated by contract manufacturers, and BIC conducts audits to ensure its implementation.

The Code of Conduct is based on the following 10 principles:

- a safe and healthy work environment;
- fair wages and reasonable working hours;
- no child labor;
- no forced labor;
- no discrimination;
- freedom of association;
- legal compliance;
- no animal testing;
- environmental responsibility;
- publication of the Code.

This Code of Conduct applies to BIC factories, which are mainly located in South Africa, Brazil, Spain, the U.S., France, Greece and Mexico. It also applies to contract manufacturers, which are primarily located in China, Brazil, Vietnam.

The social audit program

Compliance with the Code of Conduct is verified by an audit program covering all the factories where BIC® products are manufactured. BIC has had a specific audit program in place for more than 15 years to ensure worldwide compliance with its Code of Conduct by contract manufacturers. The program applies to both global contract manufacturers and contract manufacturers under local contracts producing BIC® products for local markets for BIC Consumer Products and BIC Graphic (Advertising and Promotional

Products). Regular audits are conducted every two years to verify that standards are maintained at a satisfactory level.

- Audits are carried out by third party Auditors. In 2014, BIC Group introduced a new tool called the Workplace Condition Assessment (WCA) platform. Considered the next generation in social auditing, the WCA gives brands and manufacturers improved performance measurement tools and more meaningful results, while helping improve workplace conditions. This assessment tool is based on national laws, integrating ILO standards and existing best practices, and is consistent with the BIC Group Code of Conduct. The WCA comprises more than 180 evaluation criteria covering a range of topics: child labor, forced labor, discrimination, harassment, freedom of association, working hours, salaries, employment contracts, health and safety and environmental responsibility.

Contract manufacturers are audited and rated on each criterion and then given an overall score. This platform allows the Group to closely monitor a contract manufacturer's performance in relation to each indicator. Deficiencies in each evaluation criterion are rated as major, moderate or minor, thus allowing the implementation of targeted corrective action plans where needed. It also includes global benchmarks for each country and each Group business sector.

All contract manufacturers producing BIC® products are audited over a two-year cycle, during which improvement programs will be implemented based on deficiencies identified during the assessment.

BIC sees social responsibility as a partnership that requires shared values. In this spirit, BIC favors a common commitment to improvement rather than breaking off relations with a partner. The box below explains the main steps in the evaluation of contract manufacturers.

- Self-assessments were conducted by all BIC factories from 2006 through 2016. The Group was thus able to acquire a thorough understanding of the risks and to develop corrective action plans in cooperation with the Human Resources Department.

→ THE SIX STEPS FOR EVALUATING CONTRACT MANUFACTURERS

1. The BIC contract manufacturer signs the BIC Group Code of Conduct.
2. An independent external monitoring agency conducts an initial assessment of the contract manufacturer.
3. BIC presents a corrective action plan (CAP) to the contract manufacturer.
4. The contract manufacturer implements the CAP within an agreed upon, reasonable time frame.
5. The Auditor conducts follow-up assessment(s) to confirm implementation of the CAP.
6. Ongoing assessments are conducted every two years.

➤ SA 8000 CERTIFICATION FOR THE BIC AMAZONIA FACTORY

In 2010, the BIC Amazonia factory obtained SA 8000 social benchmarking certification on a voluntary basis. In 2013 and in 2016, this certification was renewed for a further three-year period. Examples of results achieved include: improvement in relations between management and employees; greater transparency in the HR process, in relation to internal recruitment, training and skills development; and the rollout of best practices to subcontractors working directly at BIC sites.

➤ Progress made in 2018 and performances

In 2018, 25 contract manufacturers (for Consumer Products or BIC Graphic) were audited, representing 33% of our active contract manufacturers at year end. The audits directly requested and managed by BIC, revealed 1 zero tolerance, 18 major, 133 moderate and 145 minor deficiencies, and 28 corrective action plans were implemented. The four biggest areas of deficiency were found in management systems, health & safety and wages & hours:

- The facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented : 6%.

- The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented : 5%.
- The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented : 5%.
- Total overtime hours exceeds allowable limits under applicable law or agreement : 4%

Overall, under BIC two-years-cycle of social audits, 74% of the contract manufacturers were audited. The contracts manufacturers that were not audited during this cycle (especially for operational reasons) will be early 2019.

➤ SOCIAL AUDITS IN THE ADVERTISING AND PROMOTIONAL PRODUCTS BUSINESS

BIC Graphic Europe joined the SEDEX platform in 2012. SEDEX, the Supplier Ethical Data Exchange, is a not-for-profit organization dedicated to driving improvements in responsible and ethical business practices along the supply chain. Being a member of SEDEX provides the added benefit of having a confidential platform for sharing social compliance audit reports and related information and participation in working groups. The SEDEX Members Ethical Trade Audits (SMETA) standard combines several reputable standardization programs including the ILO Convention, ETI (Ethical Trading Initiative) Base Code, SA 8000 and ISO 14001. In 2018, the Tarragona factory (Spain) was audited according to the WCA criteria and earned a score of 100%. The Mexican factories and Conté (France) factories were also audited.

➤ Perspectives

In the years to come, the BIC Group plans to pursue its social audit program, which will be incorporated in the BIC strategy "Writing the Future, Together" and its commitment #4, Proactively involving suppliers (see 3.5.1.1).

3.5.1.3. Ethics and the fight against corruption

➤ Challenges

BIC generates 32% of its sales in countries where the risk of corruption is considered high or very high (Brazil, Mexico, India, Italy and Argentina) and 68% in countries with a medium or low risk of corruption according to Transparency International, including France, the United States and Spain.

➤ Approach

Compliance with ethical principles and the fight against all forms of corruption, active or passive, are stipulated among the standards of **the BIC Group Code of Ethics and BIC Group Anti-Corruption Policy**.

Since 2007, the BIC Group Code of Ethics has defined the fundamental ethical principles that the Group asks all of its employees to follow under all circumstances and everywhere in the world. The objective is to build and sustain an authentic corporate culture of integrity, honesty and fairness. The Code of Ethics comprises:

- 14 standards covering the following aspects: respect for fundamental Human Rights, respect for the environment, compliance with the law, listening and communicating, and the prevention of any form of active or passive corruption;
- 13 principles governing the behavior of BIC employees to control risks arising from conflicts of interest, the protection of the Group's assets, professional commitments, and relationships with its stakeholders;
- a Guide listing the questions that all BIC employees must ask themselves to assess their level of compliance with the Code of Ethics and facilitate its understanding and implementation.

The Code of Ethics, as approved by the Board of Directors and the CEO, and its guide are available in 15 languages. The text of the Code is available to all employees on the Group Intranet.



Since 2016, the BIC Group Anti-Corruption Policy has defined the appropriate conduct mandatory for all BIC personnel, including employees, Directors and administrators, and for all parties acting on the Group's behalf: subsidiaries, affiliate companies, partners under contract, wholesalers, consultants... The Policy describes how business must be conducted with third parties to protect against corrupt practices and avoid their occurrence. BIC Group does not tolerate any kind of corruption or bribery and has made a commitment to fight corruption in all of its forms. The Anti-Corruption Policy covers the following topics:

- interactions with government officials, private entities and persons who are not government officials;
- gifts, corporate gifts and sponsorship;
- relations with stakeholders;
- donations, contributions to communities and political parties;
- conflicts of interest;
- monitoring, record keeping and reporting of any breaches of anti-corruption laws.

Employees are offered training on the Code of Ethics and the fight against harassment.

"BIC Speak Up," the Group's anonymous and confidential reporting system, is accessible by telephone and Internet to all current and former BIC employees 24 hours a day and is available in more than 200 languages.

BIC is committing to ensure the confidentiality of the information gathered as well as to ensure that no sanction is taken against an employee who reported in good faith a breach of the BIC Group Anti-Corruption Policy or to the Group Code of Ethics.

The alert hotline will be accessible to third parties from 2019.

This alert mechanism aims to prevent the actions or conducts that would be contrary to integrity, honesty or equity.

It is the responsibility of the entities' CFOs or equivalent Officers to assess the entities' tax positions and manage all tax filings. The BIC Group Tax Department provides broader support to all entities. In 2018, the internal control procedures did not detect any case of tax evasion linked to the activities of the Group.

› Progress made in 2018

In 2018, BIC carried out an evaluation of its risks related to third parties. The Group continued to strengthen its ethics program and efforts to fight corruption, expanding its mandatory training on the

Anti-Corruption Policy through e-learning sessions for employees in Africa, the Middle East and the Asia Pacific zone.

› Perspectives

In the coming years, further training will be extended to cover additional aspects of compliance. Year after year, the Group will continue to bolster its mechanisms for upholding ethics and fighting corruption.

3.5.2. SUPPORTING THE LOCAL ECONOMY AND PROMOTING SOLIDARITY

3.5.2.1. Generating and maintaining jobs

› Approach

BIC Group participates directly and indirectly in the local economy in every region where it has operations.

Every time it starts operations in a new region, BIC's policy is to favor local hiring over expatriation. As a result, the Group has a total of only 88 expatriated employees today (0.64% of permanent employees). BIC thus contributes directly to local economies by generating jobs.

Historically located in Europe, BIC has been developing and maintaining industrial jobs in this region, in particular in France, Spain and Greece, for several decades. The Group promotes "Made in France" and "Made in Europe" products in its catalogs, thus contributing to the creation of value and jobs in these countries, which have been especially hard hit by the economic crisis that began in 2008.

BIC values the local manufacturing of its products so that it contributes to local economic development and includes the local communities in the value chain. The Group has strongly localized its manufacturing operations, especially via a network of six licensed factories solely for the Middle East-Africa zone. This local partnership approach has brought BIC® products closer to its consumers, making them more affordable and minimizing transportation costs. There are multiple benefits for the partners and the communities alike, especially in local job creation, technology sharing and transfers, and enhanced product competitiveness.

➔ ECONOMIC IMPACT STUDY ON THE BIC FACTORY IN MANAUS (BRAZIL)

A pilot study conducted in 2004, and discussed in detail in the BIC Group 2005 Sustainable Development Report, provides a better understanding of the impact of the activities of a BIC site on the local economy in a developing country. The findings showed that in the city of Manaus, which is located in a very remote region (the Amazon) where industry is concentrated in just a few sectors, only a quarter of the site's expenditures remained locally in Manaus, with the remaining expenditures going to the rest of Brazil and foreign countries.

In terms of employment, the study showed that each direct job at BIC Amazonia generated up to three local jobs and indirectly supported as many as 10 people just in the city of Manaus.

Since 2004, Brazil has opened its economy to more foreign investment and improved its economic and transportation infrastructures. As a result, the findings of this study would no doubt be somewhat different today, but Manaus remains a remote, isolated site.

3.5.2.2. Writing the Future, Together – #5 Improving lives through education

› Challenges

The UN Sustainable Development Goal no. 4 is “to ensure inclusive and equitable quality education and to promote lifelong learning opportunities for all.” It underlines the two key challenges regarding education: access to education and equity in learning. The latest UIS ⁽¹⁾ report shows that today:

- access to education remains a major problem: 263 million school-age children do not have access to primary or secondary education. Access to primary education has not increased in the past decade, with 9% of all children of primary school age remaining outside of the scholastic system since 2008;
- the quality of the instruction is a critical problem: more than 617 million children and teenagers fail to acquire minimum skills in reading and mathematics, even though two-thirds of them are in school.

› Approach

Through its activities of designing, manufacturing and distributing writing instruments, BIC Group has long been involved in the promotion of education. Firmly convinced that education is crucial for the development of free will and independence, and to combat poverty, BIC has in particular been an active advocate of writing by hand, even before its importance in the structuring of children’s thought processes was proven. BIC has set the goal of Improving lives through education and has codified this ambition in the following commitment: By 2025, BIC will improve learning conditions for 250 million children, globally.

The Group acts through three channels:

- actions undertaken by the BIC Corporate Foundation;
- philanthropic actions (donations of products, funding and skills) undertaken by local entities for the benefit of their communities (detailed in section 3.5.2.3 below);
- coaching actions to help improve learning conditions, including awareness of the benefits of writing by hand in the learning and memorization processes.

At the end 2018, the year in which this goal was launched, the BIC Group estimated the number of children whose learning conditions have been improved at 15 million through direct actions with children or through actions with teachers and parents.

The BIC Corporate Foundation

The BIC Corporate Foundation was born out of the Group’s desire to promote its civic activities and structure its philanthropic approach while bolstering its employees’ sense of pride and belonging. Its mission is to support access to education and good quality instruction, putting the emphasis, over the long term, on the funding of social entrepreneurship and innovation in education. It focuses on two main fields, namely reducing the school dropout rate and promoting equal access to education for boys and girls, as well as the advancement of environmental education.

The BIC Corporate Foundation Board of Directors consists of nine members, six from BIC Group plus three external experts:

- Runa Khan, founder and President of the NGO Friendship;
- Marine de Bazelaire, Head of Sustainability Continental Europe, HSBC;
- Jean-Marc Guesné: Associate, Azao Consulting.

(1) Unesco Institute for Statistics.



The BIC Corporate Foundation takes action in three different ways to fulfill its mission:

Beneficiary	Description of the project
Projects funded directly by the Foundation	
Sport dans la Ville (France)	Construction of a center called "But en Or" ("Golden Goal") to encourage children and young people to engage in various sports activities, events, excursions and summer camps. The "L dans la Ville" program helps girls unlock their potential through sports, mentoring, cultural activities and professional development. The "Job dans la Ville" program helps young people define their professional orientation and career objectives.
Friendship (Bangladesh)	Funding of a school in the Chars region, which is under constant threat from natural disasters and suffers from a chronic shortage of educational structures. The school offers pre-primary and primary education with a focus on ethics, environmental awareness and improved personal hygiene, along with more traditional teaching (English, mathematics, etc.). A center for adults has also been opened to improve literacy among mothers of Friendship pupils and other adults.
Carolina for Kibera (Kenya)	Kibera is Africa's largest shantytown. Most of its residents subsist on less than one dollar per day. The Foundation sponsors ICT training for girls as well as the Kiva Loan program, which offers startup capital for entrepreneurial ventures by Kibera residents. It also finances a program for education through sports specifically for girls, and a scholarship program covering 100% of the beneficiaries' school expenses for four years.
BIC Citizens In Action Project	
Life Project 4 Youth (LP4Y)	<p>A worldwide program launched by the Group in 2008, based on a shared commitment by employees and the Corporate Foundation, with the goal of protecting the environment and helping local communities.</p> <p>At the global level, matching fund campaigns: the employees are mobilized through fundraising drives and the Group matches the amount of money collected. All BIC subsidiaries around the world participate in these campaigns. In 2018, BIC employees contributed 62,000 euros, which was doubled by the BIC Corporate Foundation to reach a total of 124,000 euros. These donations went to the NGO LP4Y (Life Project 4 Youth) to support a youth center project in Chhattisgarh, India, called "A New Center, A New Start." The center offers high-quality training to develop young people's social and professional skills, along with sessions to build awareness of sustainable development, and will be an economic development driver for the region. The goal is to help 600 young people between 2017 and 2020.</p> <p>At the local level, "BIC Citizens in Action" also encompasses numerous volunteer projects around the world, in which BIC employees donate their time, energy and resources to help local associations and organizations.</p>
Winners of the call for in-house projects	
Laboratoria (Mexico)	This initiative, proposed by BIC Mexico, offers a six-month "boot camp" program in computer coding for women from underprivileged backgrounds.
Croix Rouge (Spain)	This initiative, proposed by BIC Graphic Europe (Spain), allows 132 children in danger of educational exclusion to receive scholastic aid for three years, along with assistance for their families.

In 2018, the Foundation continued to expand its operations and defined the basis of methods for measuring the impact that it aims to have. This will enable the Foundation to monitor its activity and the benefits that it provides.

Awareness and coaching actions

In the learning process, writing by hand is a basic skill that helps structure the thought process. For this reason, writing instruments are indispensable tools for advancing the improvement of learning conditions. In recent years, BIC teams have taken action to support and facilitate handwriting and promote its importance in children's development, especially through:

- the launch and development of the BIC® Kids range, created in cooperation with psychomotor specialists, ergonomists and teachers specifically to help prepare children to learn handwriting, in particular the proper way to hold and use writing instruments;

- initiatives in schools in a number of countries (South Africa, Cameroon, Egypt, Spain, India, Morocco, Nigeria, the Philippines, etc.) such as: building awareness of the importance of education and writing, the production of written materials or workshops to offer teachers resources that they can use in class;
- for the first time in 2018, a special week was dedicated to education. Called "BIC Global Education Week" (October 1-5), the event offered all BIC employees the opportunity to donate a day of their time to improving learning conditions in their local community.

› Perspectives

In 2019, BIC will pursue its efforts, continuing to work with key people to promote successful education, as well as pupils and students, teachers and parents. The Group plans to open its first training institute in India and to host another "Education Week."

3.5.2.3. Philanthropic actions by BIC Group and its subsidiaries

› Approach

The philanthropic actions of BIC Group and its subsidiaries can take three forms: monetary gifts, the donation of products, and volunteer work/skills sponsorship. The BIC Group and its subsidiaries favor operations that benefit local populations near its sites.

Major philanthropic actions and charity products to promote education

Each year, BIC develops and markets charity-linked products, some of which are useful in education. For the consumer, these products offer the possibility of spending the same amount of money while making a humanitarian gesture, because part of the purchase price is donated to a charitable organization. The organization in turn can diversify its funding sources and benefit from additional publicity. And for BIC, it is an opportunity to underline the Group's civic commitment and boost sales.

In 2018, BIC South Africa renewed its large-scale "Buy a Pen, Donate a Pen" charity products campaign. South Africa is a country that faces enormous educational challenges: more than 2 million of its citizens are illiterate and its unemployment rate exceeds 27%. For this campaign, for each product purchased, BIC South Africa donates one pen to the NGO READ Educational Trust, which distributes them to underprivileged children. As in previous years, the operation was a huge success, with 1.2 million pens once again donated, bringing the overall total to 8.5 million pens in seven years.

In France, as it has every year since 2008, BIC supported the AFEV association with a financial donation. AFEV (*Association de la Fondation Étudiante pour la Ville*) was founded in 1992 to combat inequality among children and young people who are experiencing social or scholastic difficulties.

In the United States, BIC is a national sponsor of the Kids In Need Foundation, a non-profit organization whose goal is give every child the opportunity to learn and succeed in school, providing school supplies free of charge to those most in need. For the 16 million children living in conditions of extreme poverty, obtaining school supplies can be a determining factor in their future success. Every year, KINF helps more than 200,000 teachers and 6.2 million pupils in the U.S. In its 23 years of existence, KINF has distributed more than \$1 billion (in retail value) worth of school supplies to children who have no other way to obtain them.

In Morocco, the BIC Group gave its support, through the donation of writing products, to INSAF, an association that combats the exploitation of underage girls working as domestic help. INSAF regularly monitors the social and scholastic progress of the girls it helps and organizes awareness actions at the local and national levels involving children, families and institutional and social leaders. In 2018, BIC's donations were used to help schoolgirls in poor neighborhoods.

In order to contribute to the development of pupils and teachers and to uphold its commitment to promoting education in the country, BIC Mexico funded the renovation of a classroom in a school damaged by the earthquake of September 19, 2017.

Examples of philanthropic actions by BIC Group subsidiaries in 2018

Around the world, BIC employees are taking action for the benefit of local charities. A few examples:

In the United States, since 2009 BIC Consumer Products USA has supported Susan G. Komen for the Cure®, contributing to the fight against breast cancer through the sale of stationery products.

For the past several years, BIC employees in Greece have taken action through the annual MediBIC operation, which renovates medical dispensaries in remote regions of the country, usually in villages. Each project includes the renovation of the village's health center, including the building, furniture and supply of medical instruments, to provide the local population with a complete medical infrastructure. In 2018, the operation mobilized an organizational team of 10 members plus 10 volunteers who helped with the day-long installation.

In Morocco, BIC participated in an international day for the handicapped organized by "20 Aouït" Hospital in Casablanca. The event aimed to draw the attention of health professionals and the public to the situations of persons suffering from cerebral palsy, primarily to promote their inclusion in ordinary living environments. BIC contributed to the event by offering coloring products and organizing activities for children.

› Performance

In 2018, product donations and financial aid worldwide represented 2.2 million euros (internal valuation), primarily in education⁽¹⁾, health and emergency aid. These two sectors represent 82% of BIC's community activities in number and 94% in financial value.

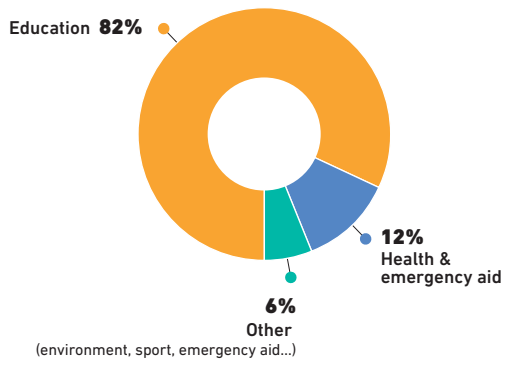
“ **BIC Group objective achieved: the contribution toward communities is more than 0.50% of pretax profit.** ”

“ **244 philanthropic projects involving volunteer work, product donations and financial aid carried out worldwide in 2018 (all fields combined).** ”

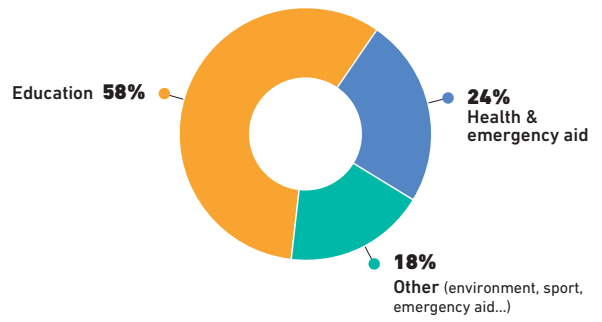
(1) For this indicator, all philanthropic actions in favor of education, including those carried out under commitment # 5, are considered.



FINANCIAL BREAKDOWN OF ACTIONS – BIC GROUP – 2018



BREAKDOWN OF ACTIONS BY FIELD – BIC GROUP – 2018



3.6. MILESTONES [NFPS]

3.6.1. EXTRA-FINANCIAL RATINGS

In 2018, BIC was listed on the following socially responsible investment indexes:

- The 2018 CDP A list (see page 90);
- The Supplier Engagement leader board by CDP
- The Euronext Vigeo index: Europe 120;
- The Euronext Vigeo index: Eurozone 120;
- The FTSE4Good Index;
- The Ethibel Pioneer and Ethibel Excellence Investment Registers;
- The Ethibel Sustainability Index (ESI) Excellence Europe;
- The STOXX Global ESG Leaders Index.

3.6.2. AWARDS RECEIVED

- Recognized for “best information on corporate social responsibility in response to Article 225” by the high council of the *Ordre des Experts Comptables* (French chartered accountants association);
- Ubiicity™:
 - Plas Eco for Ubiicity™: winner of 11th Sustainable Development Trophies 2018, organized by Caux Seine Développement and Caux Seine Agglo; recognition of the partnership between BIC and Plas Eco for the development of an integrated, perennial recycling system,
 - Finalist at the Plastic Recycling Show Europe: recycled plastic product of the year dedicated to consumers’ lifestyle,
 - Finalist for the *Prix Entreprises & Environnement* in the circular economy category, organized by Ademe and the French Ministry of Ecological and Solidarity Transition;
- Grand Prix de la Transparence 2018: best reference document by an SBF 120 company;
- BIC South Africa was named Best Employer 2019 by the Top Employer’s Institute certification program;
- At the PSI Sustainability Awards 2018 (European network of the promotional products industry), BIC Graphic Europe was awarded:
 - 1st prize in the “Social Initiative” category for the “School success” project in partnership with the Spanish Red Cross and the BIC Corporate Foundation;
 - 3rd place in the “Environment Initiative” category for the Ubiicity™ project.

3.6.3. PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1 to December 31, 2018.

3.6.3.1. Perimeter

Regarding the indicators that refer to human resources, the reporting perimeter encompasses all permanent employees of all French and foreign operational units within the Group, with the exception of information on training and the disabled, for which temporary employees are included. In 2018, the activities of Cello Pens have been included in the reporting perimeter for these indicators.

The environment indicators concern the operations that have a significant impact, namely the industrial activities owned by the Group. These indicators therefore concern BIC factories that produce finished or semi-finished products, as well as its engineering units and packaging operations of more than 50 employees or whose operations are regulated by government directives such as SEVESO (EU), PSM or RMP (U.S.). Other sites are included on a voluntary basis. Group headquarters with more than 200 permanent employees are also included in the reporting.

For health and safety indicators, all BIC sites (offices or industrial sites) are included in the perimeter.

In 2018, the sites of BIC Sport activities and BIC La Granada are excluded from the reporting perimeter for environment and health and safety indicators.

HACO Industries Kenya entity is excluded from the perimeter for all indicators.

3.6.3.2. Indicators

The published indicators are chosen to best represent BIC’s main social and environmental challenges.

The inventory of BIC’s activities for the benefit of communities is compiled from information and data sent annually by the management of each subsidiary. This reporting is an estimate in projects number and value.

The financial indicators, those referring to Human Resources, workers’ accidents and the environment are compiled using several data collection systems that give preference to the use of dedicated Intranet tools, under the responsibility of their respective departments. The consistency of the data is verified before consolidation.

Concerning environmental and health and safety reporting, and for packaging data, to ensure that the published data is more reliable, information from previous years may be corrected or fine-tuned when necessary.

Concerning environmental indicators, the classification of the type of waste treatment is based on the sectors to which they are directed.

Concerning the reporting of greenhouse gases emissions, the conversion factors for scope 1 are from the French Environment and Energy Management Agency ADEME (2010). Conversion factors for scope 2 “location based” emissions are those proposed annually by the International Energy Agency (IEA).



Unless otherwise indicated, the indirect emissions correspond to scope 2 emissions using a location-based approach.

In addition, to ensure transparency, some indicators have been more specifically detailed below:

Greenhouse gas emissions related to purchase of raw materials

This indicator includes the main raw material used in the products of the three main categories, including Cello (since 2018) and the Stationery activity of BIC Sport (France) and in the packaging reported in the indicator "Percentage of responsible materials for packaging" for the three main categories (excluding PIMACO, BIC Ecuador, BIC Nantong and Cello Pens activities).

Percentage of BIC® products with at least one environmental benefit

BIC has defined environmental benefits for its products by complying with at least one of the following criteria as follows:

- light and long lasting (writing instrument ≤ 3 g per km; correction tape ≤ 1.8 g per m; lighter ≤ 8 g per 1,000 flames; shaver ≤ 1 g per shaving);
- made from alternative materials (recycled, vegetable origin, etc.);
- refillable;
- ecolabeled (*NF Environnement*, etc.).

This indicator is calculated on the number of units and concerns the products of the three main categories (excluding PIMACO and Cello Pens activities). For the Lighters category, only lighters are considered. For Stationery and Shavers categories refills are considered in the calculation.

Percentage of responsible materials for packaging

This indicator includes all packaged BIC® products delivered to the Group's customers all over the world (except pallets): consumer

packaging (pouch, blister, cardboard box), outer/inner, shrink-wrap, lighter displays, etc. It is calculated on material weight and concerns the products of the three main categories (excluding PIMACO, BIC Ecuador, BIC Nantong and Cello Pens activities).

Percentage of air freight

The scope of this indicator is the inter-site shipping, *i.e.* all the factory to factory and factory to warehouse shipments (BIC factories and warehouses, contract manufacturers; inter and intra-continental). It is expressed in tons/kilometer and concerns all Group activities. In 2018, the activities of Cello Pens have been included in the reporting perimeter for this indicator.

Emission factors are issued from the French Environment and Energy Management Agency: ADEME (2007).

Percentage of contract manufacturers being audited

The indicator applies to all contract manufacturers of finished products. The rating system measures the level of performance of each contract manufacturer based on the social indicators of the BIC Group Code of Conduct. This indicator concerns all Group activities except Cello Pens.

Writing the Future, Together - #5 Improving lives through education

The number of children whose learning conditions have been improved by BIC is an estimation of children reached by direct actions and/or impacted through actions towards teachers, deans or parents.

This number is a minimum because some of the actions carried by BIC may not be reported.

The present report follows the methodological recommendations of the Global Reporting Initiative (GRI). The GRI indicators used in the report are referenced in the cross reference table for environmental and social indicators (page 318).

3.6.4. INDICATORS TABLE

Environmental indicators	Unit	2016	2017	2018
Management systems of factories				
Factories with environmental and health & safety management systems (or with implementation under way)	%	91.5	84.0	83.0
Energy consumption				
Annual energy consumption	Gigajoules	1,199,734	1,190,167	1,176,465
Share of electricity of renewable origin	%	24	23	68
Annual energy consumption normalized to production	Gigajoules per ton	12.02	11.98	12.14
Greenhouse Gas (GHG) emissions				
Total amount of annual GHG emissions	tCO ₂ eq	100,539	102,681	98,283
• Direct GHG emissions (Scope 1)	tCO ₂ eq	9,057	8,637	9,813
• Indirect GHG emissions (Scope 2)	tCO ₂ eq	91,483	94,043	88,470
Total amount of annual GHG emissions GES (market based)	tCO ₂ eq	64,202	68,524	58,646
Total amount of annual GHG emissions normalized to production	tCO ₂ eq/ton	1.007	1.033	1.014
GHG emissions related to raw material purchase	tCO ₂ eq		276,000	316,000
GHG emissions related to intra-company transport*	tCO ₂ eq		67,000	37,000
Water consumption				
Annual water consumption	m ³	500,992	542,290	515,296
Annual water consumption normalized to production	m ³ per ton	5.02	5.46	5.32
Waste production				
Annual waste production	Tons	26,945	21,430	20,515
• Non-hazardous waste	Tons	23,729	18,171	16,908
• Hazardous waste	Tons	3,216	3,259	3,607
Annual production of waste normalized to production	Tons/tons	0.270	0.216	0.212
Recycled waste	%	68	64	64
Recovered waste (recycled or incinerated with energy recovery)	%	83	79	78
Transportation				
GHG emissions related to intra-company transport*	tCO ₂ eq/ton	0.768	0.536	0.345
Intra-company transport operated without air freight	%	97.71	98.08	99.07
Products				
Number of products certified with the French <i>NF Environnement</i> ecolabel		22	19	19
Number of products that have at least one environmental benefit**	%	>50.0	>50.0	>50.0
Packaging				
BIC cardboard packaging from a certified and/or recycled source	%	94.02	94.34	94.16
BIC plastic packaging PVC free	%	83.46	88.46	87.90
Other Indicators				
Provisions and guarantees for environmental risks ^(b)	Million euros	-	-	-
Compensation paid during the fiscal year under court order	Million euros	-	-	-

* Excluding BIC Graphic (Advertising and Promotional Products).

** Excluding BIC Graphic (Advertising and Promotional Products) and BIC Sport.

(a) Investment budgets related to short and long-term improvement programs to prevent or minimize environmental consequences are an integral part of the factories' budgets.

(b) Guarantees received regarding the environment are listed in Note 26 "Off-balance sheet commitments: sureties, deposits and guarantees" to the consolidated financial statements for the year.

3



Social indicators	Unit	2016	2017	2018
Group workforce (excluding Cello Pens)				
Total workforce (full-time equivalent)		20,630	18,848	16,955
• Permanent employees		17,362	14,936	13,664
• Temporary workers		3,268	3,912	3,291
Voluntary turnover	%	8*	8	14
Permanent workforce by region				
Permanent workforce by geographical area				
• Europe	%	24.0	26.9	30.0
• North America	%	13.5	5.4	5.0
• Developing countries	%	62.5	67.7	65.0
Permanent workforce by activity				
Percentage of permanent workforce by activity				
• Manufacturing and R&D	%	63*	77	75
• Distribution, marketing et G&A	%	18*	11	13
• Sales force and customer service	%	19*	12	12
Training, career management and engagement				
Percentage of employees that have received training	%	95*	75*	68
Number of training days	days	21,020*	20,414	27,517
Number of training days per employee	days	2.1*	2.2	3.0
Number of training hours per theme	hours	168,163*	141,859	220,042
• Technical training	hours	120,732*	91,189	154,564
• Leadership skills	hours	18,498*	16,985	27,827
• BIC culture	hours	22,730*	27,110	23,738
• Health & Wellbeing	hours	6,203*	6,575	13,905
Internal promotion rate among managers (highest levels: 3 to 6)				
• External recruitment	%	35*	31	38
• Internal recruitment	%	65*	69	62
Participation rate in surveys	%	83.1*	NA	93
Internal development moves and promotion rate	%	31*	30	25
Diversity				
Percentage of women in management and workforce				
• Board of Directors	%	30*	40*	40
• Leadership Team	%	14*	13*	14
• Managers (highest levels: 3 to 6)	%	30*	29*	32
Safety				
Incidence rate of workers' accidents – BIC workforce (accidents with temporary or permanent incapacity)	Number/million hours worked		1.87	2.09
Incidence rate of workers' accidents – BIC workforce and temporary workers (accidents with temporary or permanent incapacity)	Number/million hours worked		1.80	2.14
Severity rate of workers' accidents – BIC workforce	Number/thousand hours worked		0.08	0.08
Absenteeism				
Absenteeism rate (excluding on-site accidents and maternity)	%	1.5*	0.8	0.8

* Excluding Cello Pens.

Societal indicators	Unit	2016	2017	2018
Respect for Human Right in the workplace				
Net sales from BIC® products manufactured in its own factories	%	90	90	92
BIC permanent employees working in countries with no Human Rights risk ^(a)	%	82	80	87
BIC factories located in countries with no Human Rights risk ^(a)	%	89	91	87
Contract manufacturers located in countries with no Human Rights risk ^(a)	%	20	36	32
Net sales in countries with no Human Rights risk ^(a)	%	88.1	84.9	84.0
Sponsorship				
Contribution to communities (percentage of the Group's pretax profit)	%	>0.5	>0.5	>0.5

(a) Source: Freedom House.



3.6.5. REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PUBLISHED IN THE GROUP MANAGEMENT REPORT

This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Société BIC
Société Anonyme
14 rue Jeanne d'Asnières
92611 Clichy Cedex

For the year ended December 31, 2018

To the Shareholders,

In our capacity as Statutory Auditor of BIC SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2018 (hereinafter the "Statement"), presented in the reference document including the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement was prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the company's website or on request from its headquarters.

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on:

- the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation;
- the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 et seq. of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- We familiarized ourselves with the Group's business activity, the report on the main social and environmental risks relating to this activity and the impacts thereof with regard to the respect for human rights and the fight against corruption and tax evasion, together with the subsequent policies and their results.
- We assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement includes an explanation justifying the absence of information required by paragraph 2 of section III of Article L. 225-102-1.
- We verified that the Statement presents the business model and the main risks relating to the Group's business activity, including, where relevant and proportionate, the risks generated by its business relations, products or services as well as policies, measures and outcomes, including key performance indicators.
- We verified that, when relevant to the main risks or policies presented, the Statement presents the information stipulated in section II of Article R. 225-105.
- We assessed the process of selecting and validating the main risks.
- We inquired as to the existence of internal control and risk management procedures set up by the company.
- We assessed the consistency of the results and key performance indicators used with regard to the main risks and policies presented.

- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- We assessed the collection process set up by the entity to ensure the completeness and fairness of the Information.
- For the key performance indicators and other quantitative outcomes⁽¹⁾ that in our judgment were of most significance, we carried out:
 - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
 - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities⁽²⁾ and covered between 15% and 52% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that in our judgment were of most significance⁽³⁾;
- We assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

One of the statutory auditors,
Deloitte & Associés

François Buzy
Partner

Julien Rivals
Partner, Sustainability Services

Means and resources

Our work engaged the skills of eight people between September 2018 and March 2019.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around a dozen of interviews with people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non-financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comments

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comment:

- as mentioned in the methodological milestones of the non-financial statement, the reporting perimeter is limited for some indicators (including those related to packaging and to the products that have at least one environmental benefit).

Paris-La Défense, March 15th, 2019

(1) **Progress of the Writing the Future, Together program in 2018:** Share of electricity of renewable origin (commitment #2), Incidence rate of workers' accidents for BIC workforce and Incidence rate of workers' accidents for BIC workforce and temporary workers (commitment #3), Estimated number of children whose learning conditions have been improved (commitment #5).

Other quantitative information:

Products and packaging: Percentage of BIC® products with at least one environmental benefit, Percentage of recycled plastics used in the Stationery category, Percentage of cardboard packaging from a certified and/or recycled source, Percentage of plastic packaging PVC free;

Environment: Annual water consumption normalized to production, Annual energy consumption normalized to production, Percentage of intra-company transport operated without air freight, Direct (scope 1) and indirect (scope 2) GHG emissions (location-based and market-based), GHG emissions related to intra-company transport (scope 3), GHG emissions related to raw materials purchase (scope 3), Annual production of non-hazardous and hazardous waste normalized to production, Percentage of recovered waste (recycled or incinerated with energy recovery);

Safety: Severity rate of workers' accidents for BIC workforce;

Human resources: Workforce as of December 31st, Percentage of women managers, Number of recruitments and terminations, Percentage of employees that have received training, Absenteeism rate.

(2) BIC Viorex (Greece), BIC Corporation Milford (United States), Shelton office (United States), Dubai office (United Arab Emirates), Cello Pens (India), BIC Bizerte (Tunisia), BIC Ecuador (Ecuador).

(3) **Progress of the Writing the Future, Together program in 2018:** Evaluation of the environmental and/or societal footprint of products (commitment #1), Responsible sourcing involving strategic suppliers (commitment #4);

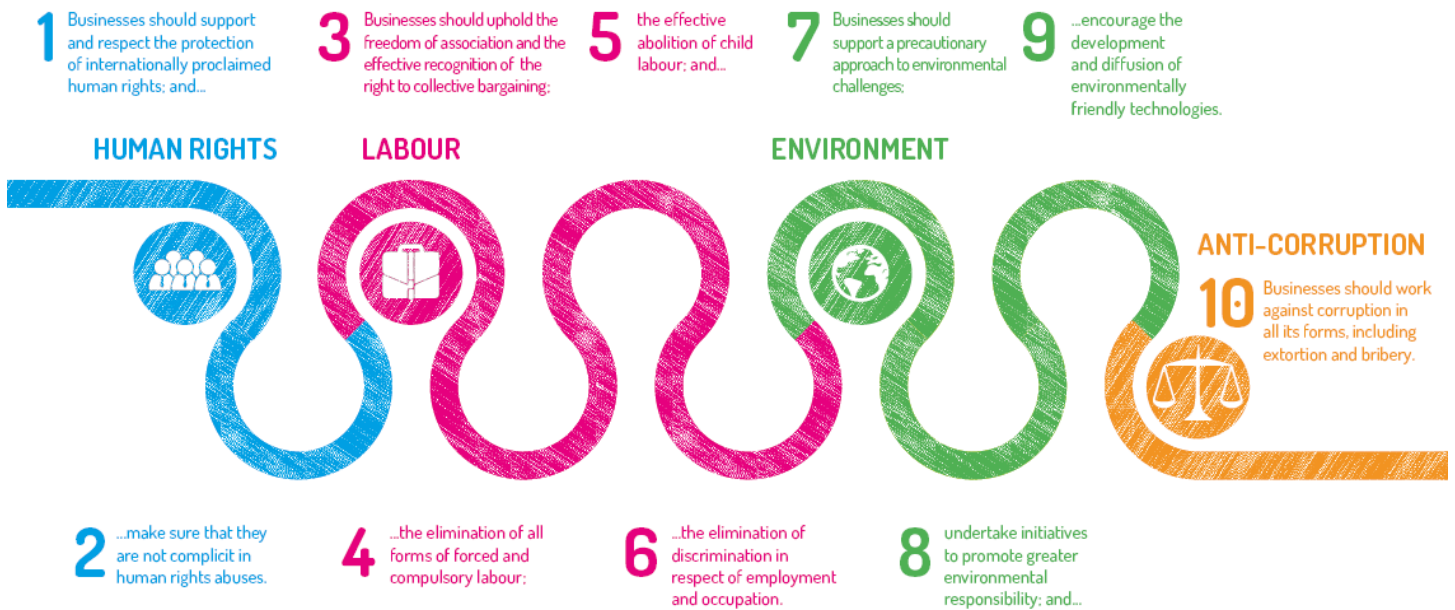
Other qualitative information: Using alternative materials and developing refillable products, Evaluation of indirect GHG emissions (scope 3) measures to limit these emissions.





Progress at BIC Graphic Europe Level

BIC Graphic Europe fully commits to the UN Global Compact 10 Principles.



BIC Graphic Europe selected several Sustainable development goals to concentrate on in 2018.



In April 2018, BIC Graphic Europe became a participant in the UN Global Compact Spanish red. BIC Graphic Europe decided to dedicate its first year of membership in the conciliation of internal and external procedures and actions with the 10 UN Global Compact Principles and 17 UN Global Compact Sustainable development Goals. This COP is informing about the most important tools BIC Graphic Europe has in place or put in place during 2018. This COP focuses around the four groups of stakeholders selected by BIC Graphic Europe to report about after its first year of membership: employees, providers, customers and environment.

The following progress is reported by BIC Graphic Europe:

Employees:

- BIC Group's Code of Ethics Training
- BIC Group's Anticorruption Policy Training
- Data protection training
- BIC Graphic Europe's Equality Plan
- BIC Graphic Europe's Christmas Social Gift
- BIC Graphic Europe's BICTonic Initiative

Providers:

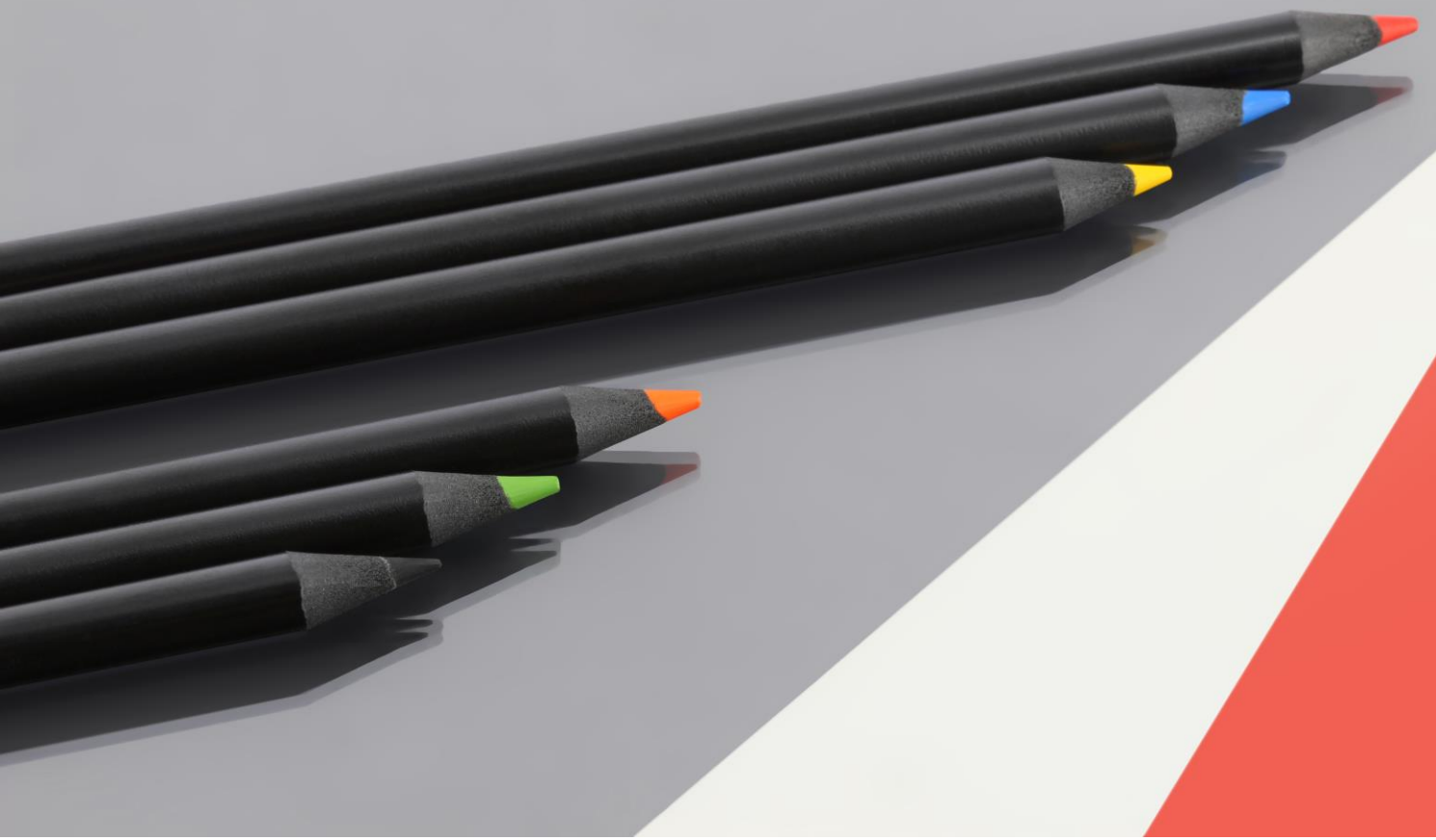
- BIC Group's Code of Conduct
- BIC Graphic Europe's Initial Supplier Evaluation
- BIC Graphic Europe's Auditing Process

Customers:

- BIC Graphic Europe's Customer Survey
- BIC Graphic Europe's "Moments of Magic"
- BIC Graphic Europe's Customer Visits
- BIC Graphic Europe's Adaptation to new GDPR

Environment:

- BIC Graphic Europe's 100% renewable electricity
- BIC Graphic Europe's Sustainable Action on Residues



Employees

BIC Group's Code of Ethics Training

The BIC Group's Code of Ethics define since 2007 the fundamental ethical principles that the Group asks all employees to follow under all circumstances and everywhere in the world.

This code is structured in eight blocks that can be cross-referenced with the 10 UN Global principles:

1. Fundamental Human rights
2. Respect of the Environment
3. Listening and Communicating
4. Compliance with the Law
5. Conflicts of Interest
6. Protection of Group's Assets
7. Professional Commitment
8. Relationship with Stakeholders

In 2018, 168 of BIC Graphic Europe's employees benefit from a very clear online or offline training regarding our most important ethical principles.



UN Global Principles:

1	2	3	4	5	6	7	8	9	10
√	√	√	√	√	√	√	√	√	√

SDGs	1	2	3	4	5	6	7	8
	√		√	√	√	√	√	√
9	10	11	12	13	14	15	16	17
	√			√	√		√	√



Providers

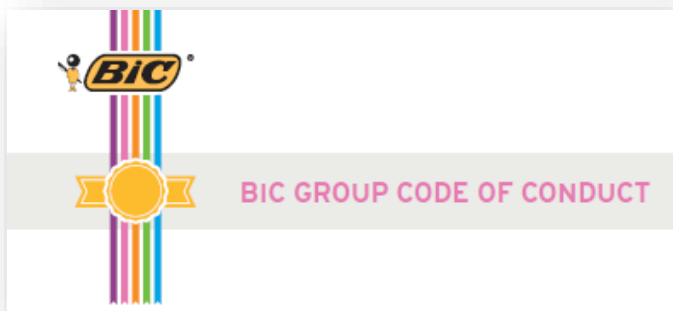
BIC Group's Code of Conduct & Auditing process

The BIC Group Code of Conduct comprises a set of professional and social principles derived from the standards of the International Labour Organization.

This code sets up ten focus area that can be cross-referenced with the 10 UN Global principles:

1. A health and safety work environment.
2. Fair wages and reasonable working hours.
3. No child labour.
4. No forced labour.
5. No discrimination.
6. Freedom of Association.
7. Legal compliance.
8. No animal testing.
9. Environmental responsibility.
10. Publication of the Code.

BIC Group and therefore BIC Graphic Europe requires its industrial partners to sign and comply with our code. We verify such compliance by regular audits of our suppliers. During our 2017/2018 auditing period, all of our suppliers of finished products were either subject to BIC Graphic Europe's initiated social audit or shared with us audit results if executed at demand of different partner.



Company Name	_____
BY:	_____
	Signature of Representative

	Title

	Date

UN Global Principles:

1	2	3	4	5	6	7	8	9	10
√	√	√	√	√	√	√	√	√	


SDGs	1	2	3	4	5	6	7	8
	√	√						√
9	10	11	12	13	14	15	16	17
			√	√			√	√

BIC Graphic Europe's Initial Supplier Evaluation

As part of the UN Global Compact, BIC Graphic Europe decided to include in our Initial supplier evaluation the verification of our suppliers' commitment to UN Global Compact principles or Sustainable Development Goals.

Since end 2018, part of our supplier evaluation and selection consist of doublechecking if such supplier participates to UN Global Compact or has in place actions in line with SDGs.

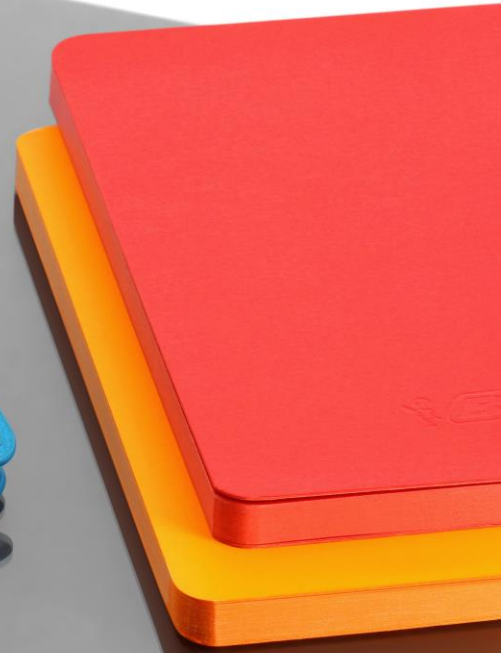
We selected on this basis 4 new suppliers with whom we will work in 2019.

	SUPPLIER CSR PROFILE
SUPPLIER NAME:	

UN Global Principles:

1	2	3	4	5	6	7	8	9	10
√	√	√	√	√	√	√	√	√	√

SDGs	1	2	3	4	5	6	7	8
	√	√						√
9	10	11	12	13	14	15	16	17
			√	√			√	√



Customers

BIC Graphic Europe's Customer Survey

In 2018, BIC Graphic Europe send a Customer survey to all its European distributors requesting feedback on a range of our services from leadtimes to shipments.

BIC Graphic Europe wanted to maximise participation by rewarding 50 customers with a special prize.

1000+ customers responded to our survey representing 6% of our partners.



UN Global Principles:

1	2	3	4	5	6	7	8	9	10
√									√

SDGs	1	2	3	4	5	6	7	8
								√
9	10	11	12	13	14	15	16	17
√			√				√	√

BIC Graphic Europe's "Moments of Magic"

BIC Graphic Europe recognizes the importance of building relationships with our customers.

Via the moments of magic actions, we have contacted customers on a very personal level sending them handwritten, personalized notes with themed printed products. We celebrated these Moments of magic around Back to school in Summer, the World Smile day in Autumn and End of the Year holidays in Winter. We have generated around 250 Moments of magic per action.



UN Global Principles:

1	2	3	4	5	6	7	8	9	10
√									

SDGs	1	2	3	4	5	6	7	8
								√
9	10	11	12	13	14	15	16	17
			√					

BIC Graphic Europe's Customer Visits

During the summer of 2018, we invited UK, French, German and Islandic customers to celebrate the new chapter of BIC Graphic Europe's journey by visiting our new factory layout and presenting new products. Furthermore, we took advantage of the presence of all team members (Customer Service, Inside Sales, Field Sales, Order Entry) to take maximize our Corporate Teamwork value to better answer our customers' needs.



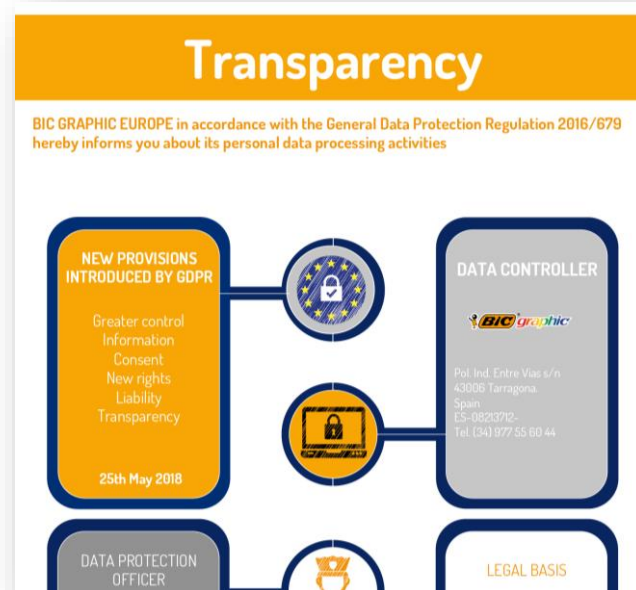
UN Global Principles:

1	2	3	4	5	6	7	8	9	10
√									

SDGs	1	2	3	4	5	6	7	8
								√
9	10	11	12	13	14	15	16	17
			√					

BIC Graphic Europe's Adaptation to new GDPR

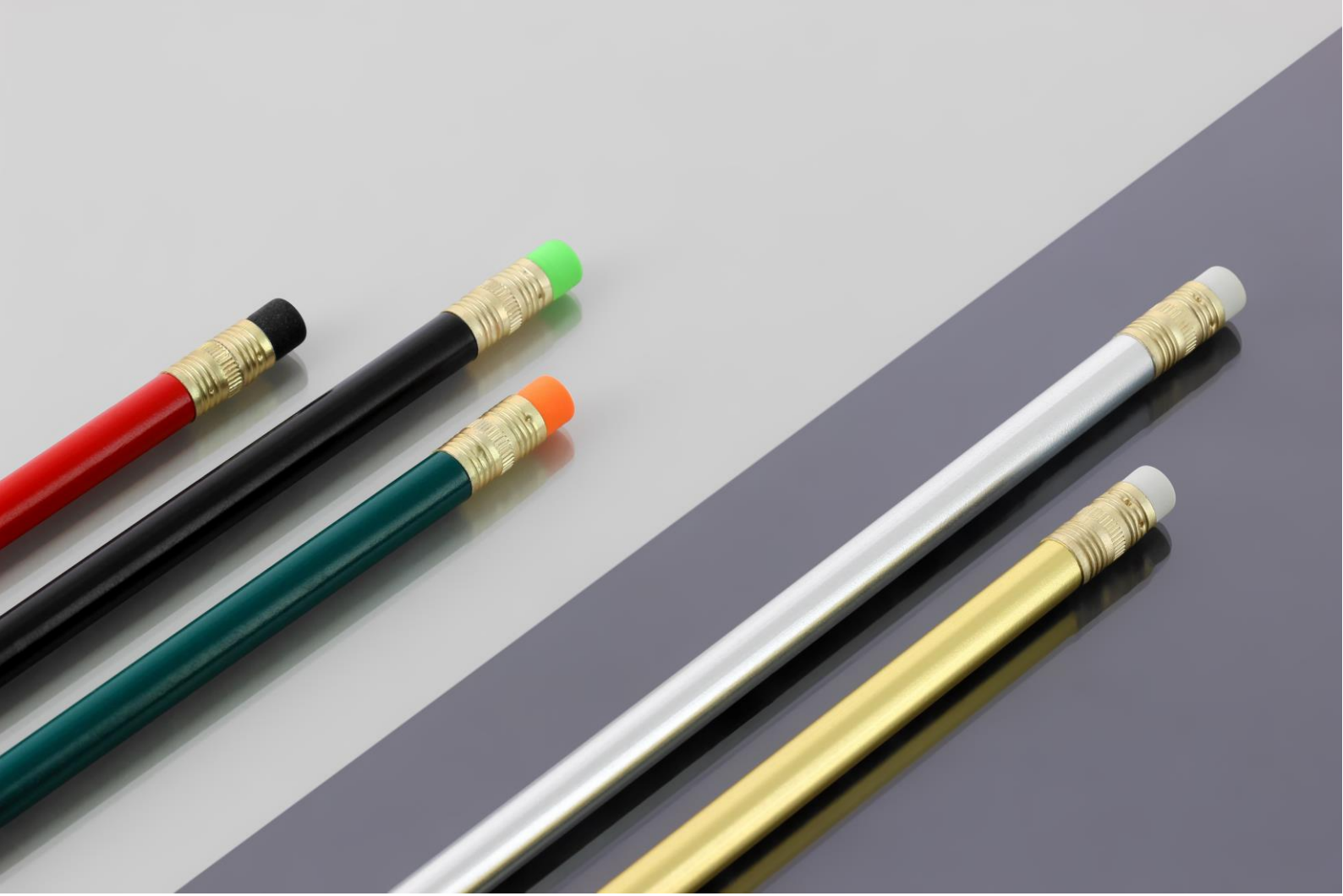
2018 was marked by the necessity to adapt to new data protection regulation. To do this, BIC Graphic Europe reviewed all policies regarding the data treatment of our customers and proceed to the adequation to the said GDPR. All of our websites dispose of very clear explanation of our transparency policy.



UN Global Principles:

1	2	3	4	5	6	7	8	9	10
√									

SDGs	1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	16	17
			√				√	



Environment

BIC Graphic Europe's 100% renewable electricity

In September 2018, both companies in our Tarragona area decided to purchase 100% renewable electricity.



UN Global Principles:

1	2	3	4	5	6	7	8	9	10
						√	√	√	

SDGs	1	2	3	4	5	6	7	8
							√	
9	10	11	12	13	14	15	16	17
√		√		√				

BIC Graphic Europe's Sustainable Action on Residues

In September 2018, BIC Graphic Europe celebrated the return to work after summer vacations by putting in place a new awareness program regarding residue segregation.

We decided to suppress in all of our offices individual waste bin in order to all contribute better to residue segregation. All office employees are now part of our reuse-reduce-recycle action plan.



UN Global Principles:

1	2	3	4	5	6	7	8	9	10
		√				√	√	√	

SDGs	1	2	3	4	5	6	7	8
				√		√	√	√
9	10	11	12	13	14	15	16	17
				√	√	√		



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Communication on progress 2018