BIC 'tween us

REGISTRATION DOCUMENT 2014

including the Annual Financial Report



GROUP PRESENTATION | ENVIRONMENTAL, SOCIAL AND SOCIETAL RESPONSIBILITY
CORPORATE GOVERNANCE | COMMENTS ON THE YEAR | **FINANCIAL STATEMENTS**
INFORMATION ABOUT THE ISSUER | **SHAREHOLDERS' MEETING** | ADDITIONAL INFORMATION

BIC®

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Les éléments du Rapport Financier Annuel sont identifiés dans le sommaire à l'aide du pictogramme RFA
Les éléments liés à la Responsabilité Sociétale des Entreprises sont identifiés dans le sommaire à l'aide du pictogramme RSE

Registration document 2014

including the Annual Financial Report



This is a free translation of the registration document. The French version of the registration document was filed with the Autorité des Marchés Financiers (AMF - Paris Stock Exchange Authority) on March 20, 2015, pursuant to Article 212-13 of its General Regulations. It may be used in support of financial transactions only if accompanied by a prospectus approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

The registration document (in French) may be obtained as follows on the web site of the AMF (www.amf-France.org) and on the BIC corporate site (www.bicworld.com). A copy of this document can also be obtained, without charge, by calling Investor Relations of SOCIÉTÉ BIC, in France +33 1/45.19.52.26 or by sending a letter to SOCIÉTÉ BIC, 14 rue Jeanne d'Asnières, 92611 Clichy cedex (France).

PROFILE AND STRATEGY

1,979.1 M€
NET SALES 2014

18.7%
NORMALIZED INCOME FROM OPERATIONS MARGIN

17,438 (1)
EMPLOYEES AROUND THE WORLD

Since the creation of the Company in 1944, BIC Corporate Responsibility and operational and financial performance has relied on several fundamental strategic pillars:

- quality and value product positioning;
- a large and diversified product portfolio aimed at answering consumers' needs:
  - our classic products are functional, reliable and affordable, manufactured using the minimum raw materials, They are designed to serve a very precise function and they offer the best value for money with a good environmental performance,
  - our value-added products are aimed at answering the growing demand for more sophisticated goods,
  - our responsible products use alternative or recycled raw materials;
- innovation: in 2014, BIC realized 17% of its net sales through new products (2);

"Honor the past, invent the future."

(1) Including Cello Pens.
(2) A product is considered as new during the year of its launch and the three following years.

"We offer Simple, Inventive and Reliable choices for Everyone, Everywhere, Every time."

- recognized brands:
  - in the Consumer business: BIC®, Tipp-Ex®, Wite-Out®, BIC® Kids, BIC® Matic, BIC® Ecolutions® (responsible products),
  - in Advertising and Promotional Products: BIC Graphic,
  - in India: Cello®;
- historical international footprint in both developed and developing markets:
  - BIC is present in more than 160 countries and developing markets accounted for 32% of 2014 net sales, thanks notably to its quality products, accessible to as many people as possible,
  - BIC innovates with distribution adapted to the poorest populations;
- on-going and sustained productivity improvement policy;
  - the modernization and continuous rationalization of its production plants allow BIC to maintain its worldwide competitiveness at the highest level and reduce its environmental footprint;
- an international, complete and solid distribution network (stationery stores, office supplies companies, mass-merchandisers, convenience stores, distributors, wholesalers and cash-and-carry outlets, E-commerce, etc.);
- a solid balance sheet and a clear use of cash strategy, including:
  - internal development, through focused capital expenditures,
  - external growth, through bolt-on strategic acquisitions in order to:
    - acquire a technology not yet held by the Group,
    - enter a new market segment,
    - enter a new geographic area;
  - a regular shareholder remuneration.

Group Long-Term Strategic Priorities

- Continue to create long-term value by outperforming our markets and growing sales organically low to mid-single digit, thanks to:
  - expanded distribution networks in all geographies,
  - increased focus on value-added segments in Developed markets,
  - enlarged consumer base in Developing markets.
- Grow Normalized Income From Operations through increased productivity as we invest in our people and in Research and Development focused on quality and innovative new products.
- Maintain a strong cash generation to:
  - finance strategic bolt-on acquisitions,
  - sustain total Shareholders' remuneration.

PROFILE 2014

Net sales by categories

34%
STATIONERY

30%
LIGHTERS

19%
SHAVERS

14%
BIC GRAPHIC

3%
OTHER CONSUMER PRODUCTS

A WORLD LEADER IN THE CONSUMER GOODS MARKETS

70 years history

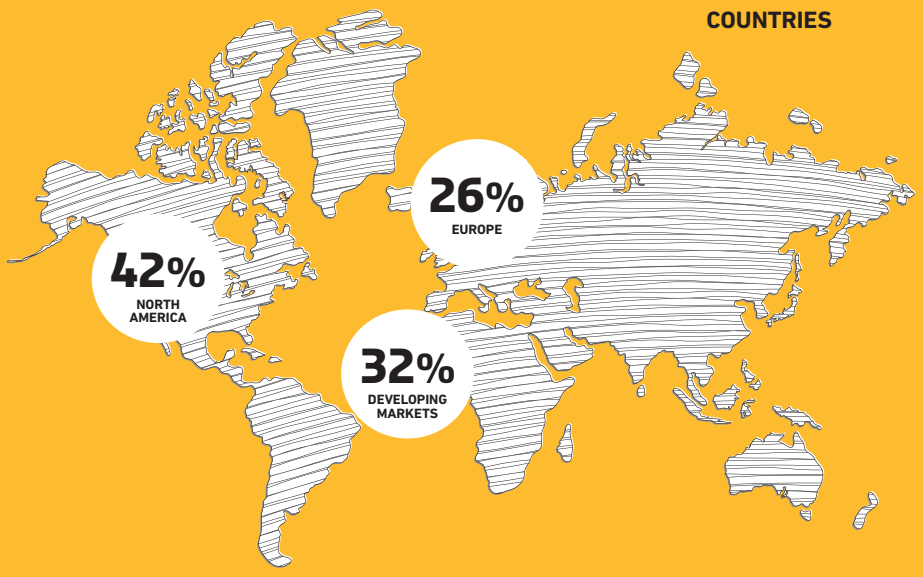
1944	Creation of PPA compagny (Penholder, Mechanical Pencils and Accessoiries)
1950	Launch of the BIC® Cristal®
1969	BIC enters the Promotional Products Industry
1973	First BIC® lighter
1975	First BIC® shaver

Recognized brands

BIC®, Tipp-Ex®, Wite-Out®, BIC® Kids, BIC® Matic, BIC® Ecolutions®,
BIC Graphic (Promotional Products)
Cello® in India

Net Sales by geographies

160
COUNTRIES





A true commitment to sustainable and responsible growth

Quality products sold at a fair price and continually improved

- Long-lasting products with a light environmental footprint manufactured with a minimum of resources and a maximum useful life.
- An eco-design approach, integrating alternative solutions such as the use of recycled materials or bioplastics in the manufacturing of certain products.
- 1.6% of Net Sales invested in new products Research and Development in 2014.

A unique industrial expertize and an effective control of manufacturing costs

- **23** main factories* (21 are located in developed countries according to the HDI indicator).
- **85%** of net sales realized with products manufactured in our own factories*.

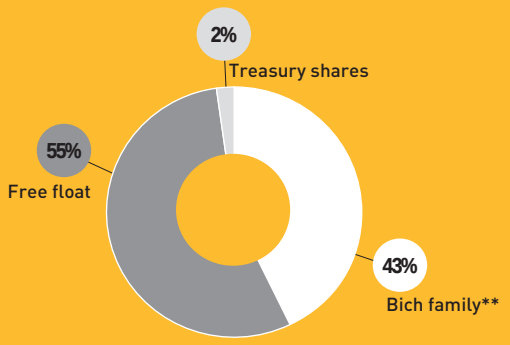
An historical Socially Responsible approach

- A complete program for the training and development of its employees' skills and employability.
- A clear vision, a lasting philosophy and fundamental shared values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity.

A Sustainable Development Program measured via a barometer with 10 objectives associated with 10 performance indicators and updated every three years.

A strong governance

Shareholding structure



Board of Directors

OFFICES OF CHAIRMAN OF THE BOARD AND CHIEF OPERATING OFFICIER SEPARATED SINCE 2006

10
DIRECTORS

40%
INDEPENDENTS

4
NATIONALITIES

30%
WOMEN

8
MEETINGS IN 2014 WITH
95%
RATE OF ATTENDANCE

* *Excluding Cello Pens.* ** *Direct and indirect.*



GROUP PRESENTATION

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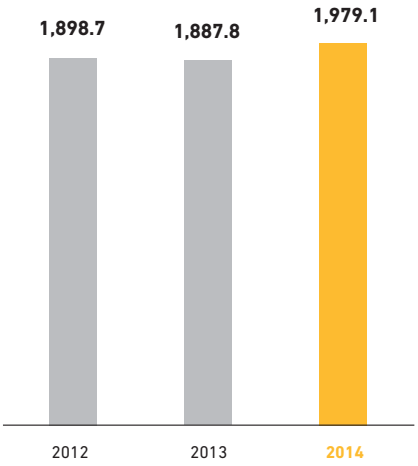
1.1. Key figures

GROUP KEY FIGURES

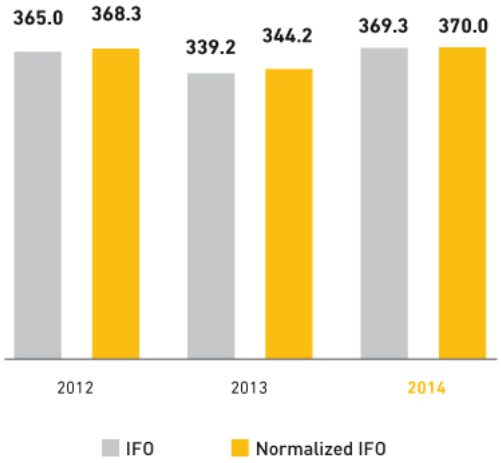
NET SALES

In million euros



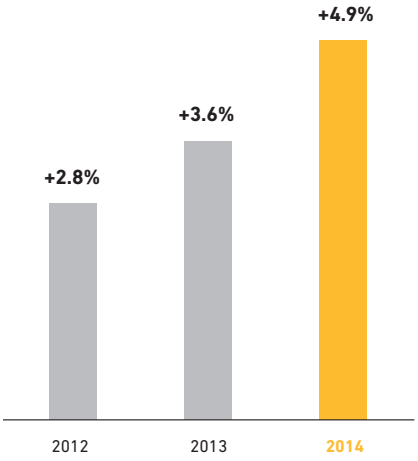
INCOME FROM OPERATIONS AND NORMALIZED AND INCOME FROM OPERATIONS[2]

In million euros



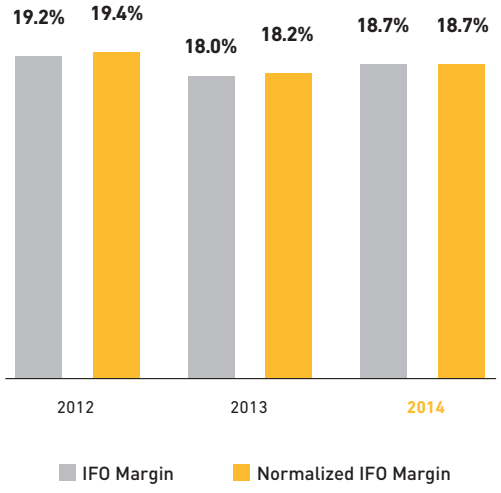
NET SALES GROWTH ON A COMPARATIVE BASIS[1]

In %



INCOME FROM OPERATIONS AND NORMALIZED AND INCOME FROM OPERATIONS MARGINS[3]

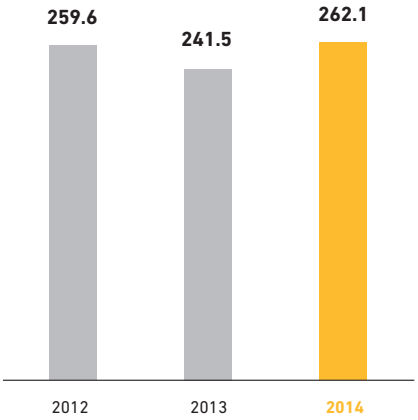
In % of net sales



(1) See glossary §8.9
(2) See glossary §8.9
(3) See glossary §8.9

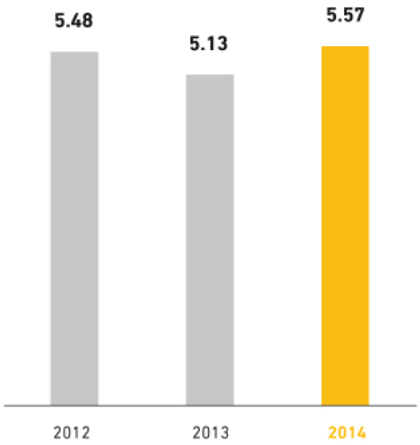
NET INCOME GROUP SHARE

In million euros



EARNINGS PER SHARE GROUP SHARE

In euros



SALES VOLUMES TRENDS

(in billion units)	2013	2014
Stationery (Consumer)	4.905	5.084
Lighters	1.417	1.474
Shavers	2.441	2.564

KEY FIGURES BY CATEGORY

			Change 2013/2014	
(in million euros)	2013	2014	As reported	On a comparative basis[a]
Total Consumer business				
Net Sales	1,619.9	1,703.6	+5.2%	+5.3%
Normalized IFO[b]	332.6	360.3		
IFO	333.8	359.7		
Stationery (Consumer)				
Net Sales	616.4	676.9	+9.8%	+4.2%
Normalized IFO	78.3	84.5		
IFO	79.4	83.0		
Lighters				
Net Sales	557.8	581.6	+4.3%	+8.3%
Normalized IFO	206.2	219.3		
IFO	207.2	226.4		
Shavers				
Net Sales	377.5	380.0	+0.7%	+4.1%
Normalized IFO	64.3	67.7		
IFO	65.3	64.7		
Other products[c]				
Net Sales	68.2	65.1	-4.5%	-2.8%
Normalized IFO	(16.1)	(11.3)		
IFO	(18.1)	(14.3)		
BIC Graphic				
Net Sales	267.9	275.6	+2.9%	+2.5%
Normalized IFO	11.6	9.7		
IFO	5.4	9.6		

(a) Comparative basis: see Glossary §8.9.
(b) Normalized IFO: see Glossary §8.9.
(c) See glossary § 8.9.

NET SALES BY GEOGRAPHICAL AREA

			Change 2013/2014	
(in million euros)	2013	2014	As reported	On a comparative basis [a]
Europe	493.8	509.1	+3.1%	+4.3%
North America	802.6	830.1	+3.4%	+4.0%
Developing markets	591.3	639.8	+8.2%	+6.8%

(a) Comparative basis: see Glossary §8.9.

MAIN INCOME STATEMENT INFORMATION

			Change 2013/2014	
(in million euros)	2013	2014	As reported	On a comparative basis [a]
Net sales	**1,887.8**	**1,979.1**	**+4.8%**	**+4.9%**
Gross Profit	929.5	971.1	+4.5%	
Normalized Income From Operations [b]	344.2	370.0	+7.5%	
Income From Operations	339.2	369.3	+8.9%	
Financial income/(costs)	6.6	11.1		
Income Before Tax and noncontrolling interests	345.8	380.4	+10.0%	
Income tax expense	(105.9)	(114.2)		
Income From Joint ventures	2.4	-		
Group Net Income	**242.3**	**266.2**	**+9.9%**	
Non-controlling interests	(0.8)	(4.1)		
Net Income Group Share	**241.5**	**262.1**	**+8.5%**	
Earnings Per Share (in euros)	5.15	5.66	+9.9%	
EPS Group Share	5.13	5.57	+8.6%	
Number of shares [c]	47,047,710	47,063,465		

(a) Comparative basis: see Glossary §8.9.
(b) Normalized IFO: see Glossary §8.9.
(c) Average number of shares outstanding net of treasury shares.

MAIN BALANCE SHEET ITEMS

(in million euros)	2013[1]	2014
Shareholders' equity	**1,469.9**	**1,645.9**
Current borrowings and bank overdrafts	52.0	6.2
Non-current borrowings	62.2	78.9
Cash and cash equivalents – Assets	243.2	352.2
Other current financial assets and derivative instruments	79.0	53.3
Net Cash position	**196.7**	**320.2**
Goodwill	285.6	307.4
Intangible assets	98.3	94.8
TOTAL BALANCE SHEET	**2,207.8**	**2,428.9**

NB: SOCIÉTÉ BIC did not request any rating from any credit ratings agency nor, to the best of its knowledge, has it been the object of any unsolicited rating by any credit ratings agency.

CONDENSED CASH FLOW STATEMENT

(in million euros)	2013	2014
Cash flow from operations	349.8	354.5
(Increase)/Decrease in net working capital	(19.0)	10.0
Other operating cash flows	(2.3)	(15.5)
Net cash from operating activities	328.5	349.0
Net cash from investing activities	(168.9)	(88.9)
Net cash from financing activities	(191.9)	(172.7)
Net increase/(decrease) in cash and cash equivalents	(32.3)	87.5
Closing cash and cash equivalents	240.5	348.5

(1) Following the valuation of Cello Pens trademark, the 2013 financial statements have been adjusted.

1.2. History

1950

- In 1944, Marcel Bich buys a factory in Clichy, France, and sets up business with his partner, Édouard Buffard, as a maker of writing instruments parts. In 1950, after improving the ballpoint pen originally invented by Hungarian Laslo Biro, he decides to launch this revolutionary new product on the French market. He names the pen "pointe BIC®", in a shortened and easily memorable version of his own name.

1953

- Marcel Bich and Édouard Buffard created SOCIÉTÉ BIC to manufacture and distribute BIC® ballpoint pens.

1954

- Expansion in Italy.

1956

- First steps in Brazil.

1957

- Development in the United Kingdom and the Sterling zone.

1958

- The Company purchases the Waterman Pen Company in the U.S. and enters the North American market, developing this market in parallel with the Africa and Middle East regions.

1969

- Entry in Promotional Products through the writing instrument segment.

November 15, 1972

- SOCIÉTÉ BIC is listed on the Paris Stock Exchange.

1973

- BIC diversifies its product portfolio and launches the BIC® lighter with an adjustable flame. Its reliability and quality make it an immediate success.

1975

- BIC is the first to launch a one-piece shaver.

1981

- The Group diversifies to the leisure industry with its subsidiary company, BIC Sport, specializing in windsurf Boards.

1992

- To broaden its range of stationery products, BIC purchases WiteOut®, the American brand of correction products.

1997

- Purchase of the Tipp-Ex® brand, the leading European brand of correction products, and Sheaffer®, a high-end brand of writing instruments.

2004

- Acquisition of BIC's Japanese distributor, Kosaido Shoji.
- Penetration of a new market segment in stationery, the refillable school fountain pen, with the acquisition of Stypen® in France.

2005

- BIC opens its own stationery production facility in China.

2006

- The purchase of PIMACO Company, Brazil's leading manufacturer and distributor of adhesive labels broadens BIC's range of stationery products in Latin America.

2007

- Acquisition of Atchison Products Inc., a supplier of imprinted promotional bags in the U.S., a strong addition to our Promotional Products business.

2008

- In July, partnership brand agreement with Orange to launch the BIC® Phone in France, the simple cell phone that is 100% ready to use.
- In November, opening of a new Shaver packaging facility in Mexico.
- In December, acquisition of Antalis Promotional Products entities (Sequana Group). Antalis Promotional Products is European-based and distributes a wide range of promotional products.

2009

- In January, BIC signs a definitive agreement with the Indian Cello Group, whereby the BIC Group was to acquire 40% of the Cello Writing Instrument business which was being carried out by seven entities, for 7.9 billion Indian rupees.
- On March 5, 2009, BIC's acquisition of 40% of six Cello Group entities (out of seven) is completed for a sum of 3.8 billion rupees.
- In June, acquisition of Norwood Promotional Products, a U.S. leader in calendars, bags, awards, drinkware and other promotional goods. Total consideration for the acquisition is 125 million U.S. dollars plus 31 million U.S. dollars in assumed liabilities.

2010

- In January, Cello management proposes to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties". BIC Group confirms its intention to ensure their implementation. On August 4, 2010, BIC announces that it is initiating arbitration proceedings in order to enforce the full completion of these agreements, meaning the completion of the acquisition of 40% of one remaining entity.
- In February, consolidation of BIC Graphic San Antonio, Texas facility into other existing BIC Graphic U.S. locations, as well as the relocation of Norwood PP Indianapolis, Indiana headquarters to Clearwater, Florida.
- In June, divestiture of BIC Graphic funeral products business for a total amount of 17.3 million euros.

2011

- First Half, disposals of PIMACO business to business divisions in Brazil and REVA peg business in Australia for 7.6 million euros.
- In April, acquisition of Sologear LLC, maker of FlameDisk®, for 1.0 million euros.
- In November, acquisition of the assets of Angstrom Power Incorporated, a company specialized in the development of portable fuel cell technology for 13.5 million euros.

2012

- In February, cession by BIC subsidiary DAPE 74 (sales to tobacco shops in France – consolidated in the "Other Consumer Products" category) of its phone card distribution business to SPF for 0.8 million euros.
- In February, acquisition of a land for the construction of a writing instrument facility, located in Tunisia (region of Bizerte), in the fast-growing African and Middle East region, to enhance its manufacturing footprint and better meet consumer demand in this region.
- Expansion of the Shaver packaging facility in Mexico.
- In February, the BIC Group receives a favorable award from the Tribunal, constituted under the Rules of the Singapore International Arbitration Center, in respect of the acquisition of 40% of the shares in the seventh and last Cello Pens & Stationery (CPS) entity as per the definitive agreements signed on January 21, 2009. On May 21, 2012, the BIC Group files a petition before the Bombay High Court seeking the enforcement of the arbitral award.
- In September, launch (in collaboration with Intel) of BIC® Education, a simple and innovative educational solution for primary schools, combining handwriting and digital technology.

2013

- In May, the BIC Group and Cello Group jointly file an agreement with the Bombay High Court to allow the BIC Group to acquire the remaining 40% of the last (seventh) stationery entity of Cello Group. After reviewing the filing, the Court renders the agreement enforceable.
- On September 17, the BIC Group announces the closing of the acquisition of 40% of the last (seventh) stationery entity of Cello Group for a total amount of 3.7 billion Indian rupees (43.3 million euros[1]). On September 27, 2013, the BIC Group announces the completion of the purchase of shares pursuant to the call option exercised on September 17, to increase its stake from 40% to 55% in Cello Pens' seven entities for 2.9 billion Indian rupees (35.2 million euros[2]).
- In October, the BIC Group acquires land for the construction of a Lighter facility in China. With this new facility, the Group will be better positioned to supply the fast growing Asian lighter market and particularly China. The factory will be located in Nantong (130 km North of Shanghai). The total investment is estimated to be around 14 million euros. The factory will be operational by the end of 2015. Asia is the largest and most dynamic pocket lighter market worldwide (69% of the total market in volumes and 38% in value[3]).
- In December, BIC discontinues the activity of Sologear, maker of FlameDisk®, acquired in April 2011. The facility, located in Middleton, Wisconsin, was closed at the end of 2013.

2014

- On March 31, Cello Group exercises its put option, allowing it to sell 20% of Cello Pens to the BIC Group.
- On July 4, BIC Group completes the purchase of shares to increase its stake from 55% to 75% in Cello Pens seven entities for 4.3 billion Indian rupees (approx. 53 million euros[4]).
- In November, BIC announces that, Sheaffer®, BIC's Fine Writing Instrument business, has been sold to A.T. Cross.
- The BIC Group decides to significantly reduce its investment in portable Fuel Cell R&D resources and actively explore strategic alternatives to monetizing its fuel cell technology.

(1) 84.53 INR = 1 euro (Sep., 13 2013; ECB reference rate).

(2) 83.80 INR = 1 euro (Sep., 26 2013; ECB reference rate).

(3) 2013 total pocket lighter market in volumes: 12.2 billion units - BIC estimates.

(4) 81.17 INR = 1 EUR (Jul., 04 2014; ECB reference rate).

1.3. Business presentation

In 2014, BIC realized 86% of its sales in Consumer Goods (through its Stationery, Lighter, Shaver and Other Consumer Products categories) and 14% in the Advertising and Promotional industry.

CONSUMER BUSINESS

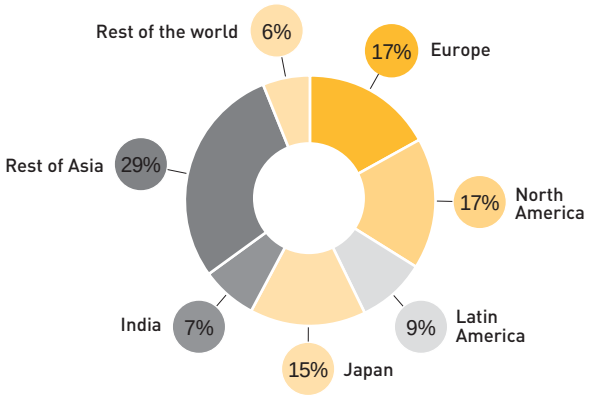
Stationery

The worldwide Stationery market is estimated at 8.0 billion euros (total supplier sales in 2013). This market is fragmented, typified by a large number of players who are often local. Only three players (BIC, Newell Rubbermaid and Pilot) each hold more than 5% of the market on a worldwide basis.

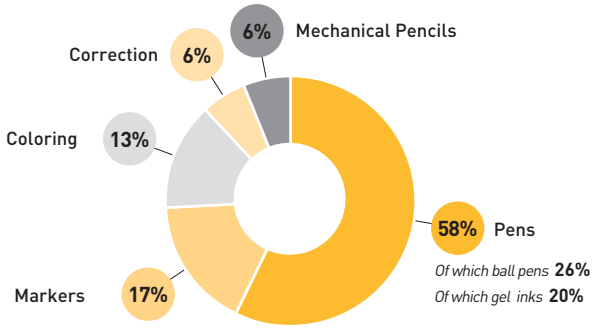
WORLDWIDE STATIONERY MARKET BREAKDOWN

(2013 estimated suppliers net sales figures/in value)

By geographical area



By product segment



BIC is No. 2 worldwide with approximately 9% market share(1), No. 1 in Europe (approximately 16% market share), No. 1 in Latin America (approximately 22% market share), No. 2 in the U.S. (approximately 15% market share). The Group also benefits from a strong historical presence in Africa and the Middle East.

BIC holds 75% of Cello Pens, India's largest manufacturer and distributor of writing instruments. With its broad portfolio of products and nationwide distribution network, the Cello® brand is one of the most recognized in India. With mid to high-single digit annual growth, India is one of the world's largest stationery markets.

(1) All market share data are based on 2013 estimated suppliers' net sales figures.

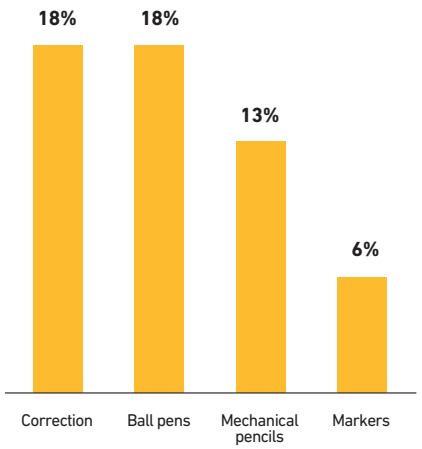
Since the launch of the BIC® Cristal® in 1950, BIC has continuously diversified its product range. Our global stationery portfolio, which includes writing, marking, correction, coloring and drawing accessories, is divided into more than 15 product sub-segments (ball pens, rollers, fountain pens, mechanical pencils, markers, correction products, etc.).

BIC Kids	Coloring and drawing (felt pens, coloring pencils, crayons, arts and crafts kits)
BIC Wite-Out Brand / Tipp-Ex	Correction products (correction fluid, correction pens, correction tapes, and erasers) under the trademarks BIC® Wite-Out® and Tipp-Ex®
PIMACO BIC	Adhesive labels in Latin America
cello	Writing instruments in India

BIC benefits from strong positions in major product segments:

BIC® STATIONERY WORLDWIDE POSITIONS AND MARKET SHARES IN VALUE

(BIC estimates 2013)



BIC benefits from the worldwide No.1 positon in Ball pens, Correction and Mechanical pencils.

BIC stationery products are sold through different channels including Office Products (contract stationers or Office superstores) and Retail mass market distributors in developed countries as well as traditional stores in developing markets. Our objective is to generate profitable growth through:

- creating greater value within the existing offer:
  - leverage simplicity and BIC's strong equity,
  - celebrate our heritage;
- creating greater value through innovation and new usage opportunities:
  - design, ink technology, new uses, segmentation;
- simplifying and improving the shopping experience:
  - simplify portfolio / Champion brands,
  - innovative user-friendly packaging graphics;
- promoting writing relevancy to future generations:
  - keep writing at the forefront for kids at both home and school.

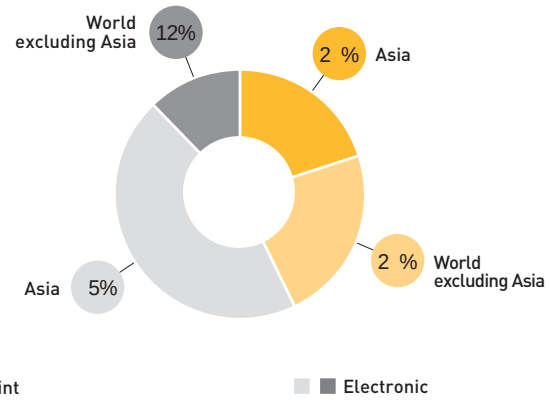
Lighters

The worldwide lighter market is estimated at 12.2 billion units (3.8 billion euros in value[1]) and broken down as follows:

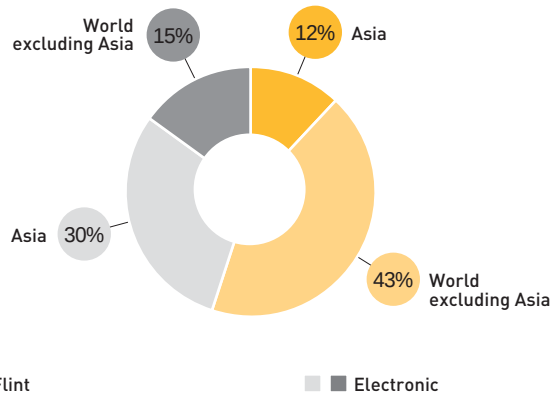
LIGHTER WORLDWIDE MARKET BREAKDOWN IN 2013

(BIC estimates)

Units



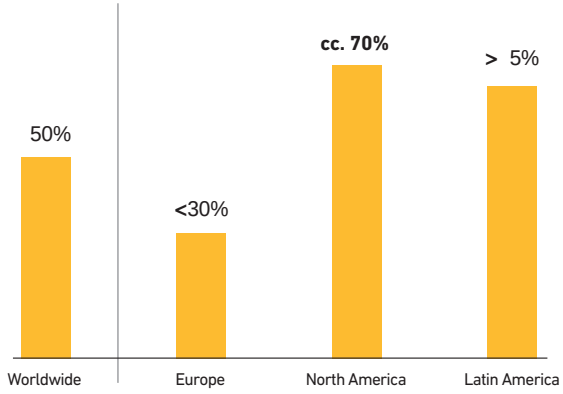
Value in euros



The lighter market is a very competitive market in which BIC benefits from the No. 1 worldwide position among branded lighters. BIC worldwide value market share (excluding Asia) in 2013 was approximately 50%. BIC is No. 1 in North America and in Latin America.

BIC® LIGHTERS MARKET SHARES IN VALUE IN 2013 (IN BIC'S MARKETS EXCLUDING ASIA)

(Estimated market shares/in value)



(1) BIC estimates for 2013.

A lighter contains pressurized gas put into a plastic reservoir, in order to produce a flame. Lighters must be designed and manufactured in compliance with very strict safety, quality and performance requirements. International Safety Standards have been established in order to protect consumers from unsafe lighters.

There are two key standards for pocket lighters:

- the international lighter safety standard ISO 9994, which clearly describes the basic safety requirements for a lighter. ISO 9994 Safety Standard is the subject of legislation in major countries such Canada (1989), Russia (2000), Argentina (2003), Mexico (2004), South Korea (2005), South Africa (2006), the 28 countries of the European Union (2006), Japan (2011) and Indonesia (2011).
- child-resistant requirements, a child-resistant lighter is a lighter purposely modified in order to make it more difficult to operate. A child-resistant lighter is a lighter that at least 85% of children under 51 months of age cannot operate. Child-Resistant legislation is the subject of legislation in major countries such as the U.S. (1994), Canada (1995), Australia (1997), New Zealand (1999), the 28 countries of the European Union (2006), Japan (2011), and South Korea (2012).

Low price lighter models too often fail to comply with Safety Standards. Since the late 80's, low-price lighter models imported from Asian countries have been gaining market shares and today hold more than half of the global market (in units).

In this competitive landscape, BIC defends its position and supports lighter safety and quality. BIC® lighters are designed and manufactured in compliance with very strict safety, quality and performance requirements. As an example, the gas reservoirs of BIC® lighters are made of Delrin®, a high technical grade resin which ensures a high resistance to impact in case of drop, while allowing for a larger amount of gas and more lights than in many other lighters, thanks to the thinness of its wall. Also, BIC® lighters are filled with pure isobutane which guarantees the stability of the flame during the whole life of the lighter.

BIC® lighters are sold either through traditional distribution channels (such as convenience stores and tobacconists) and retail mass market distribution.

BIC's objective in the lighter business is to strengthen its leadership as the only branded lighter with worldwide position:

- by supporting the extension and the enforcement of international safety standards;
- by accelerating the development of value-added products (sleeves, cases and multipurpose lighters).

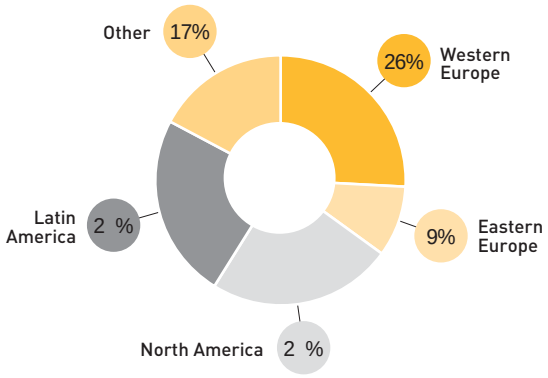
Shavers

The wet shave market generates annual sales revenue of more than 12 billion euros, and accounts for the majority (60%) of the total hair removal category.

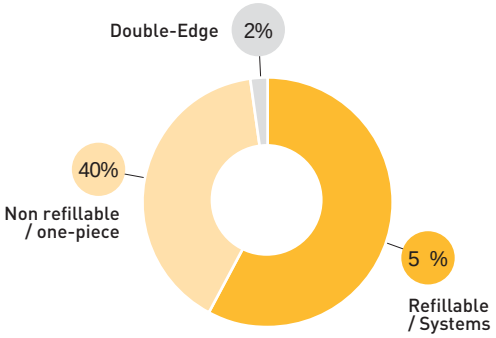
WET SHAVER WORLDWIDE MARKET IN 2013

(Euromonitor - 2013)

By geographical area



By product segment



This market can be separated into three product segments as seen above, with systems and one-piece driving the growth. Inside these two segments, new products drive most of the growth by offering ever-increasing improvements in performance; and by offering products with added features. The pace of new product activity rarely slows, so a productive new product development program is a requirement for ongoing success.

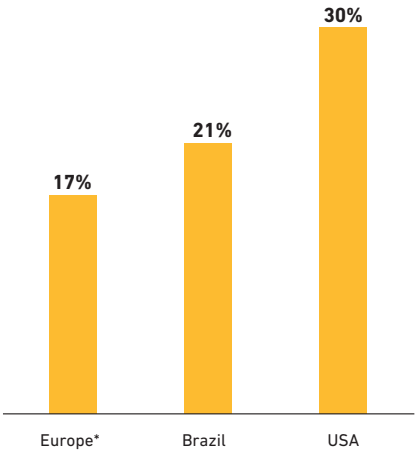
BIC's new product program has been a key driver of success, evidenced by its No. 2 global market position in the one-piece segment with an approximately 20% value market share. Most of BIC's focus in 2014 has been on the fast-growing three-blade and four-blade sub-segments, where its market shares are even stronger than their overall 20% share.

The market is divided among three brands (Gillette, the leader, BIC® and Schick/Wilkinson/Energizer Holding), with a private label presence as well.

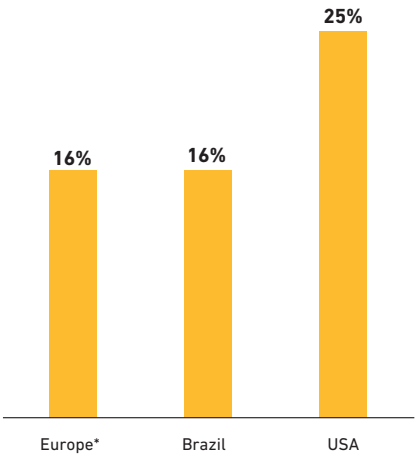
BIC MARKET SHARES IN THE DISPOSABLE SHAVERS SEGMENT

(Based on IRI, AC Nielsen figures and BIC estimates Dec. 2014)

In volume



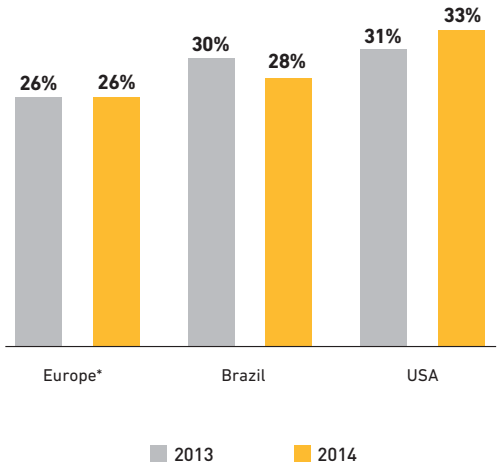
In value



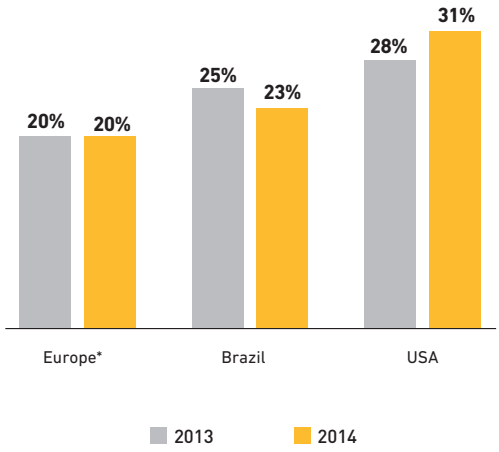
BIC MARKET SHARES IN THE THREE- AND FOUR-BLADES DISPOSABLE SHAVERS SEGMENT

(Based on IRI, AC Nielsen figures and BIC estimates Dec. 2014)

In volume



In value



** 13 countries.*

In the 70's, BIC revolutionized wet shaving when it launched the first one-piece shaver: the single blade "classic", which still generates sales of nearly one billion shavers per year. In recent years BIC has focused its new products, sales and marketing efforts on the higher performing three-blade and four-blade sub-segments, launching products such as:

- For Men: BIC® 3, BIC Comfort 3®, BIC® Easy/Hybrid 3-blade, BIC® Flex 4, BIC® Flex 3;
- For Ladies: BIC® Pure 3™ Lady, BIC® Soleil® 3-blade, BIC® Soleil® Bella™ 4-blade, BIC® Soleil Glow®.

The business results demonstrate BIC's ability to meet the expectations of increasingly demanding consumers.

Other Consumer Products

The Other Consumer Product category includes various strategic and tactical activities:

- **BIC Sport:** today, BIC Sport is one of the world leaders in Stand-Up-Paddle (SUP) boards, surfboards and windsurf boards. It has also expanded into new markets including kayaks. BIC Sport products are mainly designed and produced in Vannes (France). Sales are mainly realized through specialized stores and sporting goods superstores;
- **DAPE 74 Distribution:** sales to tobacco shops in France;
- **A range of both BIC® and non BIC®-branded products:** such as pantyhose sales in Greece, Austria and Ireland, batteries and a line of shaving preps; all of which are designed to tactically grow the presence of the BIC® brand in key markets;
- Other Consumer Products also include the licensing revenues derived from the **BIC® Phone**, the simple cell phone 100% ready to go and refillable, launched in partnership with different telecom operators in Europe (France, Spain). More than 1,430,771 BIC® Phones have been sold since the launch of this product.

ADVERTISING AND PROMOTIONAL PRODUCTS (BIC GRAPHIC)

Advertising and Promotional Products are items such as stationery products, clothing, bags, awards, and drinkware, that are imprinted with a logo or advertising message to support a company's marketing and media strategy. It is cyclical and related to companies' advertising, promotions and discretionary investments.

Total worldwide market size is estimated at more than 14 billion U.S. dollars (at suppliers' level). The U.S and Canadian markets represent around 57% of the total, Europe approximately 29% and the rest of the world (mainly Latin America) 14%.

The Promotional Products business is a diverse product category. In the USA, the PPAI (Promotional Product Advertising Industry) identifies more than 20 different segments. 17 of them are included into the "Hard Goods" category, which represents 58% of the total market. The other significant segments are Apparel (28% of the market), Writing Instruments (10% of the market) and Calendars (3% of the market).

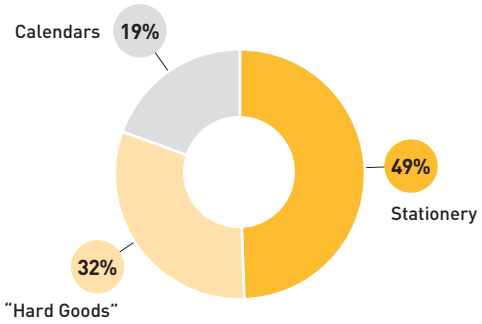
This industry is very fragmented at all levels, with a large number of suppliers and distributors. Advertising and Promotional industry suppliers sell their products to numerous large, mid-size and small distributors.

Through its BIC Graphic business, BIC has been involved in Advertising and Promotional Products since the late 1960's, mainly in writing instruments, and has always been recognized for its excellence in customer service, printing quality and delivery.

BIC Graphic is the No. 4 supplier in the USA, No. 2 in Europe and benefits from a significant presence in Latin America, Australia, Africa and Asia (through its sourcing activities).

BIC Graphic offers a large and diversified range of products to its more than 30,000 distributor clients, from stationery products to hard goods such as drinkware and small electronics.

2014 BIC GRAPHIC NET SALES BREAKDOWN



BIC Graphic realizes 19% of its net sales in the calendar business and is the leader in promotional calendars in the U.S. The calendar market is a highly seasonal activity, with 90% of the sales shipped in the second half of the year.

ADVERTISING AND PROMOTIONAL INDUSTRY ORGANIZATION



1.4. Research and Innovation

Since the creation of the Company in the early 50's, BIC has formulated a clear vision: "Offer simple, inventive and reliable products, for everyone, everywhere, every time". Since then, BIC has been dedicated to making available and affordable everyday products for everyone and, as a consequence, research and innovation are part of the BIC DNA.

In 2014, there were approximately 228 employees located in Europe and North America in the research, development and innovation functions. In 2014, BIC invested approximately 1.6% of sales in research and development of new products; new products and line extensions accounted for 17% of BIC Group sales.

The research, development and innovation functions are organized by category. Each business manages its own factories, its own R&D and its own marketing teams, which are also responsible for innovation.

- In Stationery, BIC continuously innovates to bring state-of the art writing technology to its consumers and offers an average of 20 new products to consumers every year. The Stationery R&D Department is organized around two sections: design, which focuses on the mechanical properties of products, and Ink Systems, whose focus is inks' improvements. Very unique in the stationery industry, all the components of our products are developed and produced internally, up to the moulds and machines that will be used for production. This allows us to have full control of the quality and reliability of the products we produce, to offer consumers maximum satisfaction.
- In Lighters, conception of new products as well as product and process innovation in the gas lighters field are under strict constraints linked to the potentially dangerous nature and widespread uses of the product. For BIC, every development step must fulfill the imperative requirement of safety as a BIC® lighter must be – and remain – safe during its full life time for a normal use or even a reasonably foreseeable misuse. Product developments are supported by several patents and model applications.
- In Shavers, research is organized around multi-disciplined project/product development teams that are composed of members from blade, design, engineering, packaging, quality and industrialization. 15 to 20 new products are developed each year, from line extensions to new product launches. BIC is using internal and external panels of experts in order to evaluate and validate product performances in live conditions. BIC also benefits from fundamental research partnerships with large universities and research laboratories around shaving efficiency and manufacturing processes.
- In Advertising and Promotional Products, BIC Graphic has a continent-based approach to new product development and service innovation based on BIC's long history of developing simple and long-lasting products for each areas customer and consumer needs. BIC Graphic relies on a dedicated global sourcing team committed to research efforts into both customers/distributors and end-users requirements. Improving and developing new printing technology is also a part of BIC Graphic's quest to differentiate ourselves from the competition. With regard to product research and development, significant market research is conducted to identify products based on distributors and end-user demand insights. BIC Graphic's supply chain and sourcing organization are centralized for maximized efficiency, price and quality controls. Our commitment to Social Compliance of our own and sub-contracted factories goes beyond what is expected from any global organization.

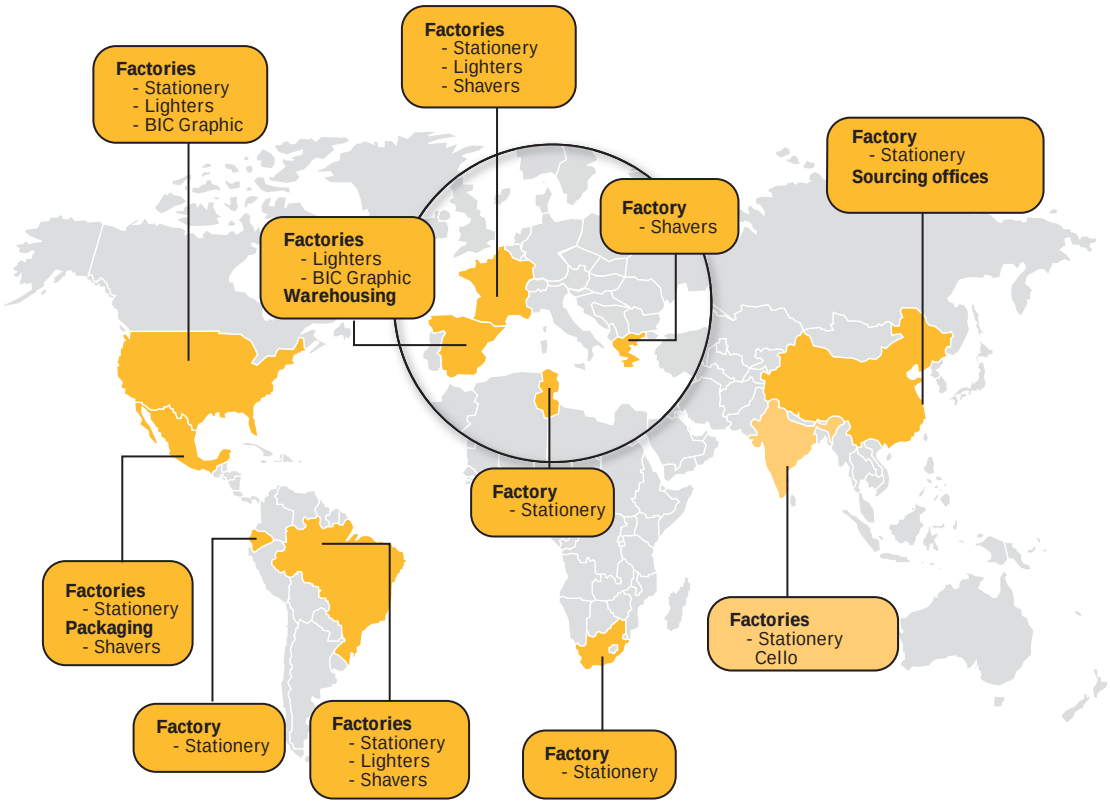
1.5. Property, plant and equipment

85% of Group net sales (88% in the Consumer Products business; 63% in the Advertising and Promotional Products business, BIC Graphic) are generated in BIC owned factories.

BIC owns 23 main factories around the world[1]:

- 12 factories are dedicated to manufacturing stationery products;
- 4 plants are dedicated to manufacturing lighters;
- 3 plants are dedicated to manufacturing shavers;
- 4 plants are dedicated to Advertising and Promotional Products.

INDUSTRIAL SITES



(1) *Excluding Cello Pens.*

EXISTING OR PLANNED MATERIAL TANGIBLE FIXED ASSETS, INCLUDING LEASED PROPERTIES, AND ANY MAJOR ENCUMBRANCES THEREON

Country	Use	Location	Own/lease	Main manufactured products
SOUTH AFRICA	Factory, warehouse, offices	Johannesburg	Lease	Stationery (ball pens, coloring felt pens, markers)
BRAZIL	Offices and warehouse	Cajamar	Lease	-
	Offices and factory	Rio de Janeiro	Own	Stationery (stickers)
	Factory and warehouse	Manaus	Own	Stationery (ball pens, markers, graphic pencils, coloring pencils), lighters, shavers
CHINA	Factory (construction in progress)	Nantong	Own	Lighters
SPAIN	Factories and offices	Tarragona	Own	Stationery (ball pens, mechanical pencils, sticky notes), lighters, printing
	Warehouse	La Granada	Lease	-
USA	Offices	Shelton, CT	Own	-
	Factories	St. Petersburg, FL	Own	Printing
		Milford, CT	Own	Lighters
		Gaffney, SC	Own	Stationery (markers)
		Charlotte, NC	Lease	Packaging
		Sleepy Eye, MN	Own	Promotional calendars
		Red Wing, MN	Own	Printing and engraving
	Offices and factory	Clearwater, FL	Own	Stationery (printing, sticky notes)
	Warehouse	Charlotte, NC	Own	-
FRANCE	Offices	Clichy	Own	-
	Factories	Boulogne-sur-Mer	Own	Stationery (writing pens, coloring felt pens, mechanical pencils, markers, white boards)
		Cernay	Own	Stationery (dyes)
		Longueil-Sainte-Marie	Own	Shavers
		Montévrain	Own	Stationery (ball pens)
		Redon	Own	Lighters
		Samer	Own	Stationery (pencils, coloring pencils, leads)
		Vannes	Own	Stationery (ball pens), other products (windsurf boards, surfboards, boats)
GREECE	Factory and offices	Anixi	Own	Shavers
INDIA	Factories	Daman	Own/Lease	Stationery (writing instruments)
		Haridwar	Own/Lease	Stationery (writing instruments)
MEXICO	Factories and offices	Mexico City	Own	Stationery (ball pens, mechanical pencils, correction tapes)
		Saltillo	Lease	Packaging
	Warehouse, offices and factory	Tlalneplantla	Lease	Printing
TUNISIA	Factory	Bizerte	Own	Stationery (ball pens)

Major related encumbrances correspond to depreciation and rents.

1.6. Risk factors

INTRODUCTION

The BIC Group pursues an active and dynamic approach to risk management. The objective of this approach is to enhance the Group's capacity in identifying, managing, mitigating and monitoring key risks that could affect:

- the Group's personnel, assets, environment or reputation;
- the Group's ability to achieve its objectives and abide by its values, ethics or laws and regulations.

This approach is based on identification and analysis of the main risks to which the Group is exposed, particularly those related to the following areas: financial markets, legal, industry and environment, strategy and operations.

A description of the risk management system is disclosed in the Chairman's Report on the conditions of preparation and organization of the work of the Board of Directors and on the risk management and internal control procedures implemented by the Company – see Corporate Governance section 3.1.2.2.3 – Risk management process, page 111.

The risk factors set out below are not the only risks faced by the Group. Additional risks and uncertainties of which the Group is currently unaware or that are deemed not significant could also have an adverse impact on its business, financial position or results.

MARKET RISKS

Foreign Exchange risk

The Group's main currency exposure is the EUR-USD rate. In 2014, the yearly net exposure for commercial flows (316.4 million U.S. dollars) was hedged at the average rate of 1 EUR = 1.3142 USD. The important volatility on Foreign Exchange markets leads us to be particularly vigilant throughout the year on any arising element that would affect our Foreign Exchange exposure. Our exposure control and follow-up tools allow us to collect the most accurate and up to date information and make sure we constantly capture the most precise picture of our Foreign Exchange risks. Group Treasury has adequate means to rapidly identify the risks and reliable tools to manage the exposure. Regarding the 2015 exposure, as of December 31, 2014, 88% of the identified exposure was hedged. The average hedged rate for 2015 is 1.2666 USD.

Concerning the other major exposures of the Group, the 2015 hedge ratio, as of December 31, 2014, is at least 90%.

See also Note 23 to the consolidated financial statements, page 203.

Interest Rate exposure

Exposure to interest rate fluctuations is very limited. All local funding needs are directly indexed on a short-term variable rate. Borrowers' positions are insignificant at Group level, and are of a too limited timescale to require any hedging.

See Note 23 to the consolidated financial statements, page 203.

Counterparty risk

All financial instruments are set up with top-ranking banking institutions, making counterparty risk very low. The minimum Standard & Poor's long-term rating of our main banking counterparties is A. The rating range goes from A+ to A-. It should nevertheless be noted that the rating is one of the elements we follow to understand the counterparty risk, but it is not the only criterion we use.

Counterparty risk of cash investment decisions is strictly studied (nature of assets, depositaries and custodians). The main part of the portfolio as of December 31, 2014 is on investment grade rated supports. Counterparty risk is estimated not significant as of December 31, 2014.

Liquidity risk

BIC Group manages its equity to keep a cash position positive and available, and to achieve its development and/or external growth strategy. The excess cash and the funding needs of the Group are managed by the Group Treasury, following a secure policy guideline that aims for capital security and liquidity. The excess cash is mainly invested in monetary mutual funds, commercial paper or time deposits, and cash equivalent assets whose volatility is below 0.5, with a recommended holding period of less than three months.

The more structural portion of the cash can be invested in financial assets with a duration above 6 months. All the investments are valued mark-to-market twice a month by the Group Treasury and the target is to reach an average yearly performance above the Eonia capitalized rate. The Group Treasury has an on-going relationship with the asset management companies, so as to get the best level of information on asset managers' decisions, and identify the impact of markets movements on the funds valuations behaviours.

Throughout 2014, a high level of control on our investment portfolio performance and on the composition of the funds in which we invest, has been maintained. The Group Treasury pays great attention to the diversification of our investments and counterpartiesin order to improve the pooling of risks and reduce the amount invested per counterparty.

At parity, the two largest positions in the portfolio at year-end each represent 14.1% of the total assets under Group Treasury management. They are short-term deposits with top-ranking French banks, noted A1 at Standard & Poor's. In addition to these two deposits, 19 other investments were in our books as of December 31, 2014, for an average amount of 6.5 million euros per unit.

LEGAL RISKS

To the best of the Company's knowledge, there is no information (regulation, authorizations, confidentiality, dependence links, tax measures) or exceptional fact susceptible to have or having had in the recent past a significant impact on the financial position, the result, the activity and the assets of the Company and the Group.

Moreover, there are no governmental, judicial or arbitration procedures, including all procedures of which the Company is aware, pending or threatening the Company and which may or might have had during the last 12 months significant effects on the financial position or the profitability of the Company and/or the Group.

INDUSTRIAL AND ENVIRONMENTAL RISKS

Industrial risks

BIC faces certain industrial risks linked to its production operations around the world and its manufacturing processes.

The Group's highest priority is safety, with quantitative objectives to maintain or reduce the number of workers' accidents at every production site. These objectives are part of the BIC Sustainable Development Barometer. Its good performance over the past 10 years is a reflection of the Group's commitment and the actions that are continually undertaken to improve safety.

In addition to the generic risks inherent to any industrial activity, the BIC Group is exposed to specific risks linked to the storage and use of hazardous products and substances, both inflammable and non-inflammable. Among these are:

- gas for lighters in France, Spain, the U.S. and Brazil;
- solvents for permanent markers and dry-wipe markers in France and the U.S.;
- solvents for industrial cleaning processes;
- storage of products containing gas and solvents.

For this reason, at all BIC factories (not including Cello Pens):

- constant attention is paid to the implementation and monitoring of preventive measures and safety systems for gas and solvent storage areas. Suitable control devices and equipment are in place to minimize physical and chemical risks posed by hazardous substances. Priority is given to the use of appropriate fire prevention systems and appropriate fire detection and control equipment;
- hazard and risk assessments are conducted in the Group factories; procedures are established to identify, assess, and prevent incidents and accidents;
- the workforce is trained to recognize potential hazards, as well as to take preventive and corrective actions;
- compliance with local regulatory requirements is an integral part of the daily management of the sites;

In particular, certain factories are subject to the EU SEVESO Directive, which identifies industrial sites that pose major accident risks and requires the manufacturers to carry out risk studies in order to specify possible accident scenarios, evaluate their potential consequences and implement preventive measures.

Our SEVESO plants have an emergency procedure protocol (*Plan d'opération Interne* or POI). For our high-threshold SEVESO plants, we have a major hazard prevention policy and have implemented a safety management system to prevent major accidents, in compliance with the ministerial decree of May 10, 2000, transposition in French law of the European Council directive 96/82/EC. Outside France, many plants have equivalent emergency plans that address risks with potential off -site consequences.

As concerns the eight Cello Pens factories, the Group is currently working to pinpoint the industrial risks in order to provide the best responses in keeping with its EH&S policy (see *Chapter 2, section 2.1.4.3 "Our policies").*

Risks related to the Environment and Climate Change

The nature of our manufacturing operations, primarily molding and the assembly of plastic products and printing of products, should result in a relatively low local environmental impact as compared with other manufacturing sectors. Nevertheless, in keeping with the Group's EH&S policy, our Sustainable Development Program requires all BIC plants to measure, assess and reduce any potentially significant environmental impacts. BIC has also implemented health, safety and environmental risk management systems at all of its factories (not including Cello Pens) in order to ensure the integration of measures to prevent pollution and other risks in its everyday operations, as well as the ongoing improvement of its installations, equipment and procedures for the purpose of risk prevention.

Detailed information on the management systems and specific measures for controlling the environmental consequences of the Group's operations can be found in Chapter 2, section 2.3.1.1 "Management systems and other measurements for controlling the environmental consequences of our industrial operations".

A breakdown of the plants' water and energy consumption, greenhouse gas emissions and waste production is given in chapter 2, section 2.3 "Environmental responsibility concerning our operations", along with the actions undertaken by the Group and its sites to control and reduce their environmental impact.

The European regulation, REACH (Registration, Evaluation, Authorization and restriction of CHemicals) establishes a new regulatory framework for chemical substances and now places responsibility on manufacturers to demonstrate the safety of the chemicals they use. BIC has set up a specific organization to facilitate and ensure compliance with this regulation, described in detail in chapter 2, section 2.2.3 "Safe products".

In addition, concerning the programs for adapting to the consequences of climate change, see *Chapter 2, section 2.3.1.3 "Reducing energy consumption and greenhouse gas emissions"*.

As concerns the eight Cello Pens factories, the Group is currently working to pinpoint the risks related to the environment and climate change in order to define the actions to be carried out in keeping with its EH&S policy.

BIC has not set aside substantial provisions for dealing with the consequences of environmental risks. If such damages are incurred, the Group considers that the cost of reparations would not significantly affect its financial position.

STRATEGIC AND OPERATIONAL RISKS

Risks related to Group acquisitions

Part of the Group's strategy is to grow through acquisitions. Acquisition may allow for geographical expansion or reinforcement of existing categories. Business integration of an acquired company is one of the key elements of success.

Following an acquisition, the Group employs a highly qualified management team. Companies' teams monitor the progress of integration on a regular basis. Additionally, a cross-functional task force closely supervises the integration plans, in particular the alignment of systems and procedures.

Risks related to competition

While the majority of end-customers of the Group are individual consumers, the Group sells a significant part of its products to major mass-market retail chains. The retail distribution market is subject to further consolidation, with rationalization of SKU's (stock keeping units) and possible expansion of private label SKU's. This continued trend of consolidation/rationalization processes could translate into a further reduction in the number of retail chains and in their corresponding assortments. It could consequently increase the Group dependence on fewer retailers and further intensify competition.

However, the Group's international presence, its powerful brand and the diversity of its distribution channels help to mitigate itse exposure to market concentration and competitors' rationalization. BIC is closely monitoring sales and demands of distributors and pursues its efforts to differentiate its products from its competitors emphasizing innovative and economical solutions to satisfy the end-consumer needs.

Risks related to the concentration on developed markets

The BIC Group strategy focuses particularly on generating sales growth. BIC has been present for many years in developed markets where Group perspectives depend mainly on its ability to increase market share and profitability. As North American and European economies are expected to grow slowly in the next few years, succeeding in developing markets is a strategic objective for the Group. Therefore the Group aims to continue its expansion in developing markets.

To achieve this objective, sales and marketing plans have been developed to gain market share in most of countries coupled with additional measures to reduce costs and increase productivity. In addition, the strong development in Latin America has improved the Group's geographical diversification. Furthermore, the Group is broadening and deepening its presence in Asia. The majority stake in Cello Pens will allow the Group the potential to achieve future growth expectations in this region.

Risks related to experienced employees and competencies

The Group has specific competencies through experienced resources especially in manufacturing processes and business practices. The loss of experienced employees could slow down the implementation of Group development plans. It could also result in the inability to implement the Group's strategy.

The Group therefore focuses on identifying, developing and managing experienced resources. Succession plans based on a detailed analysis of Group's resources have been prepared and implemented. Additionally employee training is given to a specific attention through dedicated programs (see Our environmental, social and societal responsibility section 2.4 Our social responsibility to employees, page 70).

Risks related to anti-smoking measures and e-cigarettes

Lighters represent a significant part of the Group's net sales (29% in 2014). The Group's Lighter business is related to the worldwide sales of tobacco products. However, the tobacco industry is subject to increasingly stringent regulations around the world, mainly in developed countries. The emergence of e-cigarettes/vaporing has grown exponentially in a number of developed markets. Anti-smoking campaigns and further restrictions in public places as well as a rise in the use of e-cigarettes could have a potential negative impact on the growth and profitability of the Group.

Consequently, the Group monitors the effect of tobacco control activities, potential e-cigarette regulatory restrictions and overall development of the market, on lighter sales. However, the quality of BIC lighters remains the decisive driver for continuous growth in a shrinking market.

Risks related to manufacturing sites

As a result of its manufacturing activities, the Group may potentially be exposed to events of various origins (such as natural disasters, accidents or economic/social/political turmoil) that could disrupt or interrupt a site's activity. Since the Group is dependent on its production facilities to maintain and develop its sales, the interruption of a production site could have a negative impact on the Group's business.

The Group has therefore put in place a pro-active approach to industrial risk prevention through regular audits of protection mechanisms and investment in equipment in buildings and production tools. Each category pursues a policy of diversification in terms of geography and production capacity.

Moreover, a strong social climate and careful management of supplies, as well as continuity plans ensuring the presence or restoration of critical functions, mitigate the potential impact and minimize the occurrence of such events. The Group has also taken out insurance programs (see below, *Insurance – Coverage of any risks to which the issuer may be exposed*).

Risks related to IT and technology

In a world where IT systems and networks are critical to the Group's operations, it is important to identify the necessary IT security procedures to minimize information system security risk. IT has launched a project in order to list and rank any critical IT asset. This project, developed in North America, will be expanded to critical Group locations and then, to all locations.

INSURANCE – COVERAGE OF RISKS LIKELY TO BE INCURRED BY THE ISSUER

BIC is buying:

- "Public Liability" insurance including risks related to products;
- "Environmental Impairment Liability" insurance related to gradual pollution and accidental pollution;
- "Property Damages and Business Interruption" insurance covering all locations;
- insurance for goods and products while in transit.

Management believes that coverage and limits of these insurance programs are appropriate.

The objective of the Group's insurance programs is to develop a uniformly high level of risk management and insurance protection for all of the BIC operating entities. This policy should help protect assets and, therefore, revenue, against risks that may be uninsurable or controllable.

BIC believes in the risk management process as a means of protecting its assets from the adverse effects of accidental loss. That is, the practice of identification, analysis and management of all risks in relation to its operations. All Group entities must be involved. Whenever we can exercise effective loss prevention and loss control, BIC accepts to retain a portion of the risk. While relying on a proactive approach to risk management for the protection of its assets, the Group nevertheless maintains insurance policies to guard against catastrophic loss, or in some cases, the likely risk of loss.

The global cost estimate of the BIC Group insurance programs amounts to approximately 5 million euros. The total assets covered by the "Property Damage/Business Interruption" insurance programs amounts to approximately 4 billion euros.

It is BIC's intent to control risk through effective risk management techniques, as well as insurance and loss prevention policies in order to meet its long-term objectives of continuous operation, growth and profit.

By meeting the above criteria, BIC's assets and profitability should be protected to the greatest extent possible.

BIC holds two captive insurance companies, Xenia Insurance Company Limited and SLS Insurance Company Limited, both wholly owned by BIC CORPORATION. Xenia was created as a means to provide coverage for certain risks which are not covered by traditional insurance. Nowadays, it allows BIC to reduce its costs on the traditional insurance market. In 2014, BIC CORPORATION created SLS in Connecticut in order to transfer, on January, 1st 2015, the risks and coverages offered by Xenia to a captive based in the U.S., in the State where BIC CORPORATION is incorporated.

In the U.S., BIC is insured by Xenia Insurance Company Limited through two insurance policies. The first one issues Product Liability Insurance certificates for customers of the Group's U.S. entities. The second one that provides coverage for any event that is not covered or payable under any existing BIC policies (DIC/DIL insurance policy).

Actions relating to products liability are initiated primarily in the United States. The amount of provisions to cover this risk is limited to 4.5 million U.S. dollars; which is the amount of coverage offered BIC Xenia Insurance Company Limited to US entities.

The other entities of the BIC Group are insured under traditional insurance programs.

OTHER SPECIAL RISKS

Counterfeits

Counterfeits, often of low quality, of the most well-known BIC Group products circulate, principally throughout Africa, the Middle East, Eastern Europe and South America. They are produced mostly in Asia. These counterfeits are mainly focused on the shape of our products and on the BIC® trademark.

In order to protect our brand image and our economic interests, the Group, through its counterfeiting department, fights against these counterfeits by working in close cooperation with local authorities and Law enforcement agencies.

Lighters – Non-compliance with safety standards

The BIC Group is confronted with competition from low cost lighters that in Europe often do not comply with safety standards, especially the ISO 9994 international safety standard. The Group fights against such lighters through communication activities informing the different stakeholders (customers, market surveillance authorities, etc...) as well as legal action, particularly before the European Commission, where it has requested that an infringement procedure be brought against the Netherlands, first member state for the importation of lighters in the European Union, for lack of enforcement of the standards. This procedure led to the European Commission issuing two formal warning notices to the Netherlands in March 2012 and in July 2014. As of December 31, 2014, this procedure remains pending.

At the same time, the BIC Group also suffers from unfair competition from lighters of Chinese origin with low import prices resulting from dumping. The European Union's antidumping duty on flint lighters originating from China expired in December 2012, due to the EU Commission having refused to open a procedure aiming at its renewal. Adding to this unfair competition is the non-reciprocity of custom duties on lighters: 25% when entering China versus 2.7% when entering the EU.

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OUR ENVIRONMENTAL, SOCIAL AND SOCIETAL RESPONSIBILITY

2 OUR ENVIRONMENTAL, SOCIAL AND SOCIETAL RESPONSIBILITY

2.1. The BIC Sustainable Development Program

The story of BIC is first and foremost the story of a vision: "To offer simple, inventive and reliable choices for everyone, everywhere." The BIC Sustainable Development approach is perfectly consistent with this vision, reinforcing it by making sustainable development a core part of the Group's strategy.

2.1.1. FOUR STRATEGIC DIRECTIONS

In order to deploy its Sustainable Development Program, BIC has defined a strategic direction for each of its areas of responsibility:

- innovate in order to continually reduce the environmental footprint of all products and their packaging, and to make them affordable to all;
- improve the environmental performance of BIC's factories and reduce the Greenhouse Gas (GHG) emissions generated by its transport operations;
- be a committed employer by upholding the Group's values, ensuring safety in the workplace and employability for all personnel;
- fulfill its responsibility in its value chain in order to ensure respect for Human Rights in the workplace and expand Environmental, Social and Governance (ESG) practices among its suppliers.

2.1.2. BIC GROUP SUSTAINABLE DEVELOPMENT KEY ISSUES

2.1.2.1. Update of the evaluation of the materiality of the issues

In 2014, BIC performed a study to review its stakes and their relative importance, through a materiality matrix. This study aimed in particular at:

- updating its knowledge of the stakes considered to be the most important by its stakeholders;
- identifying any "subtle signals" of emerging topics that could represent a risk or an opportunity in the short or medium term;
- focusing on the most important stakes that requires special attention by the Group;
- ensuring that the Group's perception is consistent with that of its stakeholders.

This evaluation, conducted by an external consultant, was based on a documentary analysis (as for example, client questionnaires, mapping of extra-financial risks, results of employee surveys) and interviews with the Group's internal and external stakeholders (suppliers, customers, NGO's, investors, General Management of the BIC Group, etc.).

All seven of the Group's key stakeholders have been mobilized (employees, customers, investors, Shareholders, suppliers and subcontractors, communities and civil society, regulatory and control authorities).

Materiality matric of sustainability issues



This materiality analysis confirmed the overall balance between the perception of BIC stakes by the Group and by the stakeholders. It also highlighted the fact that the 2014-2016 Barometer covers the Group's key stakes.

Thus, through its Barometer, BIC ensures active monitoring and close management of its approach to sustainable development and contributes to the overall performance of the Company.

This matrix will be presented to the Board of Directors in 2015.

2.1.2.2. Issues for BIC concerning the life cycle of its products

The following table presents the main issues related to the key phases of BIC's business, from the supply of raw materials to the use of the products and end-of-life management.

Step	Stakes	Action plans
Purchasing	The supply of raw materials that are used to make BIC® products • 45% of the Group's purchasing can be attributed to plastics	• Reduce consumption of non-renewable raw materials • Promote the use of alternative materials (recycled or plant-derived) • Ensure suppliers' compliance with environmental, social and governance standards
Production	The manufacture of BIC® products in the Group's factories or by contract manufacturers • 46 million products sold every day worldwide	• Reduce water and energy consumption • Reduce CO_2 emissions and wastes • Reduce our impact on biodiversity • Maintain good working conditions for our employees • Ensure respect for Human Rights • Strive to develop employees' skills • Promote diversity in the Company
Distribution	The shipping of BIC® products by transport service providers • 0,662 teqCO_2 per ton of freight	• Optimize shipments and distribution routes • Ensure responsible distribution adapted to local conditions
Usage	The use of BIC® products (writing instruments, lighters, shavers, etc.) • More than 2 km for a BIC® Cristal® pen • Up to 3,000 lights for a BIC® Maxi lighter • Up to 17 shaves for a BIC® Flex 3	• Guarantee long lasting products (stationery, lighters, shavers, promotional products) • Ensure the quality and safety of products • Promote responsible consumption • Anticipate customers' and consumers' needs • Reduce packaging waste
End of life	The disposable of BIC® products • Weight of a BIC® Cristal® ball pen: 5.9 g • Weight of a BIC® Maxi lighter: 21.8 g • Weight of a BIC® 3 shaver: 8.8 g	• Help reduce the overall quantity of waste produced • Investigate possible recovery and recycling solutions

➔ PREPARING FOR FUTURE CHANGE

The BIC Group has identified a number of social and economic trends that will have a strong impact in the medium and long term:

The globalization of trade flows is facilitating access to new high-growth markets. For BIC, this commercial opening also means increased competition due to low labor costs in certain zones. For several years now, the Group has been developing its product range and adapting its distribution models on emerging markets. It has also bolstered its positioning on these markets, for example through the acquisition of Cello Pens in India in 2013, and has set the goal of "creating products for developing markets" in Commitment #2 of the 2014-2016 Barometer. In addition, BIC's industrial know-how enables it to maintain competitive employment, especially in Europe. Its pragmatic economic model, adapted to the practical context of each geographic zone, allows the Group to seize the opportunities made possible by globalization.

Global demographic growth is expected to increase the world's human population to more than nine billion by 2050, according to the latest United Nations (UN) estimates. This population growth will be accompanied by a boom in the middle class, which in turn will increase the consumption of goods and services as well as the demand for access to education, healthcare and financial services. Demographic growth represents an opportunity for the Group because the BIC® product ranges are especially adapted to middle class consumers: traditional or more sophisticated products, as well as responsible products. These ranges are conceived to meet all market needs and will continue to evolve to keep pace with consumer trends.

Access to education for the poorest populations is one of the Millennium Development Goals defined by the UN. In 2012, 87 million children worldwide were still deprived of elementary school education, and one billion persons today lack basic reading and writing skills[1]. By offering simple, reliable and affordable products all around the world, BIC is providing part of the solution for reaching the UN's goal. Furthermore, the Group intends to continue adapting its products and its manufacturing chain in order to meet the needs of the populations at the "bottom of the pyramid."

The rarefaction of raw materials, in particular fossil fuels and metals, will make it increasingly difficult to meet the needs of the world's growing populations. BIC has been preparing for this contingency for a long time: from its very beginnings, the Group has championed the principle of using "just what's necessary"[2] in the manufacture of its products. Constantly innovating in order to reduce the environmental footprint of its products and its factories, BIC will be able to continue offering products that address the environmental and social issues of the future.

➔ THE PRODUCTS OF TOMORROW AS SEEN BY THE WOMEN'S FORUM FOR THE ECONOMY AND SOCIETY

"Sustainability calls for smart, simple products that everyone can use. Companies need to see that environmentally sound products are the future. They also need to see the importance of simple, inexpensive products that meet the needs of poor and unprivileged groups."

***2010 Women's Forum for the Economy and Society* - Deauville (France)**

2.1.3. MANAGING THE APPROACH: THE BIC SUSTAINABLE DEVELOPMENT BAROMETER

Since 2008, the Group has based the application of its approach on a management tool: the BIC Sustainable Development Barometer. This Barometer comprises 10 operational commitments that follow on from the four strategic directions.

For its third edition, the 2014-2016 Barometer once again defines 10 commitments for the Group along with concrete performance indicators. Again, the three major topics addressed are "Products," "Industry" and "Social/Societal," but certain former commitments have been replaced by new ones covering points in which BIC seeks to make a special effort to improve its performance.

For example, now that the measurement of its products' environmental performance is integrated in the Company's practices, BIC is prioritizing two major commitments: to launch innovative responsible products and to create products for developing markets. The Group is maintaining its commitment to offering products with environmental benefits.

In transport, BIC has decided to focus on reducing air freight, the main leverage point for improving its performance in this field.

For 2014-2016, BIC has decided to improve the sustainability of its packaging materials, a field in which it can take action: one of the commitments concerns the selection of responsible materials for packaging.

BIC's contributions to philanthropic actions in its communities will be maintained at the same level, but will no longer be included in the Barometer. The Group has chosen to devote two new commitments to improving its internal social performance: increasing participation in the Employee Engagement and Values surveys and raising the internal promotion rate.

Lastly, the commitments on the factories' performance and worker accidents rates have been maintained, and the commitment on implementing the Group Code of Conduct has been bolstered.

This approach is implemented on a worldwide scale (except for BIC Graphic in certain cases). The Barometer's objectives are set for three years, and progress in each area is measured annually.

(1) Source : http://www.un.org/fr/milleniumgoals/education.shtml

(2) "Il y aura l'âge des choses légères" by Thierry Kazazian, Victoires Editions, 2003.

Results of the second edition of the BIC Barometer, 2011-2013

The 2011-2013 Barometer defined the goals that BIC was committed to reaching by December 2013. After three years, the overall score on the Barometer stood at 8.7/10, gaining 1.2 points in the last year. This result is mainly due to the progress made on the environmental performance of BIC® products, the deployment of the Code of Conduct throughout the Group, the environmental certification of several sites, the reduced use of air freight, as well as reduced environmental impact of factories and of worker's accidents.

Results of the first year of the 2014-2016 BIC Barometer

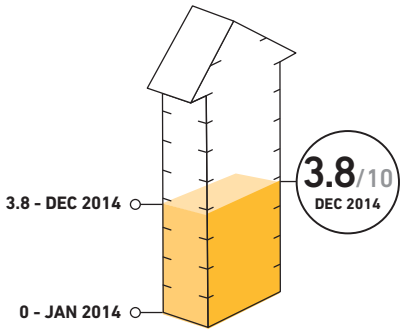
In its first year, the Barometer reached a score of 3.8/10, in line with the expected progression, and led by the good results of the majority of the commitments (packaging, transport, environmental performance of factories, commitment and employability of BIC employees). These good results need to be confirmed in 2015 in order to reach the highest score possible in 2016.

→ HOW IS PERFORMANCE MEASURED BY THE BIC SUSTAINABLE DEVELOPMENT BAROMETER?

- It defines the 10 priority indicators for the Group in terms of sustainable development for the three-year period 2014-2016.
- The 10 indicators were defined in cooperation with the functions concerned and approved by the CEO.
- It covers the perimeter of the BIC Group (except Cello Pens), unless specified.
- The "Jan. 2014" reference value corresponds to the value at the year-end 2013.
- The indicators are graphically represented as follows: the January 2014 reference value is equal to a 0/10 rating
- The 2016 objective is equivalent to a rating 10/10. When an indicator includes several objectives, its representation is the average of their progress.
- The Barometer is consolidated at the beginning of each year.

Additional methodological information can be found in section 2.6.3.3. (page 96).

2014-2016 Barometer



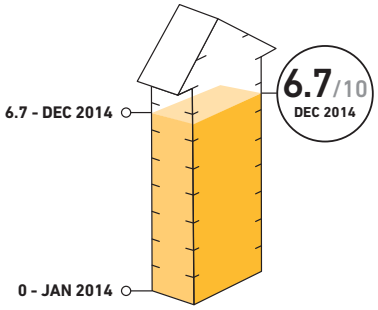
The global score is the arithmetic average of the ten scores

"The BIC Sustainable Development Barometer provides a pragmatic way to monitor the Group's commitment. It also encourages fluid communication within all teams by giving clear direction for three years and precisely reflecting our progress."

Mario Guevara, CEO

PRODUCTS **INDUSTRY** **SOCIAL/SOCIETAL**

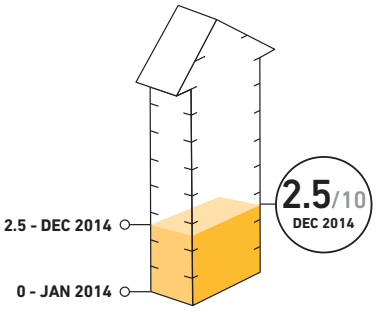
Launch innovative responsible products



- From 2014 to 2016, BIC will have launched 3 innovative responsible products
  (Jan.14: 0 > Dec.14: 2)

1

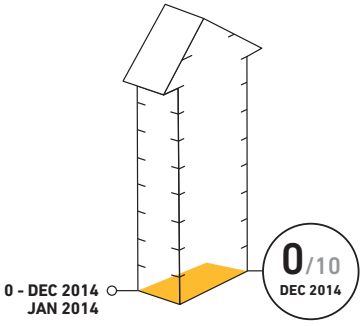
Create products for developing markets



- From 2014 to 2016, BIC will create eight products adapted to developing markets
  markets (Jan.14: 0 > Dec. 14: 2)

2

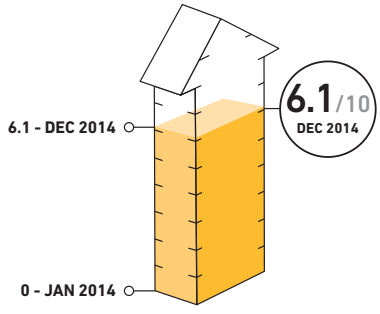
Offer BIC® products with environmental benefits*



- In 2016, 50% of BIC® products will have at least one environmental benefit
  (Jan.14: 49.88% > Dec.14: 49.61%)

3

Select responsible materials for packaging



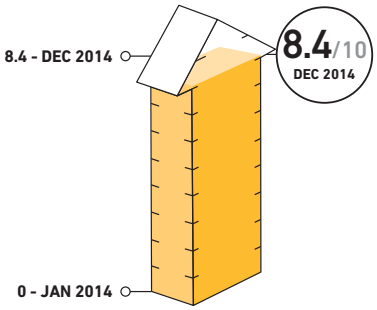
In 2016,

- 90% of BIC's cardboard packaging will be from a certified and/or recycled source, *i.e.* an 18% improvement
  (Jan.14: 75.9% > Dec.14: 87.69%)
- 90% of BIC's plastic packaging will be PVC-free, *i.e.* a 27% improvement
  (Jan.14: 70.6% > Dec.14: 78.16%)

4

** BIC Graphic excluded **Per ton of production*

Improve the environmental performance of BIC's factories

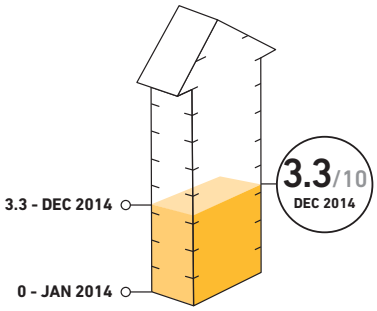


In 2016,

- Energy consumption will remain at 12.68 GJ**
  (Jan.14: 12.68 > Dec.14: 12.29)
- Water consumption will be 5.59 m^{3}**, *i.e.* a 20% reduction
  (Jan.14: 6.99 > Dec.14: 6.27)
- Non-recycled waste production will be 0.0786 tons**, *i.e.* a 1% reduction
  (Jan.14: 0.0794 > Dec.14: 0.0785)

5

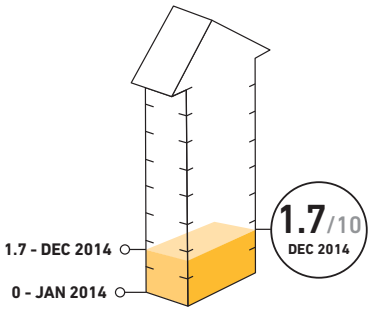
Maintain a low level of air freight



- Each year from 2014 to 2016, 97.7% of intra-company transport will be operated without air freight
  (Jan.14: 98.03% > Dec.14: 98.15%)

6

Maintain low worker accident rates

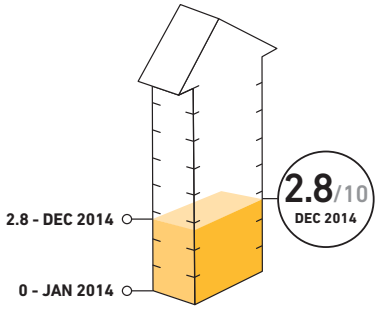


Each year from 2014 to 2016:

- The Group's accident Incidence Rate will be 8.43 maximum
  (Jan.14: 8.43 > Dec.14: 6.67)
- The Group's accident Severity Rate will be 0.27 maximum
  (Jan.14: 0.27 > Dec.14: 0.31)

7

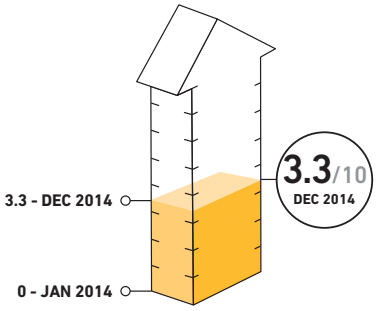
Intensify the implementation of the BIC Group Code of Conduct



- From 2014 to 2016, 95% of contract manufacturers will have been audited using assessment tools that include a rating system and will be monitored on an ongoing basis
  (Jan.14: 0% > Dec.14: 26.4%)

8

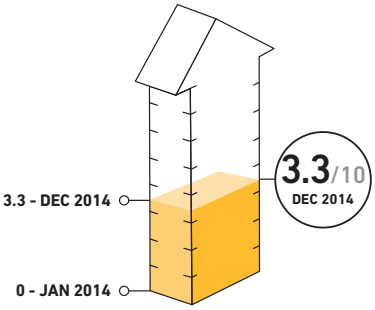
Develop employee engagement



- Each year from 2014 to 2016, the participation rates in the Values survey and the Employee survey will be at least 85%
  (Jan.14: 84% > Dec.14: 90.5%)

9

Ensure the employability of BIC's employees



- Each year from 2014 to 2016 the internal developmental mobility and promotions rate will be at least 25%
  (Jan.14: 25% > Dec.14: 30.5%)

10

*** Per ton of production*

2.1.4. INTEGRATION OF SUSTAINABLE DEVELOPMENT INTO OUR ACTIVITIES

2.1.4.1. Sustainable Development as a key factor in the decision-making process

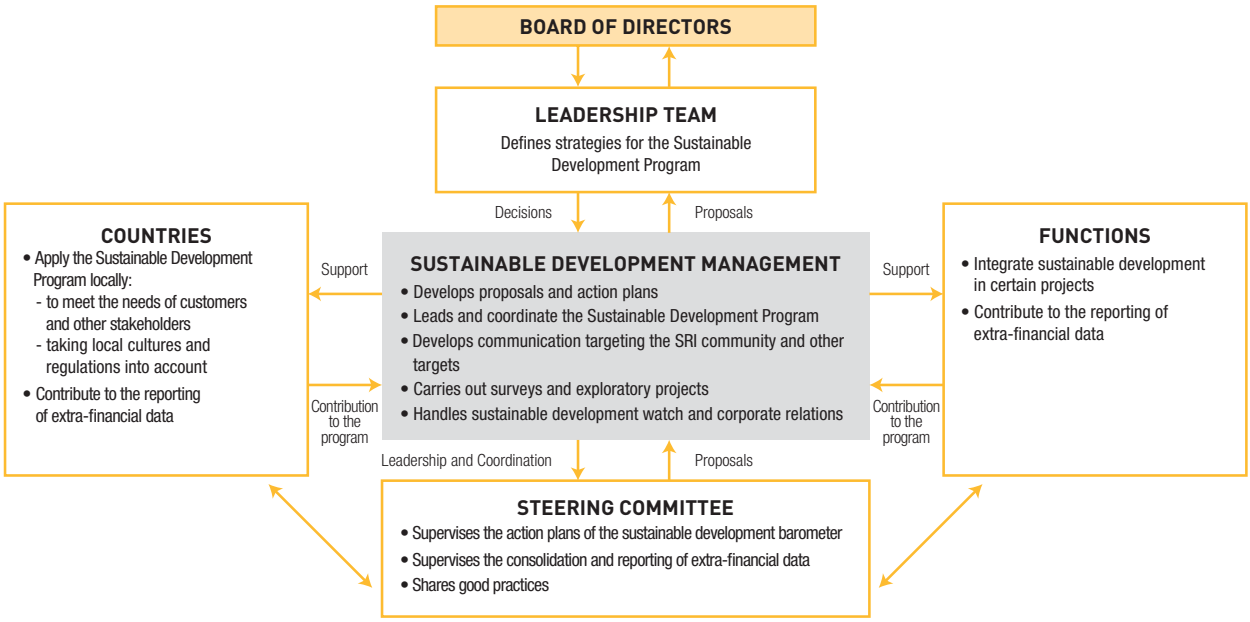
The issues of sustainable development are taken into account in the Company's decision-making process. The Group's CEO leads the Sustainable Development Steering Committee and every meeting of the Leadership Team includes an update on recent progress in sustainable development. The BIC Sustainable Development Program, its goals and its progress are presented at least once a year to the Board of Directors and to the Shareholders at the General Assembly. In addition, the Audit Committee is kept abreast of the policies and programs implemented by the Group.

Extra-financial risks are taken into account by the Risk Management Department as part of its risk mapping.

2.1.4.2. Our operational structure

Managing sustainable development is based on a continuous improvement approach deployed across the entire BIC Group, and this approach benefits from a dedicated structure. This structure includes a Sustainable Development Team made up of 25 members of different nationalities representing major Group functions; the team meets twice a year and is chaired by the Group's CEO. Taking action at the decision-making and operational levels, this team's role is to propose strategies and corresponding action plans to the BIC Group Executive Committee. It then reports on the implementation of programs. The team also has the mission of mobilizing internal resources.

These programs are carried out by the departments and operational teams and coordinated by the Group Sustainable Development Director, who reports to one of the Group's two Executive Vice-Presidents.



The annual Forum of the Sustainable Development Committee, chaired by Mario Guevara, was held on June 17 and 18, with all 25 members of the Sustainable Development Committee attending. This important get-together is an opportunity for a yearly review of the Group's Program, including goals, progress made and perspectives for the future. The topics discussed included issues such as waste recycling and the circular economy, alternative materials and materials of the future, the optimization of transport operations, customers' expectations, etc.

In 2014, it was also an opportunity to look back at the results achieved by BIC in its 10 years of commitment to sustainable development, and to reflect on the future of the approach as part of a forward-looking workshop.

In addition, the Forum opened with a presentation by the Sustainable Development Director of a major consumer goods manufacturer, who discussed her company's commitment and its decision to set long-term goals (for 2020), as well as the methods deployed to reach them.

2.1.4.3. Our policies

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

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

Since 2007, **the BIC 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. (See also pages 89).

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 87).

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 54).

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 58).

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 for the promotion of diversity. (See also page 82).

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 85).

Defined in 2013, **the Responsible Communication Charter** formalizes the 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 42).

A worldwide Moratorium on all animal testing was declared by BIC in 1997. The Company is committed to using reliable alternatives to animal testing on chemical substances made possible by the latest technological breakthroughs.

2.1.4.4. BIC's employees: stakeholders in the approach

BIC sponsors and develops training and awareness activities conceived to ensure that its employees are well-versed in the issues related to sustainable development, prepared to anticipate customer demands, and able to convey the Group's commitment in their words and actions:

- since April 2012, a newsletter keeps all employees worldwide regularly up to date on the latest in sustainable development;
- the Group's sites organize activities in connection with local and national events. Examples include Sustainable Development Week in France, participation in the WWF's "Earth Hour" operation in Canada, and "Environment, Health and Safety Week" in Brazil;
- in recent years, proactive *"Green Teams"* have been formed in certain countries (Canada, the U.S., etc.) to promote sustainable development among BIC employees. They raise awareness of "green habits," encourage their co-workers to set goals for improvement, help them monitor their progress, encourage participation in environmental and social outreach programs, organize conferences with presentations by associations and experts in the field, etc.

BIC's employees are also involved as active stakeholders in various programs, some of which concern sustainable development. For example, in 2012 a participatory innovation program called the "BIC Ideas Challenge" allowed employees to contribute in various ways to the future of BIC writing instruments, and in 2013 BIC hosted a lighter sleeve design competition for its employees.

Since 2013, all BIC employees are invited to nominate their co-workers through the "BIC Values in Action" recognition program (page 73). The members of the Executive Committee then selected the winners from the list of nominees. Lastly, employee involvement in the promotion of sustainable development is encouraged and evaluated through a biannual survey on the BIC Sustainable Development Program (page 73).

In late 2013 and in early 2014, all Group entities were encouraged to mark the 10th anniversary of the Sustainable Development Program, resulting in many awareness-raising operations for the Group's employees. In the United States and Canada, the "10 Days of SD" program focused on a different topic every day. A Group-wide photography competition was also held: more than 2,260 employees contributed photos on the theme "Every Action Helps" and 800 of their images were published.

2.1.5. INTERACTION WITH OUR STAKEHOLDERS

2.1.5.1. Sharing value with our stakeholders

♦ Challenges

The BIC Group's economic and financial performances have an impact on its stakeholders worldwide, including employees, suppliers, public authorities and communities. The Group makes strategic choices for sharing the value it creates — choices that enable it to cultivate the Company's goals and responsibly pave the way for the future.

♦ Performances

The following diagram shows the main cash flow transfers between BIC and its stakeholders for 2014. It gives an overview of how the turnover generated by the Group, through sales to its customers and consumers, is used and redistributed.

DISTRIBUTION TO STAKEHOLDERS IN 2014[1]

→ CUSTOMERS TURNOVER: 1,979.1 MILLION EUROS

Employees	Suppliers	Shareholders	Banks	Governments	Net investments	Communities
531.3 million euros. Corresponding to payroll, bonuses and other payments to employees.	1,023.2 million euros. Corresponding to purchasing of raw materials, consumables and bought-in services.	122.4 million euros in ordinary dividends and 10.2 million euros for the repurchase of shares.	9.5 million euros in net interests received.	139.4 million euros, including 124.7 million euros paid around the world as corporate income tax and 14.7 million euros in other taxes.	109.6 million euros. Including 112.3 million euros for the acquisition of tangible and intangible fixed assets and 2.7 million euros received from the disposal of assets.	1.7 million euros in donations of funds and products to local communities (internal valuation).

(1) The distribution of revenues to stakeholders does not include the change in net current working capital.

2.1.5.2. 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

Defined in 2013, the Responsible Communication Charter formalizes the 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 the factors of environmental and social impact in the criteria that determine its communication choices.

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

Special representatives were designated to facilitate the deployment of the charter and gather best practices.

In 2013 BIC also signed the Advertisers' Charter of Commitment to Responsible Communication of the Union Des Annonceurs (UDA, French advertisers union).

♦ Progress made in 2014 and perspectives

A number of actions were undertaken in 2014 to encourage more responsible communication. Examples include:

- joint revisions by BIC Europe and BIC USA of the personal data policy for the Group's websites in order to meet both European and American requirements regarding the protection of personal data;
- the introduction of a Risk Evaluation questionnaire on information system security before the creation of any new website;
- a collaboration between BIC Graphic, AFNOR and 2FPCO[1] (French Promotional Products Association) for the definition of a responsible purchasing guide for advertising products.

BIC continues to communicate information on its products' "ecovalues" (environmental and social qualities) (see page 51).

→ 100% of the claims are validated by the Legal Department.

(1) Fédération Française des Professionnels de la Communication par l'Objet.

2.1.5.3. The BIC Panel

♦ Challenges and approach

In order 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.

The panel is consulted once a year during individual reviews that enable each member to:

- Comment on the Company's policies and practices;
- Suggest improvements that can be integrated into action plans;
- Outline future needs and expectations;
- Formulate an opinion on the Group's Sustainable Development Program.

The members of the panel offer their point of view on BIC's Sustainable Development Program and the progress made in 2014:

➔ BIC'S COMMITMENT AS SEEN BY LYRECO

Just as in past years, I appreciate the fact that BIC sets very clear goals that are meaningful for all of its stakeholders, and then implements practical, concrete actions to reach those goals.

The efforts to extend the adoption of the Code of Conduct, to maintain low accident rates among workers and to develop the employees' sense of engagement are all examples of concrete commitments that have a real impact. I also believe that BIC's responsible products constitute a real advantage, and being a local producer gives the Group credibility in its communication on questions like "Made in," REACH and working conditions. In addition, its planning for the materials of the future shows that the Group is thinking far ahead.

I think the BIC Sustainable Development Barometer is a good tool. Its limited number of strategic commitments, its simplicity and its graphic visual presentation allow BIC to promote and disseminate its approach. Lastly, responsible purchasing has become a major concern, which is why the integration of the supply chain in the approach is an area where BIC should continue its efforts.

Nasser Kahil, Group Quality, Safety and Sustainable Development Director, **Lyreco**

➔ BIC'S COMMITMENT AS SEEN BY HACO TIGER BRANDS (HTB)

We appreciate the fact that BIC's actions regarding product development are key for the BIC Group and that BIC has included this critical element as part of its sustainability initiative. At HTB, we appreciate BIC's work on identifying alternative materials for different products and know that this is essential as the Company continuously innovates, however BIC needs to keep in mind that these products must be affordable especially for developing countries. Designing products for developing countries is absolutely crucial. We encourage BIC to partner with local distributors who know our region, our customers and consumers well. BIC can only benefit from our local knowledge. We think that one initiative for the future would be for BIC to provide guidance on how to cost effectively collect and recycle pens in Africa.

On the social side, HTB considers the social business to be important. We appreciate the BIC Employee Wellbeing programs, especially because HTB has similar key initiatives and healthcare programs to improve employee wellness. For example, HTB has incorporated a health clinic inside its factory, like BIC's program to fight HIV/AIDS in South Africa.

BIC has many other best practices that it could share with its distributors, like the BIC employee survey with a participation rate of more than 85% or its commitment to reduce the carbon footprint.

Finally, sharing these best practices with stakeholders is one expectation from distributors in the day-to-day relationship that will enable the entrenchment of BIC's sustainable development agenda in the collaboration between BIC and its partners.

David Kamau – Marketing Director, **Haco Tiger Brands,** a licensed BIC manufacturer and distributor

→ BIC'S COMMITMENT AS SEEN BY ODDO

Once again, in 2014, I note that the year has been marked by far-reaching programs, and I particularly commend the efforts made to integrate the supply chain with a well-thought-out, credible methodology (length of audits, centralization of monitoring by BIC purchasing, etc.). The work undertaken to evaluate the relevance of the issues confirms the pertinence of the BIC Sustainable Development Barometer and its employees' adherence to the Group's sustainable development projects. Their engagement is also reflected in the HR survey, whose participation rate is consistently high (90% in 2014).

Concerning alternative plastics, I appreciate BIC's commitments and investments in market intelligence, R&D and analyses of technical feasibility, as well as its desire to seek out and develop partnerships in this area even though the price of crude oil (50 U.S. dollars per barrel in January 2015) makes the cost factor less significant. Indeed, whatever the future of conventional plastics might be, there will be increasing regulatory pressure — the only question is when, for which reason it's important to be prepared.

Integrated reporting is another long-term proactive topic that BIC is addressing in order to achieve consistency between its published financial information and its sustainable development strategy. This structural evolution could be bolstered by associating a variable part of the managers and directors' remuneration with the fulfillment of sustainable development goals, thus establishing strong consistency for the future.

Jean-Philippe Desmartin, ESG (Environmental, Social, Governance) Manager, **Oddo Securities**

→ BIC'S COMMITMENT AS SEEN BY FEDEX BRAZIL

We believe that engaging with responsible products is one of the most important of all BIC commitments. FedEx Brazil decided to buy BIC products this year because of their recycled content and we are glad to see that BIC is engaged with the critical subject of the circular economy.

Also, FedEx has a strong commitment to reduce its carbon footprint, which is obviously core to us. Companies are increasingly asking transport companies to show that they are acting responsibly. This is a topic on which BIC and FedEx could work hand in hand because for a long time FedEx has been promoting innovative fleets like electric vehicles and together we could make a difference.

What I like in the BIC approach is that it is comprehensive: it includes not only a commitment on responsible products but also on the whole supply chain, the monitoring of the actions and the awareness of employees.

What can still be improved and stays critical for BIC is communication: having more people, companies and consumers, know that BIC committed and making them aware of the environmental qualities of BIC® products. This is the next challenge for BIC.

Denise Thomazotti, Marketing Manager, **FedEx Brazil**

→ CUSTOMERS' EVALUATIONS OF THE CSR APPROACH AND OF THE PRODUCTS' ENVIRONMENTAL AND SOCIAL PERFORMANCE

BIC Group distinguishes its "customers" (i.e. companies, administrations and office supply distributors, as well as major mass-market retailers) from its "consumers," the end users of its products. (The consumers' expectations are discussed in section 2.2.2. "Products conceived to meet and anticipate consumers' expectations").

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. In addition to questions on health risks, the local origins of products and respect for Human Rights, they want to know about compliance with product quality and safety regulations, the products' environmental benefits and labeling, environmental management policies and the systems adopted for collecting and recycling wastes.

Retailers and wholesalers also want their collaborators in the distribution chain to show how they are helping reduce the global environmental and social impact of their operations.

In 2014, in Europe alone, BIC responded to more than 300 questions or questionnaires from nearly 160 customers. In some cases, the process of gathering and compiling the requested information took as long as two months.

In addition to responding to its customers' specific questionnaires on its CSR approach, BIC maintains commercial relations with them on all pertinent topics, including sustainable development issues. In certain cases these relations can take the form of partnerships, for example to optimize shipping. All of the professional functions involved (marketing, communication, sales) are equipped with the tools they need to explain BIC's Sustainable Development Program.

2.1.5.4. Responsible lobbying and participation in sector working groups

♦ Challenges

The 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 in order to help establish the necessary balances. Lobbying aims to improve the safety of the lighters available on the market, thus improving consumer safety. 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 dialogs

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

BIC has no tradition of making public statements on major industrial or societal topics. However, the Group does participate in sector dialogs 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:

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

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

Lobbying activities can also take the form of direct contacts with the pertinent authorities.

BIC's subsidiaries also cultivate direct relations with the 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, Chairman of the Board, Bruno Bich, Executive Vice-President and General Manager Lighters, François Bich, Executive Vice-President and General Counsel Marie-Aimée Bich-Dufour and SOCIÉTÉ BIC CEO, Mario Guevara, are in charge of 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.

The BIC Group ensures strict compliance with local laws and regulations in the pursuit of its lobbying activities. Like all of the Group's activities, lobbying is governed by 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 performance presentations. The General Managers and Marketing Managers are also kept directly abreast of BIC's lobbying actions on lighters.

♦ Progress made in 2014

After consultation with the Audit Committee, the Code of Ethics was revised in 2014 to specify the responsibilities concerning lobbying, exclude political donations, and mention risk management relating to corruption (see page 89).

In 2014, the small group of people who devote part of their time to the BIC Group's lobbying activities in Europe were trained in responsible lobbying practices.

In 2013 the Group actively supported the EFLM's efforts to present its position on the single-package "product safety and market monitoring" bill[1]. However, since the deliberations on the single-package bill reached a point in 2014 where no further discussion was needed, BIC greatly reduced its activity within the EFLM, while continuing to keep informed on the discussions at the European level.

2.1.5.5. Dialoging with the financial community

♦ Challenges

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

♦ Progress made in 2014

Throughout 2014, various events continued the dialog on the topic of sustainable development, including:

- The Annual Shareholders' Meeting on May 14, 2014, at which the topic was presented to the Shareholders;
- The Oddo Mid-Cap Forum in January 2014 in Lyon, France, where BIC met, upon their request, with fund managers and financial and extra-financial analysts in individual or group meetings;
- Meetings organized with various socially responsible investment actors.

➔ ***40 discussions with investors and investment funds on sustainable development in 2014.***

As majority Shareholders, the members of the Bich family are given regular presentations on the Group's Sustainable Development Program, its ambitions and its progress by the Sustainable Development Director.

(1) Proposal for a European Parliament and Council regulation on market surveillance of products, amending Council directives 89/686/EEC and 93/15/EEC, European Parliament and Council directives 94/9/EC, 94/25/EC, 95/16/EC, 97/23/EC, 1999/5/EC, 2000/9/EC, 2000/14/EC, 2001/95/EC, 2004/108/EC, 2006/42/EC, 2006/95/EC, 2007/23/EC, 2008/57/EC, 2009/48/EC, 2009/105/EC, 2009/142/EC and 2011/65/EU, and European Parliament and Council regulations (EU) No. 305/2011, (EC) No. 764/2008 and (EC) No. 765/2008.

2.2. Responsibility concerning our products

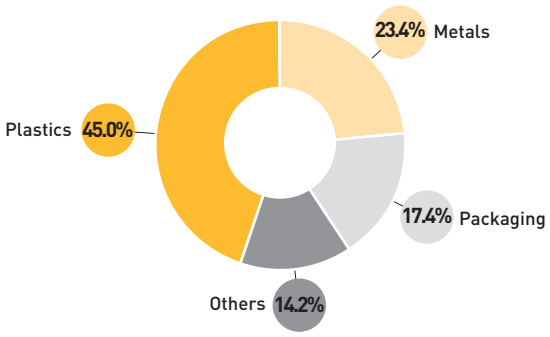
BIC produces and markets consumer products that are lightweight, have a long performance life, and are affordable by everyone. Right from the start, BIC® products have been designed and made with just what's necessary in terms of raw materials, leaving out anything that is superfluous. To attain this goal, the Group has always pursued an approach that is based on innovation and emphasizes economy of materials. By cultivating this active ecodesign process and initiating partnerships for the supply of secondary raw materials, BIC is paving the way toward a more circular economy. All BIC® products are conceived to meet and anticipate the expectations of all consumers in developing and developed countries.

2.2.1. OUR PRODUCTS' ENVIRONMENTAL PERFORMANCE

♦ Challenges

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

BREAKDOWN OF RAW MATERIAL PURCHASES IN 2014



2.2.1.1. The three ecodesign solutions developed by BIC

♦ Approach

To minimize the consumption of non-renewable raw materials, BIC has developed an ecodesign 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 ECODESIGN 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®, one of the Group's flagship products, exemplifies this approach (see Commitment #3 page 48). Even though its design already optimized the use of materials in 1950, the BIC® Cristal® ball pen has continued to benefit from ongoing research in order to minimize the quantity of material used:

- it has a minimum writing length of 2 km and is 12% lighter than the original;
- it uses only 2.9 grams of material per kilometer of writing, compared with 6.4 grams for a competing product with the same characteristics.

In the Shaver category, BIC achieves very good performances 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 a minimum 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. In 2014, the BIC® Simply Soleil® shaver continued to achieve strong growth in the US and Europe while reaching more and more markets in Latin America.

→ 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 22 BIC® products has been granted this ecolabel, including historical products like the BIC® Cristal® sold in boxes of 50 and the BIC®4 Couleurs™ ballpoint pen, as well as the pens of the BIC® Ecolutions® line.

Integrating alternative materials

Research & Development

Regarding new materials, the BIC Research and Development teams 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 and other materials. 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.

By the end of 2014, 72 alternative materials had been tested, including 28 recycled plastics, 23 hybrid materials and 21 materials derived from renewable resources.

→ *72 alternative materials tested.*

In 2012, through a Group-wide participative innovation program called the "BIC Ideas Challenge," BIC employees were able to contribute to a wide range of projects on the future of writing instruments. In three weeks, more than 670 ideas were submitted by a total of nearly 170 participants. In the end, six ideas were selected, including three associated with sustainable development. These projects are currently in the Research & Development phase.

In 2014 BIC stepped up its research program for maximizing the use of recycled / alternative materials in the Group's products. To achieve this, the research teams are identifying all of the 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.

BIC at the heart of an innovation community

Over the recent years, BIC has developed numerous partnerships with external institutes and laboratories in order to establish an innovation community with which it can conduct long-term prospective and development programs. For example, in 2012 the BIC Group R&D Department joined the *Matériaux Chimie, Chimie Verte* competitiveness cluster (formerly called "MAUD"). Based near Lille in Villeneuve d'Ascq, it backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by the cluster concern multifunctional, ecodesigned and biosourced materials, high efficiency processes and clean technologies. In April 2012, BIC joined the cluster, leading to the establishment of a technological intelligence platform. In addition, BIC forges strategic partnerships to develop the materials of the future.

The BIC® Ecolutions® range, emblematic of the approach of using alternative materials

Exemplifying the goal of "integrating alternative materials," the BIC® Ecolutions® line consists of products manufactured using recycled materials in compliance with the standard ISO 14021. Examples include the BIC® Matic Ecolutions® mechanical pencil, with 65% recycled materials, and the BIC® Ecolutions® Evolution™ graphite pencil with 57% recycled materials, mostly from the recycling of yogurt pots (pre-consumer) and refrigerator interiors (post-consumer).

Proof of the Group's commitment to developing products with environmental benefits, the Ecolutions® range is being continued and even expanded despite its uneven sales performances. BIC is convinced that this product line meets the needs of certain customers and anticipates future consumer expectations.

In Stationery, the BIC® Ecolutions® range was further enriched in 2014 with the launch in Europe of the large-capacity MARKING™ 2000/2300 marker and a BIC/Wite-Out® Ecolutions® correction tape. Its shell incorporates 56% recycled plastic and 18% plastics derived from biomass, in particular PEFC wood, agro-sourced polymers, natural wax and "fillers" of natural origin.

A line of Stand Up Paddle boards made from natural products developed by BIC Sport

In late 2014, as part of its ongoing effort to reduce the ecological footprint of its operations and products, BIC Sport launched the "Earth SUP" line of six paddle boards. The boards are made from paulownia wood, flax fiber and cork, with no varnish or paint and a minimum amount of fiberglass.

Developing refillable products

BIC is endeavoring to launch refillable products, given their customer acceptability and ecological benefits.

In the Shaver category, the BIC® Easy/BIC® Hybrid shaver was initially sold as a handle with four to six refills (not sold separately). The underside of the handle is ribbed in order to reduce the use of plastic by 20% without altering the shaver's ergonomic characteristics, which are the same as those of a conventional handle. Because it comes with four to six blades, 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® Easy/BIC® Hybrid shaver is 59% less than that of a similar non-refillable BIC® model, like the BIC® Comfort 3® Advance®. As this model is considered non-refillable by the clients, it is compared to a non-refillable model.

This hybrid line of triple-blade shavers is enjoying strong commercial success and is constantly being extended, offering the consumer a combination of shaving quality and environmental performance. For example, in 2014 a pack containing one handle and eight refills sold very well in the US, and a pack containing twelve refills is now available in Europe.

In the Stationery category, most of the new pens launched in 2014 are refillable. The BIC® Atlantis® Comfort and BIC® 4 Couleurs™ lines, for example, were expanded in 2014. In Brazil, the BIC® Marking™ refillable markers were launched in 2013. This product range combines a number of advantages: the markers are refillable for a longer performance life, made in Brazil, marketed and consumed locally, and offered at an affordable price adapted to local spending power.

On the U.S. market, refills are available on the dedicated website www.wheresmybic.us. In addition, they are available on the website www.bicworld.com, which links to an e-commerce site offering the BIC® refill range.

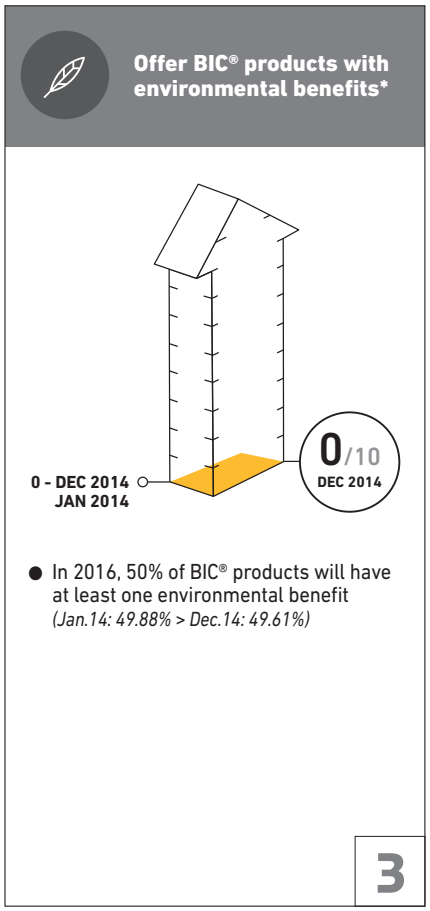
➔ OVERCOMING THE DISPOSABLE/SUSTAINABLE CONTRADICTION

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 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.

♦ Perspectives

Sustained by the success of the BIC® Easy/BIC® Hybrid line in the U.S. and Europe, BIC plans to launch a women's product on the South American market in 2015: the BIC® Soleil shaver, which is hollow-handled to make it lightweight and sold with six refills for longer shaving performance.

♦ Performance of the eco-design approach



** BIC Graphic excluded*

RESULTS FOR 2014: The Lighters and Shavers categories have successfully maintained a product range with good environmental qualities in a context where consumers do not always choose the products that offer the most flames (for lighters) or the most lightweight products (for shavers). On the other hand, in the Stationery category, stronger growth will be needed over the next two years.

2.2.1.2. Tools to facilitate the ecodesign process

Measuring the products' environmental performance

Eco-measurement has shown that the product weight/performance life ratio is a pertinent indicator. 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.

In order 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. As early as 1994, BIC was a pioneer in this field, commissioning life cycle studies of its products from outside consulting experts, who confirm that the environmental impact of a product is mainly due to raw material usage in its manufacturing. BIC was moving towards an approach for environmental responsibility, and demonstrated that its founding principle of just what's necessary[1] enabled the Company 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 end point (h/h) method europe	Raw materials	Production	Distribution	Usage	End of life cycle
BIC® Cristal® ball pen	88%	7%	4%	-	1%
BIC® Maxi flint lighter	87%	6%	5%	-	2%
BIC® Classic Single-blade shaver	83%	11%	4%	-	2%

According to certain estimations, the usage of a shaver represents about 78% of the total environmental impact. BIC focuses on life cycle phases where it can take action. However, the approach incorporating the usage phase shows, for shavers, 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.

After six years of measuring the environmental performances of BIC® products, this phase is completely integrated in the processes for designing or modifying a product. In Stationery, 100% of new products are subject to eco-measurement.

➔ ***100% of new Stationery products are subject to eco-measurement.***

➔ ***By the end of 2014, 92.5% of BIC® products were subject to eco-measurement.***

Our LCA and ecodesign tools

In 2004, upon the launch of its Sustainable Development Program, BIC extended that 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 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 can 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 stays on course with regards to finding a balance between quality, cost and environmental requirements.

At BIC, the users of SimaPro in combination with the e-DEA[2] interface are:

- R&D design teams in conjunction with Manufacturing Departments;
- the Sustainable Development Department, for building its internal, scientific expertise, needed for the realization of normalized LCAs (ISO 14040);
- product managers and Corporate Communications can use the results of the studies in communication targeting customers and consumers.

(1) « Il y aura l'âge des choses légères » by Thierry Kazazian, Victoires Editions, 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. The 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 in order to verify that it is making steady progress in all pertinent areas.

2.2.1.3. Contributing to the emergence of the circular economy

The BIC Group has identified the challenges involved and is committed to promoting the circular economy. Pilot projects are underway or soon to be launched that will enable BIC over the next few years to acquire the knowledge it needs to fine-tune its goals and means of action.

In 2013, the BIC-TerraCycle program developed a recycling channel for writing instruments that was selected as one of the 20 best practices to be included in the *"Réussir avec un Marketing Responsable"* ("Succeed with Responsible Marketing") platform initiated by ADEME, Ethicity and the UDA. The platform was conceived to inspire marketing professionals by offering them practical information submitted by brands that have proven that more responsible marketing pays off.

➔ BIC-TERRACYCLE PARTNERSHIP FOR THE RECYCLING OF USED WRITING INSTRUMENTS

In 2014, BIC continued its partnership with TerraCycle, a pioneer in the collection and reuse of non-recyclable waste. Launched in 2011, first in France and then in other European countries, this was the first program for the collection and recycling of used writing instruments in Europe. The program allows users of the products to organize at their consumption sites the voluntary collection of all types of writing instruments, whether BIC® branded or not, to be recycled into benches and pencil holders. In return for this civic gesture, two euro cents per writing instrument collected is donated to a charity or not-for-profit association chosen by the organization responsible for the collection. In the case of schools, the money is donated directly to the school to finance a future educational project. This program enables the BIC Group, through the recuperation of used products, to gain a better understanding of the way its own products are used by consumers and, from an educational point of view, to promote the sorting of waste. Previously, used writing instruments were not collected by any dedicated recycling waste stream. BIC is now in the phase of processing the nine million writing instruments that have already been collected.

Largely due to its transparency and traceability (detailed information is available on the Internet), the program has been a tremendous success, offering schools and offices an opportunity to put sustainable development into practice in daily life.

As part of the continuation of this partnership, 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, engaging lessons and exercises, and to recycle the pens they use in school through the BIC-TerraCycle program.

The module is distributed through the website EDD-Primaire.fr and a demonstration is available at www.bicworld.com

In 2014, as a result of its partnership with VITTEL, BIC produced 300,000 *"styl'eaux"* (a pun on the French words for "pen" and "water") using 80% recycled materials from used plastic bottles.

➔ ***11% of the plastics (by volume) used in the Stationery category are recycled.***

2.2.2. 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.

2.2.2.1. 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 44), 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

In order 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:

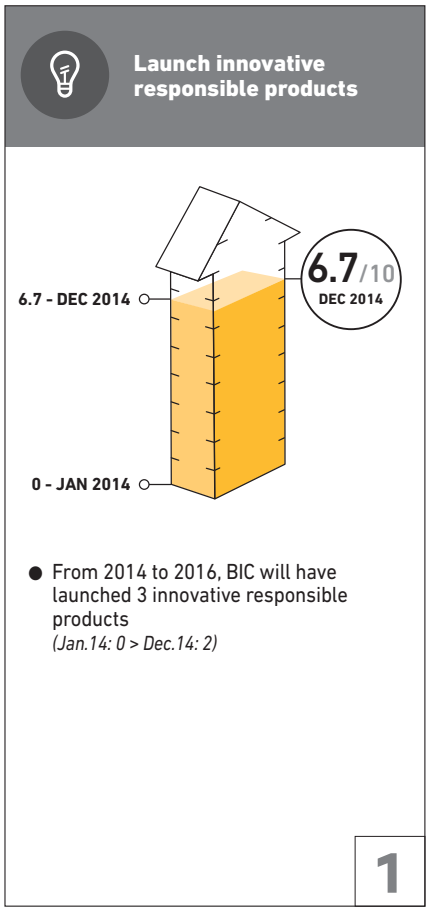
- offer products with the least possible environmental and social impact;
- give consumers accurate, pertinent information to help them make well-informed choices.

Some of these products are *NF Environnement* certified, while others supply information on their environmental and social qualities (eco-values) in order to help consumers choose products that meet their expectations. The most appropriate approach is chosen for each continent. For example, the communication in Europe emphasizes the amount of recycled materials in a given product, its writing length, its NF Environnement ecolabel certification or where it was manufactured. In France, the "Made in France" campaign, launched in 2012, was executed in sales outlets in 2013, using a variety of communication media.



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 2.1.5.2 Responsible Communication).

♦ Performances



RESULTS FOR 2014: Of the three product launches planned for 2016, two were already launched on the market in 2014: a hybrid shaver sold with 12 heads and a refillable pen for children's hands, developed with experts.

→ *"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, which currently stands at, for example, 1.8 for writing products. The goal for 2017 is to reduce this figure to only one complaint per million products sold.

→ *183 writing items meet BIC's criteria for eco-values.*

→ *Of the 23 NF Environnement (NF 400) writing items on the market, 22 are BIC Group products.*

♦ Perspectives

In France, BIC is a member of the ADEME AFNOR platform and participates in the joint effort now underway on environmental labelling 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.

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, while giving them greater visibility by pursuing the efforts undertaken to improve the communication of its range of responsible products.

2.2.2.2. Making our products affordable to all

♦ Challenges

For the BIC Group, making products that everyone can afford means adapting them to the markets in developing countries, not only making their prices affordable but also facilitating their distribution through local sales systems and adapted packaging. The pens and shavers marketed by BIC promote access to education and personal care. By making them affordable to all, adapting them to the specific needs of growing populations and adjusting their pricing to the local purchasing power, BIC is contributing to social progress around the world. In 2014, 32% of the Group's turnover came from these growth markets.

♦ Approach

Affordable and adapted products

In Africa, Asia and South America, the low purchasing power of consumers is often the determining factor in any sales approach.

One of the responses proposed by BIC as it strives to introduce products that are affordable to the greatest number of consumers has been to completely rethink the packaging model. In some emerging countries, BIC markets its products – pens, lighters and shavers – in single-unit or double-unit packages only. Below are some examples of the adaptation of its offerings to lower-income consumers:

- the launch in 2011 of a BIC® 1 Lady women's shaver in two-unit pouches in Nigeria and single-unit pouches in Kenya and Madagascar has expanded the BIC® 1 range of single-unit shavers on the African market. This single-unit range is also offered in Côte d'Ivoire, Cameroon and Mali, supplemented by the launch in 2014 of hanging displays for selling single shavers, in Asia, primarily in Pakistan and Bangladesh;
- in South America, the BIC Comfort 3® shaver was redesigned in 2011 to suit the buying power of developing countries while meeting the basic need for high-quality shaving.

BIC seeks to build close relations between its production units and their distribution markets in order 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.

Offer the best functionality at the best price

Adapting the price to the market features of emerging countries is another key factor. When there is no decimal monetary system – like the euro cent – in place in a given country, adjusting a product's price upward or downward to the smallest existing currency unit can lead to major differences in product positioning. BIC is well aware of this parameter and takes it into account in order to define the best price for each product, making it affordable to the largest number of consumers.

Pricing policies are thus set in collaboration with local retailers, taking into consideration local consumption trends and selling price thresholds.

Value for money is particularly important for low-income populations. The act of purchasing a product is all the more important as their income is low. BIC's commitment to launching high-quality, functional products at affordable prices then takes on its full meaning.

Innovative distribution models

To reach out to the largest part of the populations of emerging countries, BIC builds upon the market knowledge and expertise of its retailers and jointly develops with them innovative distribution models. Indeed, BIC recognizes that facilitating access to the most impoverished requires developing a distribution channel able to reach these consumers where they are to be found: generally in remote rural areas and in the outskirts of large cities.

To get even closer to isolated consumers, the Group and its retailer in Nigeria have set up a network of kiosks located within the local communities. Each kiosk is managed by a local entrepreneur from the community and sells BIC® products exclusively. Today, these micro-shops offer consumers who are far from the conventional distribution outlets permanent access to the Group's products while contributing to the development of the local economy.

In Tunisia, BIC has set up "services outlets" near local schools in partnership with one of its main retailers. These kiosks offer a variety of services and allow students to easily access BIC® products near their schools, wherever they are located.

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

2.2.2.3. Experimenting with innovative alternative distribution modes through a Social Business initiative

♦ Challenges and approach

The BIC Group seeks to go beyond the conventional sales model, reconciling today's social objectives with the business objectives of tomorrow. It was able to take advantage of its presence on the conventional retail circuits in Bangladesh to try out an innovative "Social Business" distribution model that makes simple, affordable, good-quality products available by and to the inhabitants of remote areas. The project also offered an opportunity to identify the needs and expectations of Bangladeshi consumers and, in a broader sense, to prepare for the Group's future in emerging countries.

In May 2011, BIC launched its first Social Business initiative in Bangladesh by joining the NGO CARE's Rural Sales Program. This program is called 'JITA' in honor of self-employed women entrepreneurs called *Aparajitas* (women who never give up). Launched in 2004, JITA fights poverty by promoting entrepreneurial ventures amongst the poorest women. Under this program backed by BIC and other multinationals, women get involved in door-to-door, commission-based sale of basic consumer products. Before going out for actual sales, these women get sales & product training from BIC's distributor and the CARE teams. This program is available in remote and impoverished areas of the country that are not directly covered by the distributor.

The Group sees JITA as an appropriate long-term solution for these women, as it gives them a means to overcome poverty and social isolation through a new role in the community. Furthermore, it gives them a feeling of pride and increases self-esteem.

♦ Progress made in 2014

In 2014, 800 women joined the JITA program each quarter and the objective is to have a total of 5,000 women participating to the program by the end of the year compared to 2,000 at the end of 2013.

Efforts are being made to build brand equity that will help in growing the Aparajitas' business. Since 2013, the JITA team has worked on different ground level promotions/activations. In 2014, this effort was stepped up with 100 consumer awareness events and 45 barbershop product demonstrations, reaching around 13,500 potential consumers. The events are interactive and consumers are told about the importance of shaving, shown BIC TV advertisements and the products are presented. Special BIC branded vehicles are also used to increase visibility.

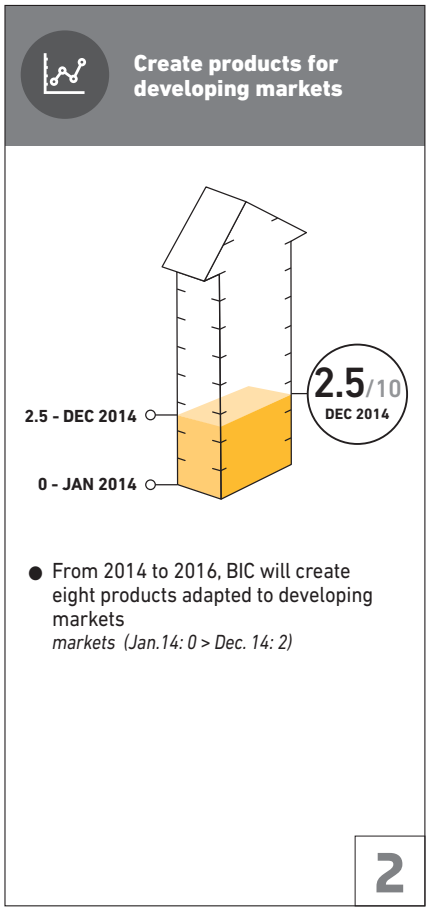
BIC has now implemented a monthly results monitoring system and event specific consumer reporting that will provide trade and consumer feedback and will help make required changes in the program.

A feasibility study for a similar distribution model in Ghana was conducted in 2013 in collaboration with the Group's partner CARE and its local distributor. When the results proved inconclusive, BIC launched a project in 2014 with the goal of joining and extending an existing CARE program in Ethiopia, acting through its local partner.

♦ Perspectives

Currently only basic shavers (BIC® Metal, BIC® Body and BIC® 1) are being sold through the JITA program. The Group is assessing production of core stationery products in Bangladesh and if the project goes through, major sales and coverage expansion is expected.

♦ Performances



RESULTS OF 2014: Of the eight products to be launched by 2016, two are already on the market: a pen with an ultrafine tip suited for countries with warm climates, and a lightweight, and thus more affordable, shaver for Latin America.

2.2.3. SAFE PRODUCTS

♦ Challenges

Guaranteeing the quality and safety of its products is a crucial priority for the Group. Every day, BIC supplies 46 million products while maintaining consistent quality, checked through a vast array of tests and in compliance with national and international safety requirements. In keeping with our corporate policy, our Advertising and Promotional Products business (BIC Graphic) has developed a dedicated structure and processes to meet its own specific safety challenges. BIC Graphic must ensure the safety of a wide variety of product ranges whose production involves numerous contract manufacturers.

In response to health concerns, the use of products and chemical substances is subject to increasingly severe restrictions and regulations. BIC anticipates these evolutions as well as their impact on its operations in order to ensure that its products are always safe.

♦ Approach

The **Product Safety Policy**, introduced in 2001, specifies the ten 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 testing, a commitment by both BIC and its suppliers to comply with national and international safety standards, incorporating safety considerations from the earliest stages of product design, active technical and regulatory monitoring on these topics, innovation to improve safety, client awareness, conducting in-depth studies, and implementing appropriate measures in the case of an incident.

BIC has adopted seven specific commitments to ensure the quality and safety of its lighters.

➔ 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, ISO, CEN, AFNOR, etc.) in order 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.

A team in charge of compliance

In order to ensure the safety of its customers and consumers, BIC Group has implemented stringent organization and processes in its factories. In addition, the Group has dedicated full-time product safety teams that follow and implement industry standards, regulations and internal rules. For example, there are five employees assigned to safety for stationery products and two for BIC Graphic. Each year these teams' activities evolve depending on regulatory developments and the growing need to provide stakeholders with precise information on safety.

Safety starting at the product design stage

Starting with its design, each BIC® product meets all the national safety requirements for its target market and often international requirements as well. As a result, BIC® products often exceed local safety requirements. For example, a pen sold in France complies with French and European regulations as well as Brazilian standards and the requirements of the U.S. market. It can be sold anywhere in the world and meets the most demanding safety standards.

Systematic tests

Before they arrive on the market, all BIC® products, including modified products, must pass a full program of safety qualification tests. These tests assess potential hazards, including physical, chemical and inflammability risks. For example, all of the inks used in our pens are analyzed by an independent toxicologist who evaluates their potential hazards, and tests are conducted for the identification of the chemical substances present, to evaluate their risk level, verify compliance with standards and identify substitute ingredients with the aim of reducing risks. In addition, BIC® writing products comply with the various safety requirements in force around the world concerning heavy metals.

The BIC Group faces competition from several low-cost lighters that too often do not comply with international safety standards. According to tests conducted by an independent accredited laboratory, 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 and seeking to counter the competition from the many lighters that do not meet regulatory requirements, BIC filed a complaint against the Netherlands with the European Commission for non-enforcement of the Commission's 2006 decision on lighters. As a result, the Commission opened discussions with the Netherlands. In March 2012 the country was served formal notice to explain its failure. The procedure remains pending.

→ 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 a Group level, an expert administrator was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the Company 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 in particular preregistered 70 substances for five of its legal entities. The registration of these substances with the European Chemicals Agency (ECHA) comprises two phases: the first deadline came in 2013 and the second is scheduled for 2018. BIC complied with the 2013 deadline for the three substances that needed to be registered at that time, and the Company has begun preparing for the registration of the remaining substances by 2018.

♦ Progress made in 2014

In 2014, the Group's employees were mobilized to implement the necessary actions and organizations for adapting to the large number of new regulations that affect its products, and for meeting customers' increasing demands. In the course of the year, more than 400 products were tested to verify the absence of heavy metals.

♦ Perspectives

In the years to come, the Group will continue to adapt its working methods and means in order to maintain its own standards and level of compliance concerning product safety.

2.2.4. ECO-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 2014

Historically, BIC promotes selling products without consumer packaging or in value packs. Thus in Europe 73% of writing products are packaged in boxes, trays or pouches of at least ten products (75% in North America), 79% of lighters are sold in trays of at least 50 (72% in North America) and 71% of shavers are marketed in pouches of five, ten or more (53% in North America).

The BIC Group Packaging Community

The "Packaging Community" unites correspondents around the world in a network for sharing tools and best practices in responsible packaging, duplicating them as appropriate. It is also in charge of overseeing commitment number four of the BIC Sustainable Development Barometer — "Select responsible materials for packaging" — as well as other best practices related to packaging (optimization and waste reduction).

Three priorities for reducing the impact of our packaging

Selecting responsible packaging materials

With the aim to continue and widen its efforts to reduce its environmental footprint resulting from the production of packaging, the Group decided to devote a commitment of the 2014-2016 Barometer with two goals, one on cardboard packaging and one on plastic packaging:

- by 2016, 90% of BIC's cardboard packaging will be from a certified and/or recycled source, i.e. an 18% improvement;
- by 2016, 90% of BIC's plastic packaging will be PVC-free, i.e. a 27% improvement.

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*).

Some of the main achievements that were reached in 2014:

- all American packaging suppliers are now FSC or SFI certified, with the exception of the label suppliers. BIC's teams are stepping up their efforts to reach 100% certified suppliers;
- acting on a request from BIC, the two biggest packaging suppliers in Brazil, representing nearly 50% of the volumes purchased by BIC in that country, obtained FSC certification in the first half of the year;
- also in Brazil, two shavers (BIC® Soleil® Flowers and BIC Comfort 3®) were launched with 100% FSC boxes.

PVC-free plastic packaging

The elimination of PVC in BIC Group packaging was completed several years ago in Europe and is well advanced in the U.S. and 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.

- in Brazil, two shavers (BIC® Soleil® Flowers and BIC Comfort 3®) were launched with 100% PVC-free blisters, and the transition was completed for the BIC Comfort 3® Advance® shaver, whose blister is now PVC-free;
- in the U.S., the transition from PVC to 100% PET began in 2012. The installation of an additional PET-compatible machine for blisters at the factory in Charlotte, North Carolina (U.S.) made it possible to reach the 2014 end-year goal of 60% PVC-free packaging (up from 40% in 2013); Large format clamshells and blisters are in the process of testing and transitioning to PET;
- the factory in Milford, Connecticut (U.S.) continued its tests on the large-scale use of recycled PET (R-PET), and blister machine modification will occur in early 2015 allowing for the final qualification process to be completed.

Reducing the quantity of packaging per product sold

The 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 United States in 2014, BIC continued its participation in Walmart's "Packaging Scorecard" program, which puts a premium on seven "Rs" for progress: Remove, Reduce, Reuse, Recycle, Renew (use renewable materials), Revenue (look for savings), and Read (educate consumers).

Also in the U.S., an effort to standardize the corrugated shaver counter display inserts from 48 to 12 will reduce handling, storage and obsolescence. This standardization, adapted to all packaging gives the flexibility to respond better to demand.

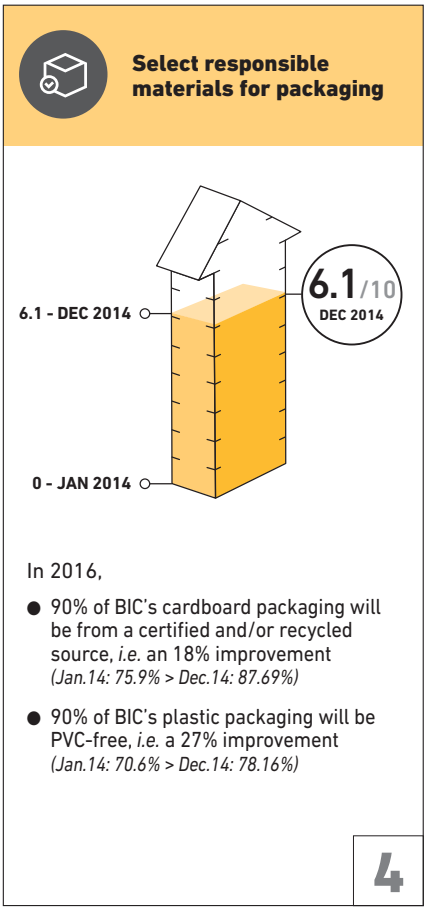
Reducing packaging waste

The Group is taking action to increase the recycling rate of packaging production waste in the packaging center facilities. The Charlotte (NC) site in the U.S. has already reached the program's goal of 100% waste recycling. This objective is backed by an effort to reduce waste production upstream.

Lastly, the "Packaging Community" seeks to reduce the amount of waste generated by the destruction of stocks of obsolete packaging.

In the U.S., the Charlotte site has sustained its performance of zero landfilled packaging waste (compared with 26% in 2006). This result has been achieved through packaging design and working with suppliers to minimize waste and provide outlets for recycling paperboard and plastic packaging components; and lastly using non-recyclable wastes for energy recuperation (3.8%).

♦ Performances



** BIC Graphic excluded*

RESULTS FOR 2014: The results of the packaging commitment for 2014 are in keeping with the 2016 goals, primarily due to good results in Europe for both goals and an excellent performance in the U.S. for certified and/or recycled cellulose.

♦ Perspectives

A number of actions to optimize packing for the shipment of products are being studied in Europe, the U.S. and Brazil.

In addition, 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.

2.3. Environmental responsibility concerning our operations

As an industrial leader in the manufacture of consumer products, BIC is committed to ensuring that its production facilities operate in an environmentally responsible way. The 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 is able to exert good environmental control over its entire manufacturing chain due to two factors. First, BIC favors in-house production over contract manufacturing (85% of the Group's net sales are generated with products manufactured in its own factories; 88% in the Consumer Goods business and 63% in the Advertising and Promotional Products business of BIC Graphic). Secondly, in the Consumer business, most of the products sold on a given continent are also manufactured on that continent (90% in Europe and 52% in the Americas).

2.3.1. OUR FACTORIES

♦ Challenges

To manufacture its products, BIC uses raw materials (plastics, ink, 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 in terms of raw materials is determined mainly by the design of the products (see section 2.2.1. "Our products' environmental performance," page 46), the factories that manufacture BIC® products assume the important responsibility of optimizing their water and energy consumption, and of reducing GreenHouse Gas (GHG) emissions and waste production.

♦ Approach

The **Environment, Health & Safety (EH&S) Policy**, defined in 2005 and signed by the CEO, codifies the Group's commitment to improving its industrial activity, from production to distribution, in order to protect the environment as much as possible. BIC Group is committed to:

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

The EH&S Policy is posted at all production sites.

This policy applies to all of the Group's factories, including, since 2010, the BIC Graphic (Advertising and Promotional Products) sites acquired in 2009.

In 2014, BIC developed a formal procedure to critically review and revise the BIC EH&S Policy to ensure that it remains pertinent and appropriate to the business. These procedures include in particular regular assessment of its pertinence in light of changes in the Group's activities and products, acquisitions and changing societal and stakeholder expectations.

2.3.1.1. Management systems and other measurements for controlling the environmental consequences of our industrial operations

The Group's Policy on Environment, Health & Safety (EH&S) is based on the implementation of pragmatic management systems to ensure that everyone gets involved, as well as to drive improvement of operational performances. In order to help the production sites deploy these management systems, BIC has a team of three EH&S experts representing the factories in Europe, North America and Latin America. This team ensures that these facilities comply with the Group's policy and objectives, and monitors their performance by consolidating, analyzing and communicating the results achieved.

Within the framework of the management systems, action plans are defined to limit environmental impact. Simple targets are set for the factories, contributing to BIC's overall environmental performance while meeting their own specific challenges (production, resources, geographic location, etc.).

Implementing an environmental management system involves the identification of the regulatory requirements that apply to the site and the analysis of its compliance with those regulations, as well as a complete in-depth analysis of all aspects of the site's activity and its environmental impact (water, air, soil, noise, etc.).

The environmental management system makes it possible to **ensure that operations comply with applicable laws and regulations concerning the environment**. The plants maintain routine and periodic controls intended to ensure compliance with local regulatory requirements. These controls are carried out internally, or with the assistance of an independent external company. An action plan is established to correct any identified compliance issues.

The environmental management **systems deployed in the BIC Group's plants call for contingency plans set up to deal with pollution accidents that may have consequences outside of the plants**. Emergency prevention and response plans have been established in locations where there is an identified risk of an accident with consequences outside plant boundaries.

In particular, in France, our two SEVESO plants have an emergency procedure protocol *("Plan d'opération interne")*. Furthermore, our two high-threshold SEVESO plants have a major hazard prevention policy and have implemented a safety management system to prevent major accidents, in conformity with the ministerial decree of May 10, 2000, transposition into French law of the European Council directive 96/82/EC.

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

Air, water and soil release that seriously affect the environment

The nature of our manufacturing operations, primarily molding and the assembly of plastic products and printing of products, has a relatively low local environmental impact as compared with other manufacturing sectors. Nevertheless, in keeping with the Group's EH&S policy (see above), the Sustainable Development Program requires all BIC plants to measure, assess and reduce any potentially significant environmental impacts.

A breakdown of the plants' water and energy consumption, greenhouse gas emissions and waste production is given on pages 60 to 65, along with the actions undertaken by the Group and its sites to control and reduce their environmental impacts.

Conditions for use of soils

In Europe and the U.S., where most of the Group's sites are located, whenever industrial restructuring results in factory closures, BIC ensures that plant decommissioning is performed in accordance with local law 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 European plants used over a long period of time 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 for our product molding, assembly and marking activities.

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

Expenses for preventing consequences of the business on the environment

Investments in short and long-term improvement programs to prevent or minimize environmental consequences are an integral part of the factories' budgets. In 2014, 3.8 million euros were invested in environmental improvement programs.

Provisions and guarantees for environmental risks

None.

The guaranties received regarding the environment are listed in Note 26 of the consolidated financial statements for the year "Off-balance sheet commitments: sureties, deposits and guarantees".

Compensation paid during the fiscal year under court order

None.

→ LEED CERTIFICATION IN TUNISIA

The BMT 11 factory, the first LEED (Leadership in Energy and Environmental Design) project in Tunisia, was certified in October 2013, thanks in particular to its high-performance roof insulation, a water distribution system that saves considerable quantities of drinking water compared with a conventional structure, the use of recycled materials in construction, its parking lot and its location near public transportation facilities. These structural choices reduce the factory's environmental impact while encouraging employees to adopt responsible eco-habits.

♦ Progress made in 2014

In 2014 the BIC Graphic Europe factory in Tarragona (Spain) was granted ISO 14001 registration for the first time. Its ISO 9001 registration, first obtained in 2000, was also renewed once again. This double certification underlines the teams' commitment to constant improvement in keeping with the highest standards of environmental protection and quality.

Again in 2014, the management systems of BIC Sport (France) were recognized for best practice. The subsidiary also earned the renewal of its Ecoride label, an initiative of the boardsports association EuroSIMA Cluster (in partnership with ADEME Aquitaine).

In 2014, the startup of the WCA platform for auditing subcontractors' working conditions (see page 88) enabled the inclusion of a comprehensive questionnaire on their environmental performance, accounting for 10% of the total number of questions posed. This tool will enable the BIC Group to require corrective actions for any subcontractors whose environmental performance is not up to standard.

♦ Performances

In 2014, the implementation rate for BIC management systems at BIC-owned product facilities is 89% complete for the environment and 89% complete for health and safety. These rates have decreased since 2013 due to the addition of four new entities into the perimeter and the exclusion of the New Zealand factory in 2014.

In addition, 84% of BIC employees work in product facilities that are registered to ISO 14001 or actively implementing a management system. Similarly, 45% of the employees work in product facilities that are registered or engaged in OHSAS 18001 registration.

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

Reducing water consumption

♦ Progress made in 2014 and performances

Water consumption per ton of production decreased by 10.3% between 2013 and 2014. Total water consumption decreased by 6.4% over the same period while production increased by 4.4%. This results from a multi-year continuous effort by the BIC Group factories to improve water-use efficiency.

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:

- 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 in particular);
- the ratio per ton of production proposes a relevant reading for BIC Group activities with high tonnage (which is not the case for product storage and packaging or for advertising and promotional product printing);
- the gross indicators are disclosed on page 97 for additional information.

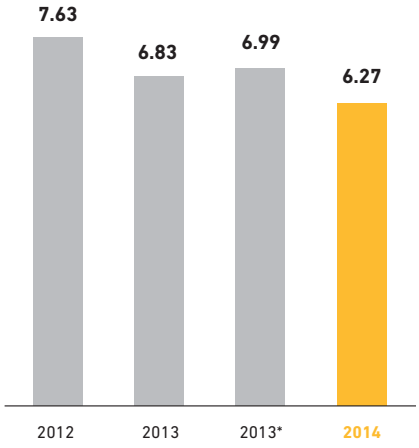
In 2014, 13 sites reduced their ratio of water consumption per ton of production. BIC Rasoirs (France), which represents an important part of the Group's water consumption (34%), reported a 24% decrease in its ratio. The efforts of this French shaver facility included the 2013 replacement of old cooling towers with a new hybrid system using a closed water circuit, and with no water use during the winter period. These hybrid towers were expanded in 2014 to other equipment in the factory. BIC Mexico (Mexico) also installed a new hybrid cooling tower in 2014 and fixed a number of water leaks, which contributed to an 8% decrease in its ratio of water consumption per ton of production compared to 2013.

Some improvements have also been reported by BIMA (France), BIC CORPORATION Gaffney (U.S.), BJ 75 (France) and BIC Violex (Greece). These plants, which represent 25% of the Group's water consumption, improved their ratio of water consumption per ton of production by 9% overall. In particular, BIC Violex realized an audit this year in order to be certified for water management and optimization according to the EWS (European Water Stewardship) Standard in the coming years.

Ongoing efforts were also pursued this year by other plants, such as Conté (France), BIC Amazonia (Brazil), PIMACO (Brazil), BMT 11 (Tunisia), BIC South Africa (South Africa), BIC Iberia (Spain), BIC Graphic Europe (Spain), BIC Graphic Tampa (U.S.), BIC Graphic Red Wing (U.S.), BIC Sport (France) and BIC Canada (Canada). Typical efforts include water leaks identification and repair, and optimizing water use for domestic and irrigation purposes.

BIC Group plants completed or implemented 10 projects targeted specifically at water savings during 2014.

ANNUAL WATER CONSUMPTION NORMALIZED TO BIC FACTORIES PRODUCTION – IN M^3/TON



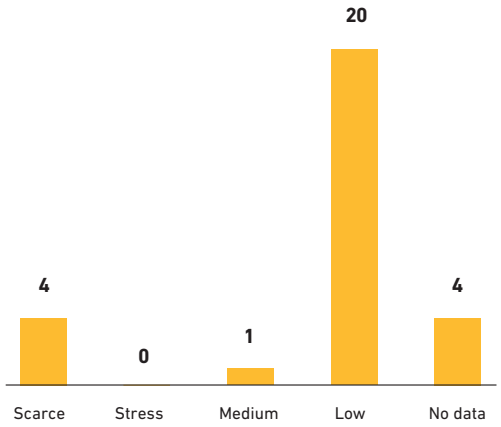
* *For 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.*

Assessing the scarcity of water resources at our factories

In 2014 the BIC Group consumed 568,084 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 2014, in an effort to identify priority action zones, the Group sought to determine the degree of scarcity of water at its factories. An assessment of the risks related to water and its availability was carried out based on the factories' geographic locations and use of the "Global Water Tool of the World Business Council for Sustainable Development" (WBCSD).

BREAKDOWN OF BIC FACTORIES BY LOCAL LEVEL OF WATER STRESS



Water stress level according to Mean Annual Relative Water Stress Index

- Scarce: Index > 1: zone where water resource is extremely limited
- Stress: 0.4 < index < 1: water stress zone
- Medium: 0.4 < index < 0.2: average strain on water resources
- Low: Index <0.2: low strain

Only five BIC factories are located in water stress zones: one (in the Picardy region of France) in a medium stress area and four (in South Africa and Spain) in areas of water scarcity. The strain on the water supply in these zones is due in particular to a combination of high population density and limited water resources.

A cross-analysis of the scarcity of water and the factories' water consumption rates shows that the sites in water scarcity areas already limit their consumption. The Group will continue striving to improve the water consumption ratios at these sites. At the site in a medium stress area, most of the water consumed is used for cooling and optimization programs are underway. Lastly, of the four sites for which no data was available on the "Mean Annual Relative Water Stress Index," three do not pose any particular risk in relation to the other indicators of the "Global Water Tool." Only one of these sites, in the U.S., is also in a medium stress area. Since the site's water consumption is already limited, the Group intends to find ways to make it even more efficient.

This new correlation of water consumption and scarcity will enable BIC to prioritize its action plans for reducing water consumption.

2.3.1.3. Reducing energy consumption and greenhouse gas emissions

♦ Progress made in 2014 and performances

Optimizing energy consumption

At the Group level, the Purchasing Department has developed an ambitious procedure for the purchase of "fluids" (electricity, gas, water). A dedicated buyer handles the electrical supply contracts in close cooperation with the factories, talking to the suppliers and negotiating the most advantageous contract for all French plants. In contact with the people in charge of monitoring energy consumption at each site, the buyer also keeps them up to date on the best practices developed in the Group, monitors and shares new developments in cooperation with experts in the field.

In parallel, the most committed factories forge partnerships with their suppliers in order to explore all the options for reducing electrical consumption.

In addition, BIC is constantly striving to strike a balance in its factories between optimal productivity and the 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 decreased between 2013 and 2014 (-3.1%), resulting from a continuous effort in energy efficiency lead by the BIC Group factories. It is notable that during the same period, production increased by 4.4%.

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 in particular);
- the ratio per ton of production proposes a relevant reading for BIC Group activities with high tonnage (which is not the case for product storage and packaging or for advertising and promotional product printing);
- the gross indicators are disclosed on page 97 as additional information.

16 sites improved their ratio of energy consumption per ton of production in 2014. BIC Écriture 2000 (France), BIC Amazonia (Brazil), BJ75 (France), BIC CORPORATION Milford (U.S.) and BIC Violex (Greece), representing almost 50% of the Group's energy consumption and production of finished and semi-finished products, have improved their energy efficiency by 4.4%. In particular BIC Violex realized an energy audit to identify areas for reducing energy consumption in order to achieve ISO 50001 certification in the near future. BIC Amazonia replaced some of its air conditioning systems with more energy-efficient ones and BIC Écriture 2000 replaced some neon lights with LED, modified the regulation of boilers and replaced two refrigeration systems. Furthermore, BIC CORPORATION Milford (U.S.) replaced two hydraulic molding machines with electric ones, one of which has a larger capacity and enables energy savings.

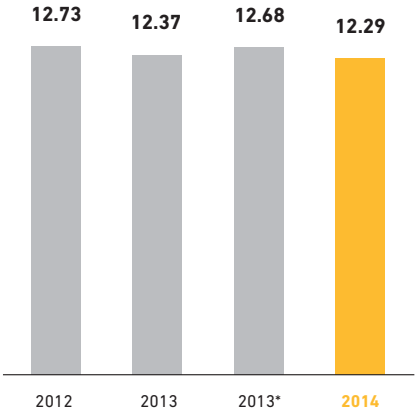
Conté (France) purchased two new gas boilers in 2013, with improved efficiencies of 25% and 20% respectively, and in 2014 optimized its cooling system and performed daily monitoring of its electricity consumption. Conté managed to reduce its ratio of energy consumption per ton of production by around 17% between 2013 and 2014. Similarly, BIC Sport (France) reported a 5% decrease in its ratio, attributed, in particular, to a change in the cooling system for the stationery activities in 2013.

BIC Graphic Tampa (U.S.) replaced its air conditioning systems with energy-efficient units, and installed a new management system to control the units with schedule stops during weekends and holidays, and fixed the compressed air leaks in its buildings.

Finally, continuous efforts have been pursued this year by other factories such as PIMACO (Brazil), BIC Mexico (Mexico), BIC Ecuador (Ecuador), BIC South Africa (South Africa), BIC Iberia (Spain), BIC Rasoirs (France), BIC Graphic Europe (Spain), BIC Graphic La Granada (Spain), BIC Graphic Sleepy Eye (U.S.) and BIC Charlotte Packaging (U.S.), completing various actions to optimize domestic energy consumption.

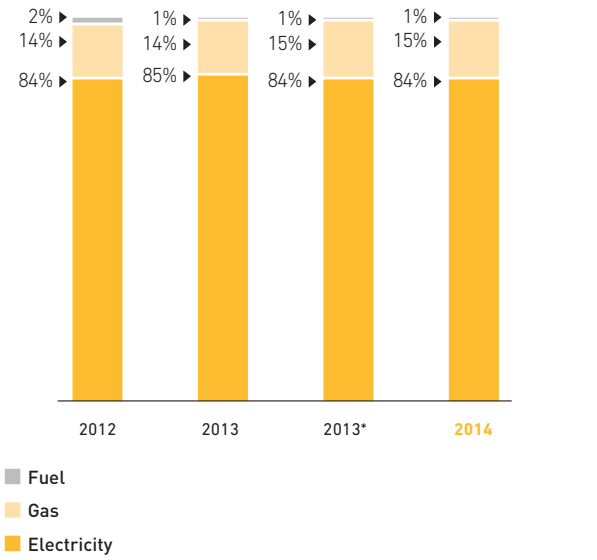
BIC plants completed or implemented 23 projects targeted specifically at energy savings during 2014.

ANNUAL ENERGY CONSUMPTION NORMALIZED TO BIC FACTORIES PRODUCTION – IN GIGAJOULE/TON



* *For 2014, BIC includedfour4 new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.*

CATEGORIZATION OF THE BIC FACTORIES ENERGY CONSUMPTION



* *For 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.*

The use of renewable energy

The BIC Group is constantly seeking and seizing opportunities to use renewable energy sources, depending on local contexts and feasibility. To this end, since 2012, BIC has purchased Renewable Energy Certificates (RECs) for 100% of the grid electricity used by BIC's three Connecticut (U.S.) locations: headquarters, a factory and an R&D center. BIC has made this commitment through 2015 to help support the development and production of renewable wind-generated electricity. Constellation NewEnergy, the supplier, estimates that based on BIC's projected annual consumption, these RECs represent the avoidance of approximately 9,000 teqCO_2 emissions that would otherwise be produced by the electricity grid (estimate is based on U.S. EPA eGRID2010 Version 1.0).

A portion of this REC purchase concerns 5,968 teqCO_2 corresponding to emissions attributable to the grid electricity consumption of BIC CORPORATION in Milford (U.S.). Since this site is included in the Group's environmental reporting perimeter, this represents 7% of all greenhouse gases emitted by the Group's factories.

Limiting the contribution to climate change

Fighting climate change is an integral part of the Group's Sustainable Development Program. BIC is committed through actions related to its products, factories and logistic activities.

The product ecodesign approach, by targeting light and long lasting products, leads to a thrifty usage of virgin materials, which allows reduction of Greenhouse Gases (GHG) emissions related to raw material extraction.

For its transport operations, BIC has developed an approach to reduce its GHG emissions (page 66).

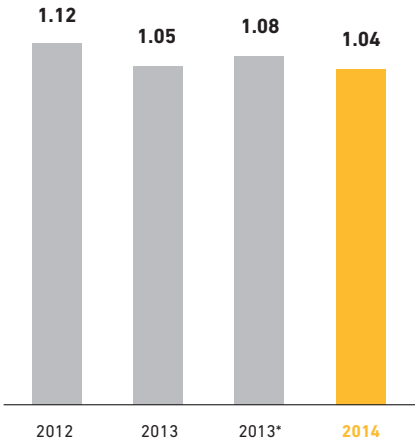
Lastly, a carbon footprint assessment was conducted at the BIC headquarters in Clichy (France) and in two factories, BIC Amazonia (Brazil) and BIC Rasoirs (France), using the Bilan Carbone® ADEME methodology. The studies in the factories showed that the indirect GHG emissions (issued by suppliers during production of materials and components and energy production purchased by the factories) account for most emissions. Priority areas for improvement identified by the Group are the reduction of electricity consumption and use of recycled plastic.

For 2014, the BIC Group quantified the direct and indirect emissions of greenhouse gases from its manufacturing plants (scope 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 2014 was estimated at 8,940 teqCO_2, i.e. a 4.4% decrease compared to 2013;
- 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 2014 was estimated at 85,434 teqCO_2, i.e. a slight increase of 1.3% compared to 2013.

The total amount of direct and indirect GHG emissions was thus estimated to be 94,374 teqCO_2 in 2014. Given that production increased by 4.4% between 2013 and 2014, the ratio of direct and indirect GHG normalized to the Group's production decreased (-3.4%). The ratio of energy consumption normalized to production also decreased (-3.1%) over the same period.

ANNUAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS NORMALIZED TO PRODUCTION - IN TON OF CO2 EQUIVALENT/TON - BIC FACTORIES



** For 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.*

For the past seven years, BIC has been providing information to the Carbon Disclosure Project (CDP). In 2014, the Group was once again included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI) with a score of 95/100. BIC is among 27 companies singled out in this index that covers 91% of the French market capitalization.

Adapting to the consequences of climate change: Extreme rainfall, floods, drought

Certain BIC sites are located in zones that are exposed to risks related to climate change, in particular in terms of more frequent extreme rainfall.

BIC has implemented a risk evaluation procedure as well as management systems to deal with this type of event, and has taken out insurance policies to cover any financial consequences. All of the sites in question have developed a flood emergency plan, updated annually.

In addition, a specific plan has been developed by an internal group of experts, to protect the information systems that are vital to the Group's operations. This plan makes it possible to identify any environmental or accident risks and implement the appropriate security measures.

2.3.1.4. Reducing waste production

♦ Progress made in 2014 and performances

In 2014, the BIC Group achieved a 0.4% decrease in the amount of waste generated per ton of production compared to 2013. This primarily results from a decrease in non-hazardous waste (-2.2%), which represents almost 90% of the waste generated by the Group. This decrease of non-hazardous waste per ton of production is offset by an increase in hazardous waste generated per ton of production (14.5%). This increase is partly due to exceptional events in 2014.

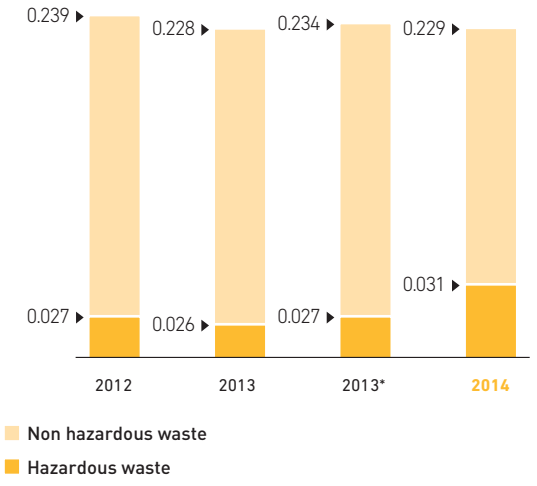
Year 2014 follows on from year 2013 regarding the application of the hazardous and non-hazardous waste new classification that was circulated by the BIC Group.

Programs to sort, recycle and reuse various types of waste (for example, pallets) have been carried out in factories such as BIC Amazonia (Brazil), BIC Ecuador (Ecuador), BIC Rasoirs (France), BIC Sport (France), BIC Charlotte Packaging (U.S.) and BIC Charlotte Distribution (U.S.).

Conté (France) has implemented a major program to increase plastic recycling thanks to optimization of the settings on the eraser processes, an increased involvement of its suppliers to reduce non-compliance, the realization of grinding operations, and the establishment of an action plan to reduce scrap rates since 2013.

BIC plants completed or implemented 21 programs targeted specifically at waste reduction during 2014.

ANNUAL PRODUCTION OF WASTE NORMALIZED TOPRODUCTION – IN TONS/TON - BIC FACTORIES



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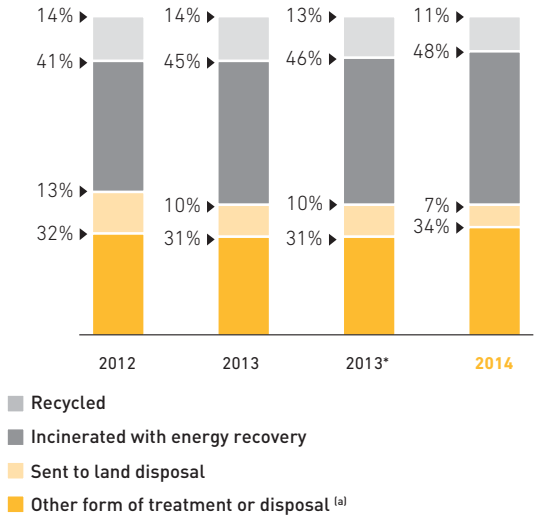
Hazardous waste

In 2014, the BIC Group registered a 14.5% increase in hazardous waste generated per ton of production compared to 2013.This increase is mainly due to several exceptional events, which happened in 2014, such as the destruction of obsolete materials and products, the implementation of new equipment and new manufacturing processes, the use of a new treatment system for gas from pencil lead manufacturing, the events at some treatment plants and the realization of cleaning activities.

12 sites improved their ratio of hazardous waste generated per ton of production. Conté (France) decreased its ratio by 14%, mainly due to lower ink waste and a change in classification between hazardous and non-hazardous waste for inked defective items. BIC Ecriture 2000 (France) has reported a 7% decrease due in particular to a slight decrease in production scrap.

Improvements were reported by BIMA (France), BJ75 (France), BIC Graphic Europe (Spain), BIC Graphic Tampa (U.S.) and Electro-centre (France). These factories, which represent 20% of the Group's annual production of finished and semi-finished products, reported an overall 13% decrease in their ratio of hazardous waste generated per ton of production.

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



(a) "Other treatments/disposal" represents all other forms of waste treatment, including incineration without energy recovery.

** For 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.*

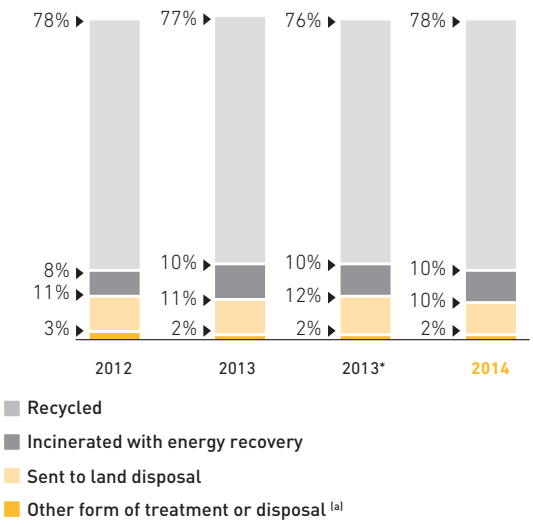
Non-hazardous waste

In 2014, the BIC Group's ratio of non-hazardous waste generated per ton of production decreased compared with 2013 (-2.2%).

14 factories improved their ratio of non-hazardous waste generated per ton of production. BIC CORPORATION Gaffney (U.S.) decreased its ratio significantly (-8%), in particular as a result of a new ability to grind and re-use some materials, instead of sending them off site. Specifically, 35 metric tons of plastic were re-ground and re-used in 2014.

Improvements were also reported by Conté (France), B.J. 75 (France), BIC CORPORATION Milford (U.S.), BIC Violex (Greece), BIC Shavers Mexico (Mexico) and BIC Graphic Sleepy Eye (U.S.). These factories, which realized 47% of the annual production of finished and semi-finished products of the Group, reported a total of 4% decrease of their ratio of non-hazardous waste generated per ton of production.

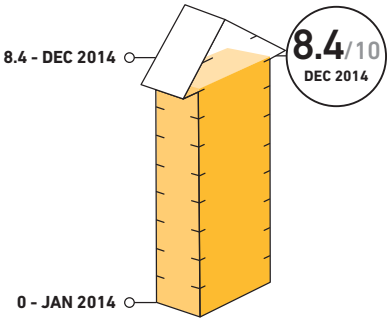
BIC FACTORIES NON-HAZARDOUS WASTE TREATMENT – % OF TOTAL EXPRESSED IN TONS



(a) "Other treatments/disposal" represents all other forms of waste treatment, including incineration without energy recovery.

** FOR 2014, BIC included four new plants in its consolidation scope: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope. In order to compare data, 2013 figures have been recalculated based on this new perimeter.*

Improve the environmental performance of BIC's factories



In 2016,

- Energy consumption will remain at 12.68 GJ**
  (Jan.14: 12.68 > Dec.14: 12.29)
- Water consumption will be 5.59 m^3**, *i.e.* a 20% reduction
  (Jan.14: 6.99 > Dec.14: 6.27)
- Non-recycled waste production will be 0.0786 tons**, *i.e.* a 1% reduction
  (Jan.14: 0.0794 > Dec.14: 0.0785)

5

*** Per ton of production.*

RESULTS FOR 2014: The objective has been reached for the first and the last indicators. Regarding the water consumption, the result is in line with the intermediate outcomes forecast.

2.3.1.5. Reducing the impact on biodiversity

♦ Challenges

The BIC Group's activities are linked to biodiversity in two main ways. First of all through its land use (industrial, logistical and administrative sites) around the world: its effect on biodiversity is the BIC Group's direct responsibility. Secondly through the purchasing of raw materials (plastics, metal, etc.) whose extraction can have an impact on biodiversity. Similarly, biodiversity can be affected by the transport activities contracted by the Group.

In response to the first point, which is given priority, BIC relies on a "site approach" for integrating the issue of biodiversity in its Program.

♦ Approach

An initial cartographic analysis of each BIC factory's physical surroundings was carried out in order to identify sensitive zones and prioritize the factories' risks of impacting their particular local biodiversity. The vast majority of BIC's factories are located in non-sensitive (in most cases industrial) zones, and neither their land use nor their operations pose any evident risk to their surroundings.

♦ Progress made in 2014

For the fourth year in 2014, BIC centralized its production sites' regulatory obligations concerning the protection of biodiversity and conducted a survey of the actions undertaken. This monitoring made it possible to confirm that all of the sites are in compliance with regulations. In cases where there are specific obligations, the management systems address the problem and enable follow-up.

♦ Perspectives

A more in-depth analysis, in particular, taking each site's specific activity into account, will be carried out in the coming years for sites that are located near a protected area, in cooperation with the sites in question. The results will allow BIC to evaluate the need for the implementation of specific actions to protect local biodiversity.

2.3.2. LIMITING THE ENVIRONMENTAL IMPACT OF SHIPPING

♦ Challenges

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

BIC engages in two types of transport for its products:

- "intersite 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 1.5% of the total tonnages shipped, air freight is still the transport method that generates the most GHG: in 2014 it represented 62.5% of the Group's total emissions from transport.

♦ Approach and progress made in 2014

BIC Group has factories all over the world, which tends to limit the need for shipping its products. In fact, on average, in the Consumer business, 65% of products sold in a continent are manufactured on this same continent (90% in Europe and 52% in the Americas).

In the Consumer business:

- ***90% of BIC® products sold in Europe are also manufactured on this continent;***
- ***52% of BIC® products sold in the Americas are also manufactured on these continents.***

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 focusing on each transport flow is the only way to provide high-quality, competitive shipping while reducing its environmental impact.

Led by the "Transport Community," which unites the shipping managers on each continent, the Group's approach comprises three main points:

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

In 2014, in order to concentrate the Group's efforts on the reduction of air freight, BIC decided to devote commitment #6 of its new Barometer specifically to this challenge (see page 68).

Raising awareness and controlling emissions

Like any function involving the supply chain, the optimization of shipping is a responsibility shared by a number of different teams within the BIC Group, from production to transportation, sales and warehouse management. In 2014, the Transport Community worked closely with the Categories (Stationery, Shavers, Lighters) and set up a task force to identify solutions for achieving significant and lasting reductions in the use of air freight.

To this end, the Transport Community continued to engage in consultations with experts and cooperative efforts with the Group's customers. BIC regularly consults transport companies that are committed to sustainable development on topics like the pooling of shipments, reducing GHG emissions and optimized routing. In Canada, for example, where shipping distances are a major challenge, BIC works with its upstream and downstream transport service providers to optimize the flows.

The specific monitoring of air transport was introduced in 2014, with quarterly reports to the management teams in each zone. With this new tool in place, the Transport Community is focusing attention on this issue at the highest managerial level.

Optimizing shipments and routes

In shipping, the main leverage points for reducing emissions are the reduction of the distances traveled, the choice of transportation mode and load optimization. BIC's logistical teams are working on all three points in cooperation with other departments of the Group, like Production and Sales, as well as its service providers.

A great many actions were undertaken in 2014 to optimize shipping and routing, some of which achieved especially good results:

- shipments of packaged shavers between the Violex factory (Greece) and the factory in Charlotte (North Carolina, U.S.) have been replaced by shipments of unpackaged shavers to the factory in Saltillo (Mexico), reducing the number of containers by 20 to 25%;
- in addition, 49.4% of the shaver shipments from Saltillo (Mexico) to the US in 2014 used train/road multimodal transport, thus saving 617 tons of GHG emissions (former expeditions were only by road);
- in Canada, the consolidation of downstream transport in cooperation with one of the main distributors has reduced the frequency of shipments by 33%, all shipments to the western part of the country now use multimodal transport, and the effort to optimize packaging is ongoing;
- in the Africa-Middle East zone, efforts to optimize the filling of intercontinental containers have led to a 17% increase in their filling rate compared with 2013.

Selecting responsible carriers

Ultimately, these logistical operations are carried out by the transport companies chosen by BIC. Therefore, their equipment, methods and management systems are determining factors in the level of GHG emissions: the condition of the vehicles, training in the techniques of eco-driving, the use of speed governors, tire technology, emission measurement capacities, etc. BIC selects carriers that allow the Group to reduce the ecological footprint of its shipping operations. In Canada, for example, in 2013 BIC selected a carrier capable of consolidating multiple orders, thus increasing the average weight of each shipment.

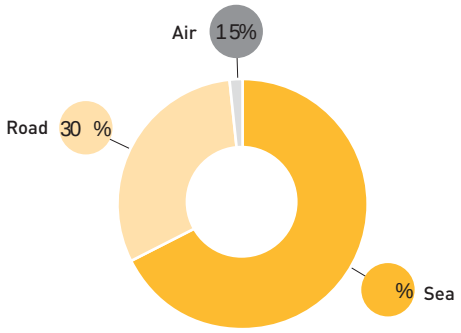
In order to encourage its transport service providers to adopt responsible practices, BIC is developing an increasingly demanding purchasing policy in terms of sustainable development and incorporates the reduction of GHG emissions in its criteria for selecting carriers.

Lastly, in order to encourage its carriers' commitment to corporate responsibility, BIC extended its Code of Conduct to logistics service providers. The amended Code was made available to all of the Group's transport teams worldwide, to be put into practice with their service providers. In Brazil, 100% of the carriers have now signed the Code of Conduct.

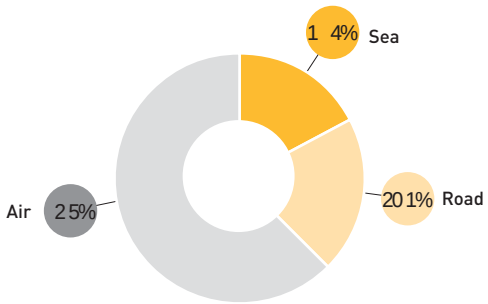
♦ Performances

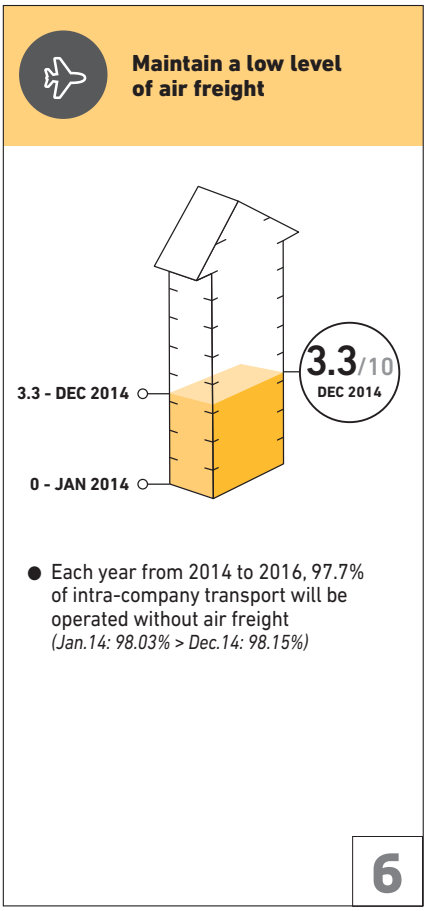
➔ ***In 94% of the Group's calls for transport tenders, the reduction of GHG emissions is a criterion for selection.***

BREAKDOWN OF TONNAGE SHIPPED – IN % OF THE TOTAL



BREAKDOWN OF GHG EMISSIONS – IN % OF THE TOTAL





RESULTS FOR 2014: The goal is to keep air freight at a low level throughout the three-year period. This goal was achieved in 2014.

♦ Perspectives

In 2015, the existing programs will be continued and others will be launched:

- the optimization of shaver shipments from Greece to the US will be further improved with the transport of shaver heads to be assembled with handles in Mexico;
- the Brazilian teams also seek to develop a methodology for auditing their transport service providers' commitment in order to reward the most committed approaches;
- starting in 2015, the shipment of stationery products from the factory in Mexico City (Mexico) to the factory in Charlotte (U.S.) will be multimodal (train – road), thus reducing the resulting GHG emissions by half;
- the Group has completed a study on the adoption of a system to compensate for the emissions resulting from its airfreight shipments.

2.3.2.1. Our sales and support activities

♦ Challenges

In order to be comprehensive and exemplary, BIC Group's sustainable development approach encompasses all of its operations, including office activities.

♦ Approach and progress made in 2014

The carbon footprint of our sales and support activities

In 2006, BIC began measuring the GHG emissions of its headquarters in Clichy (France). A *Bilan Carbone®* (carbon analysis) was compiled using the data from 2005, taking all head office activities into account. The emissions profile is that of an office operation, whose environmental impact arises primarily from:

- staff transportation, whose emissions can be broken down as follows: air travel, which accounts for 73% of the transportation emissions and road travel in BIC vehicles (mainly by the sales force), which accounts for more than 10% of the transportation emissions;
- emissions by service providers;
- electricity: heating and equipment.

Company vehicles

The management of company vehicles is handled locally on each continent wherever policies are in force that integrate environmental and safety concerns, in particular using indicators to monitor factors like accidents or the fleet's GHG emissions.

In 2014 the average level of GHG emissions dropped from 117.2 g to 111.9 g CO_2/km for sales force vehicles, and from 122.1 g to 120 g CO_2/km for the business account Directors' vehicles.

By the end of 2014, all sales representatives in France had received training in eco-driving. After a sharp increase in 2013 largely due to difficult weather conditions, the number of accidents involving company vehicles dropped in 2014, returning to the same level as in 2012.

Waste management

The headquarters in Clichy (France) has made considerable progress in waste management at the site, in partnership with the food service provider that runs the cafeteria, in particular by improving glass, aluminum and plastic sorting and introducing the recovery and recycling of waste coffee capsules in 2010. A new service provider contracted in 2012 ensures that used coffee capsules are recycled and no longer sent to landfill.

Eco-performance of the buildings

Designed in compliance with LEED (Leadership in Energy and Environmental Design) standards, **the headquarters of BIC CORPORATION** in Shelton (U.S.) was certified as a "sustainable building" by the US Green Building Council in May 2009. This nationally-recognized certification acknowledges that the structure meets the highest standards for environmental design and construction. In January 2010, the Shelton facility also received the Connecticut Green Business Award, given in recognition of initiatives to reduce a building's carbon footprint in its daily operations (electricity consumption, choice of furniture and interior materials, etc.).

The headquarters in Clichy (France) has succeeded in steadily reducing its energy consumption through a number of actions to improve its installations and building use. For example, in 2014 the decision was made to turn off the heating and air conditioning systems during the night and to arrange the workspaces in clusters with centralized climate control. In order to reduce water consumption, the building was equipped with tap aerators (which reduce the use of tap water by up to 85%) as well as dual-flow flush mechanisms. Four recharging stations for visitors' electric vehicles were installed and two electric cars are now available to employees for trips within their range (250 km in the city, 150 km in the non-urban areas).

In 2011, **BIC Benelux** (Belgium and the Netherlands) moved into new eco-friendly offices: the workspaces use natural light and a minimum amount of water and energy, the furniture from the previous offices was reused, the servers and printers have been streamlined, computers with the Energy Star label have been purchased, etc., and the employees are regularly encouraged to adopt ecologically responsible behavior (waste sorting, reduced printing, etc.). Green Officers have been named in Belgium and the Netherlands to keep this eco-momentum going at both subsidiaries.

Reporting of main headquarters

Since 2013, BIC has implemented KPI reporting for its main headquarters facilities. In 2014, the reporting includes three sites: Shelton (U.S.), Clichy (France) and Cajamar (Brazil). The Cajamar site conducts some production activities for promotional products and advertising and this activity is also covered by this report.

Environment

In 2014, the annual energy consumption density for the three BIC Headquarters operations was 0.90 GJ/m^2. This result is influenced by a number of factors, some unique to each site. The Cajamar site includes some production activities, which may result in higher than normal consumption for an office building. The energy consumption in Shelton is strongly influenced by the presence of a large worldwide data center, as well as cold winters in the northeast U.S. The Clichy headquarters has implemented a program to reduce energy consumption by minimizing air treatment operation at weekends and nights when the site is closed.

The greenhouse gas emissions attributed to energy consumption of the Headquarters represented 2,139 tCO_2-e, including 1,944 tCO_2-e of indirect emissions and 19 tCO_2-e of direct emissions. The Shelton location purchased renewable energy certificates representing 100% of its electricity consumption.

Water consumption was 17,168 m^3, or approximately 18 m^3/workstation. In Clichy, the consumption of water decreased by 30% compared to 2013, mostly due to the installation of water efficient sanitary equipment.

Paper consumption, the main raw material consumption for any office facility, was 24 tons, or about 25 kg/workstation.

Waste production was 251 tons. All three sites have a dedicated program to responsibly manage end-of-life for computer equipment. For example, in Cajamar, almost 40 computers were collected for recycling in 2014 by an external company. The Shelton headquarters does not send any waste to landfills, instead relying on recycling and waste-to-energy facilities.

Health & safety

In 2014, the Group headquarters experienced two injuries with more than one lost work day (excluding commuting injuries), representing a frequency rate of 1.23 and a severity rate of 0.1.

Green IT

The IT support departments participate directly in BIC's sustainable development approach by choosing energy-efficient computer equipment and proposing solutions and tools that enable all of the Group's employees to reduce the environmental impact of their everyday professional activities.

Throughout BIC subsidiaries, various Green IT initiatives were implemented in the last few years. The number of servers used worldwide has been significantly reduced using virtualization: this leads to important energy savings while providing similar IT performances and services.

Since 2012, the Group continued the effort to virtualize all of its servers. For Europe, the Middle East and Africa, for example, centralizing the messaging services in Clichy (France) made it possible to reduce the number of machines by 75%. In addition, the use of increasingly efficient machines reduced the amount of energy needed for cooling. In 2014, the replacement of the servers at the headquarters in Clichy (France) made it possible to cut the number of machines by nearly half and their electrical consumption by nearly 25%. Since 2012, new applications shared by users Group-wide are installed in the "cloud," i.e. on virtual servers that are externalized and therefore mutualized. This virtualization is optimized regularly to reduce both cost and energy consumption.

Similarly, BIC is working on the mutualization of its own servers. The sales planning system for the Europe zone has been hosted since 2012 on a single server in the U.S., and studies have been conducted for mutualizations between the U.S. and Latin America, resulting in the use of one data center instead of two. In 2014 this server was replaced by a more powerful and energy-efficient service. The printing services have been outsourced to reduce the number of printers, and virtual archiving and sharing of documents, using centralized drives, has replaced photocopies in some offices.

The "Lync" tools, formerly called "OCS," offer internal chat, videoconferencing and a Live Meeting function that allows several employees to view a document on their own screens as it is being discussed or modified by the meeting administrator. The system enables employees who work in multiple locations to reduce their travel and to work faster. In 2013, in the Europe and Middle East-Africa zones, 100% of the employees who use a computer are now equipped with Lync, bringing the total number of users to more than 2,200. For example, since 2009 the Group's Sustainable Development Team has used multi-site Live Meetings to unite its 25 members at seven sites (Clichy, Verberie and Redon in France, Shelton in the U.S., Athens in Greece and Sao Paulo and Manaus in Brazil).

♦ Perspectives

In the Europe and Middle East-Africa zones, the Group plans to install videoconferencing equipment at all sites.

2.4. Our social responsibility to our employees

Since its founding, the BIC Group has been firmly committed to the men and women who make up the Company. Its employees are the cornerstone of the Group, the embodiment of its philosophy and values. BIC strives to offer a people-oriented organization that allows it to reach its industrial and commercial goals while promoting the health, safety and well-being of its employees. The Group is aware that its success depends on the development of its employees' skills, careers, and employability. Furthermore, it encourages the existence of a high-quality dialog with its workforce, at all times, everywhere around the world.

2.4.1. THE WORKFORCE

The following sections describe the profile and evolution of BIC's workforce in 2014.

For the year ending December 31, 2014, the BIC workforce totaled 9,550 permanent and 1,475 temporary employees located in 56 countries around the world.

The seven legal entities of Cello Pens that joined the BIC Group in 2013 reported 7,888 permanent employees and 1,319 temporaries present on December 31, 2014.

Globally, BIC Group reported 17,438 permanent employees and 2,794 temporaries.

2.4.1.1. Breakdown of the workforce by region and activity

Changes in staff numbers by region are shown below:

WORKFORCE BY REGION - ON FULL-TIME EQUIVALENT (EXCLUDING CELLO PENS)

Workforce by region	Dec. 2012	Dec. 2013	Dec. 2014	Variation 2014/2013
Europe	3,724	3,758	3,850	+2%
North America	2,321	2,254	2,311	+3%
Developing markets	3,220	3,361	3,389	+1%
TOTAL PERMANENT STAFF	**9,256**	**9,373**	**9,550**	**+2%**
Temporary	1,227	1,389	1,475	+6%
TOTAL	**10,483**	**10,762**	**11,025**	**+2%**

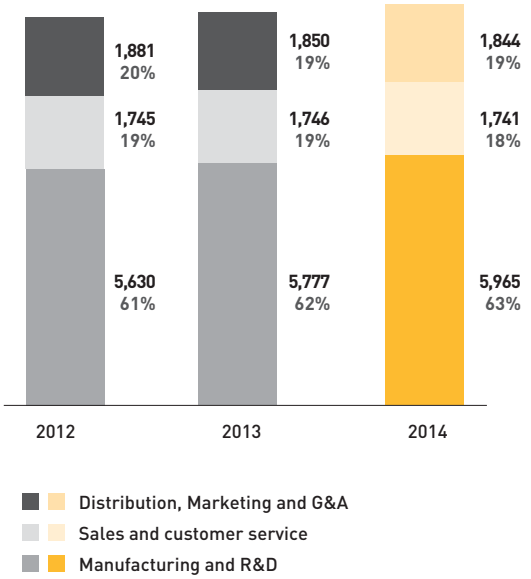
In 2014, permanent employees increased by 177.

This essentially reflects the headcount increase in the plants in Greece (+46 in the Shavers plant), in Mexico (+59 in the Stationery plant) and in Brazil (+36 in the Shavers plant). The headcount of the Advertising and Promotional Products sector increased slightly in 2014 (+36 in Tampa (U.S.) & Red Wing (U.S.) plants), although it had steadily declined over the previous three years as a result of the business reorganization.

Permanent employees (with a permanent employment contract) accounted for 87% of the Group's total workforce. Temporary workers accounted for 13% of the workforce, split across temporary staff, fixed-period contracts and school and university interns. At December 31, 2014, the number of temporary workers was higher than at December 31, 2013: +86 (1,475 versus 1,389).

As last year, temporary workers are employed in manufacturing (77% of temporary staff), sales support (10%) and distribution/administration (13%), essentially due to the highly seasonal nature of BIC's activities.

PERMANENT EMPLOYEES BY ACTIVITY (EXCLUDING CELLO PENS)

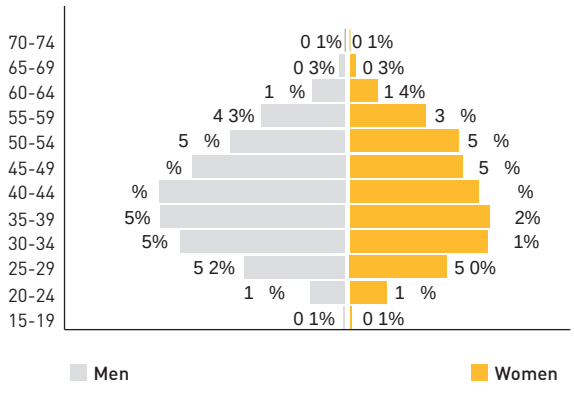


The workforce, across each activity, has remained proportionally constant for the last years, reflecting the stability of BIC's system of organization.

2.4.1.2. Age and seniority

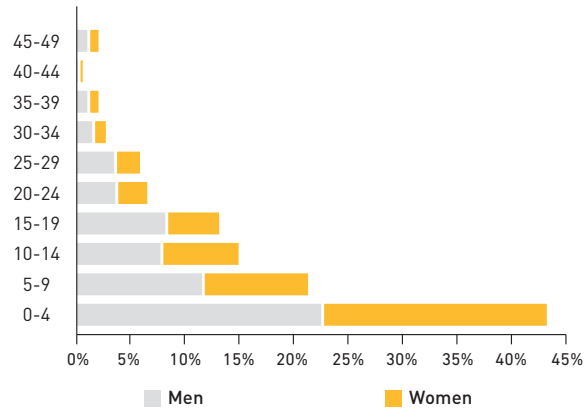
In 2014, an in-depth analysis showed that the average age of BIC employees was 41 years and average seniority was 10 years. The analysis of the age pyramid shows that all ages are represented in the Group. The 2014 seniority pyramid shows the loyalty of BIC employees (29% of BIC employees have more than 15 years of seniority and 500 employees have more than 30 years of seniority).

AGE STRUCTURE – 2014 (EXCLUDING CELLO PENS)



Employees covered by the indicator: 9,484 permanent employees

SENIORITY STRUCTURE – 2014 (EXCLUDING CELLO PENS)



Employees covered by the indicator: 9,484 permanent employees

2.4.1.3. Breakdown of the workforce by category

PERMANENT HEADCOUNT BY CATEGORY (EXCLUDING CELLO PENS)

	December 2012	December 2013	December 2014	Variation 2014/2013
Managers	2,398 (26%)	2,440 (26%)	2,513 (26%)	+3.0%
Non-Managers	6,858 (74%)	6,933 (74%)	7,037 (74%)	+1.5%

Managers accounted for around 26% of permanent Group employees in 2014. For the 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.

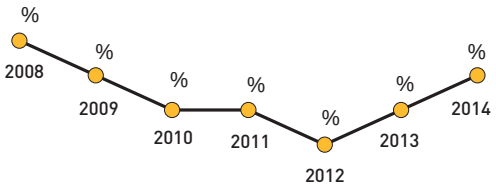
2.4.1.4. Recruitment and terminations, excluding Cello Pens

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

In addition, the Group **recruited some 260** external candidates for entry-level or middle management positions, and **some 850** for factory and staff positions, a 19% increase compared with 2013. In 2014, the external recruitment rate was 10% for managers and 12% for others employees.

No external recruitment difficulties have been encountered thanks to the use of innovative, qualitative tools (LinkedIn) that enhance awareness of the Company in the international employment market, and thanks to collaboration with internationally-reputed 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 procedure.

VOLUNTARY TURNOVER



Voluntary turnover in the Group workforce reached 8% representing 740 resignations and voluntary retirements. In 2014, the highest voluntary turnover rate took place in Asia (30%), higher than 2013 (16%). Oceania shows an increase with a rate of 16% in 2014 versus 13% in 2013. Europe has the lowest voluntary turnover (4%) due to staff stability in factories.

The low, stable voluntary turnover rate is another sign of the employees' engagement and adherence to the Company's values.

The Group has carried out some 480 terminations in 2014, of which 60% took place in Latin America, and 15% in North America.

In the event of **staff restructuring**, Group policy is to respect local legal obligations, in cooperation with social partners. Moreover, BIC strives to reassign employees whenever possible, and to allocate higher levels of severance pay than the legal minimums.

2.4.1.5. Breakdown of the workforce of Cello Pens

In 2014 Cello Pens reported permanent headcount as follows:

- manufacturing: 7,097 (90%);
- sales: 677 (9%);
- distribution, Marketing & Administration: 114 (1%).

Managers accounted for around 4% of permanent employees in 2014. Women accounted for 62% of permanent employees of Cello Pens. They accounted for 69% of the workforce in Manufacturing.

2.4.2. 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

Every two years, since 2005, BIC carries out a values survey. This survey is part of the BIC "Values in Action" program and it measures the difference between the values as they are defined in the communication tools and as they are truly experienced by employees in their workplace.

Another part of the "Values in Action" program is the "Values in Action Awards". Every year, these awards are conferred on those who embody and excel in certain BIC values in the workplace. To date, over 860 employees have been recognized within this program, which started in 2006.

Moreover, every two years, BIC carries out an engagement survey that concerns the employees' motivation (working conditions, individual recognition, independence, career opportunities, management effectiveness).

Lastly, since 2011, the Group has conducted a biannual survey on the BIC Sustainable Development Program. Carried out by an independent company and targeting 5,500 employees worldwide, it sheds light on their perceptions and expectations concerning sustainable development within the Group.

♦ Performances and progress made in 2014

The engagement survey

This survey, conducted every two years in each country where the Group has operations, measures employee engagement and identifies its key drivers. It offers an opportunity for employees to express their opinions and for the Group to launch initiatives to address areas for improvement.

In 2014, the scope of the survey was widened once again, reaching more than 9,000 employees compared to approximately 7,000 in 2012. With 90% of them responding, the results show a very high participation rate and an overall engagement of 85%. This high level of engagement has earned BIC a place in Towers Watson's rigorous High-Performance Norm. This norm includes the top 5% of Towers Watson's clients who achieve above industry average financial performance and high levels of employee engagement.

According to the 2014 survey, the key points that help create a strong sense of belonging to the BIC Group are:

- 90% of the employees are proud to work for BIC and 85% of the respondents would recommend BIC as a good employer;
- nine employees out of 10 have a good understanding of the goals set by the Group and by their department;
- 91% of the employees see BIC as a responsible company in terms of both environmental action and safety in the workplace;
- 85% of the employees say that they are able to balance their professional duties with their personal lives.

Several points for improvement were also revealed, in particular concerning the perception of career opportunities, the managers' capacity to build their teams and recognize their employees' achievements, and the competitiveness of the salaries. At the meetings held to present these results, the employees were encouraged to define action plans that will enable the Company to improve, in these areas in particular.

The adherence to values survey

In 2013, BIC conducted the "Values in Action" survey to assess adherence within the BIC Group to its five shared values and to show how employees apply those values day-to-day in their unit or subsidiary. The findings of the survey rated overall adherence to the Group's values at 85%, with a participation rate of 84%.

The most strongly shared values are still Responsibility (91% adherence)[1] and Ethics (89%).

The Sustainable Development Survey

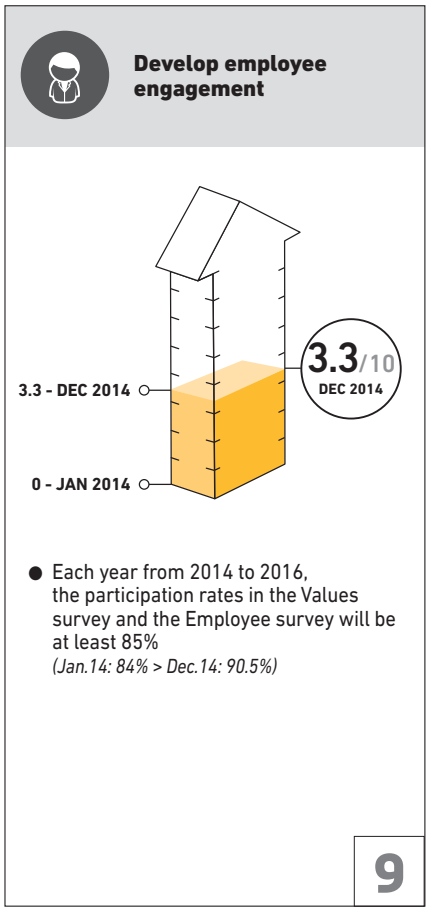
In December 2013, the Group conducted its second survey on the BIC Sustainable Development Program. The participation rate remained constant at 40% (39% in 2011). According to the findings, 86% of employees feel that the issue of sustainable development concerns them, which is nearly the same percentage as in 2011, but the number of those who describe themselves as highly concerned rose significantly (33% compared with 24% in 2011). 94% of the employees were aware of the BIC Sustainable Development Program — a five point increase over 2011. The most recently-hired employees were also the most likely to be aware of the Program (88%). Additionally, 99% of the respondents feel that the Program is important for the Group, a very strong rate that shows a five point increase over 2011. The sharpest rise of all was in the number of employees who deem the Program indispensable.

♦ Perspectives

BIC will continue to survey its employees on its programs. The next values and Sustainable Development Program surveys are scheduled for 2015 and next engagement survey will take place in 2016.

In the coming years, BIC hopes to continue improving its employees' adherence to its Values and will consequently fine-tune the analysis of the indicators used in the survey. The Group also hopes to expand the coverage of the values survey to 100% of the Group's permanent employees.

♦ Performances



RESULTS FOR 2014: The engagement survey conducted in 2014 had a 90% participation rate with a perimeter of 97% of the permanent workforce.

2.4.3. ENSURING HEALTH, SAFETY AND WELL-BEING IN THE WORKPLACE

♦ Challenges

Safety in the workplace is a fundamental priority for the BIC Group. BIC's operations, both industrial and commercial, expose its workers to physical (mechanical, chemical) and psychological risks that differ in type and severity from function to function (Headquarters, factories, sales force). The Group seeks not only to ensure its employees' physical safety by preventing workers' accidents, but also to reduce the incidence of occupational diseases, primarily musculoskeletal disorders (MSDs) and psychosocial risks (PSR) like stress and harassment.

(1) These adherence rates represent the total of all replies qualifying the Group's valves "as always" or "often" applied.

BIC keeps a close watch on these issues and constantly strives to reduce all forms of job-related suffering through various means: health and safety management, the adaptation and organization of working hours and actions to raise employees' awareness of the issues of well-being in the workplace.

♦ Approach

BIC adopts measures that allow it to guarantee a working environment that protects its employees' physical integrity, in particular by deploying safety management systems at its production sites. In keeping with its Environment, Health & Safety (EH&S) Policy, the 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. This policy is permanently posted at the sites. The Group applies it by deploying and ensuring the day-to-day implementation of health and safety management systems that cover the risks inherent in its various activities. In addition, a team of three EH&S experts assist the sites in the deployment and follow-up of programs for reducing their employees' health and safety risks. Since 2011, the three shaver factories have taken this approach even further, qualifying for triple certification in Safety, Quality and Environmental Protection.

The self-evaluations of compliance with the Code of Conduct in the factories bolster this system. The organization of work in BIC's factories, for example, complies with local laws and the Group's Code of Conduct, which is modeled on the standards of the International Labor Organization. Overtime is strictly controlled and scrupulously recorded in all of the units concerned.

Furthermore, since 2013, a reporting system of the incidence and severity indicators for workers' accidents is made in the Group's three main headquarters: Clichy (France), Shelton (U.S.) and Sao Paulo (Brazil) (see page 69). The adoption of this measurement system marks the first phase of an effort to further improve working conditions and accident prevention at headquarters.

In conjunction with the work organization and health/safety mechanisms, programs to promote well-being in the workplace are implemented locally in order to adapt to specific needs.

The Group's **worldwide program called "Quality of Life at Work,"** launched for the purpose of defining a goal and a global strategy for improving quality of life in the workplace, continues to be developed at a great 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 stress, whether of professional or private origin, 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 2014: health and well-being

2014 was marked by a great many projects adapted to each local context:

Reducing physical stress on the job in France and preventing workers' accidents in Brazil and Mexico

As described last year, the Group signed commitments in France in 2012 concerning strenuous working conditions and covering a period of three years. In 2014 their implementation continued with training and awareness in movement and posture, investments to reduce noise or improve workstation ergonomics, and arrangements to avoid the necessity of alternating work teams and to reduce the physical stress endured by employees who are nearing retirement.

Similarly, to help prevent accidents, certain machines at the Manaus factory (Brazil) have been adapted according to the local safety standard NR12. The factory also continues to promote safety training (overhead work, operation of materials handling vehicles, refresher training for the safety team and the on-site fire fighters).

Similarly, many sites, like the writing instruments factory in Mexico, hold weekly meetings on accident prevention: ideas are submitted and best practices shared in order to extend them to all workshops. So far, nearly 4,950 actions have been taken based on 5,500 proposals, for an implementation rate of nearly 90%.

Health and well-being in the United States

In the US, BIC Corporation committed to building a framework that would consider all aspects of health and well-being (physical, financial, social, emotional and psychological aspects). This framework focuses on optimizing their workforce health and care coordination programs to facilitate accountability from both employees and our leadership. These programs place emphasis on motivating and building personal responsibility for the employees and their families to become active participants in their health and well-being journey. Simple steps are promoted to foster sustainable change to support a high-performing workforce.

In addition to the Employee Assistance Program (EAP – see page 76), BIC Corporation continues to offer employees several on-site preventive screening programs including osteoporosis, glaucoma, oral cancer, blood pressure and mobile mammography, etc.

Wealthcare has been integrated into the well-being framework by providing employees with tools to maximize their savings strategies, refresh employees' awareness of BIC benefits including savings and retirement planning benefits, and highlight solutions to help employees plan for their financial future. During a pilot "Wealthcare Week" in Shelton, CT, (U.S.) employees had the possibility to attend financial learnings workshops for each workforce generation. 24 financial experts offered 36 topics during 52 sessions. 80% of the workforce attended an average of five workshops.

The fight against HIV/AIDS in South Africa

Since 2000, BIC South Africa has implemented a **program to fight against 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 group of peer educators composed of company employees who receive annual training. The program consists of three parts: education of employees, voluntary counseling and testing for anyone, permanent and temporary employees alike, 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. In 2014, the HIV peer educators received further training at a three-day information and update seminar early in the year. They are encouraged to hold individual discussions with employees over tea and break times. This year the world's AIDS Day (December 1st) theme was "Focus, Partner to Achieve an AIDS-free Generation." Like every year, it was marked by a large-scale awareness and information effort targeting employees, once again with the same simple but ambitious goal of "Getting to Zero": zero infection, zero discrimination and zero deaths due to AIDS.

Developing the social protection systems available to BIC employees in France and throughout Europe

In 2014, healthcare became a much-discussed topic in France due to a government project to harmonize supplementary mutual healthcare schemes. For the Group, this was an opportunity to communicate raising the awareness of employees about the social and financial issues of the healthcare systems and to update core covers. The Group also decided to harmonize its programs (health and life insurance and disability).

Similarly, in other European countries a study was conducted throughout 2014 in view of adopting a private supplementary health insurance program in order to offer employees faster access to better healthcare than the public systems.

In Spain, BIC Graphic Europe also made a commitment to ensuring that all of its employees receive a medical checkup every year.

Prevention / information campaigns in the U.S.. and in Latin America

In Argentina, BIC has initiated preventive health campaigns, offering to reimburse the cost of its employees' medical checkups.

The sites in Brazil (BIC AMAZONIA and PIMACO), which for several years now have been encouraging their employees to get more exercise, have set up campaigns for cancer prevention, vaccination and cardiac examinations.

At BIC Graphic USA, biometric screening and health risk evaluations are carried out in partnership with the Company's insurer. Employees can also participate in events organized by the "BICtivities" team: 5-kilometer walks, group hiking, golf, bowling, etc. In addition, all employees are offered a reimbursement for gym membership fees.

In Mexico a monthly communication program addresses a range of health topics, including the prevention of food poisoning, flu and stress, good nutrition, healthy exercises that everyone can do, etc.

♦ Perspectives in respect of health and well-being

Due to increasingly restrictive regulations concerning on-the-job stress that will take force in 2015 and 2016, further actions will be taken in this area, for example to reduce the need for alternating work teams.

Starting in 2015, a new series of social audits will be launched covering all BIC factories worldwide. The topics and questions addressed (concerning health and safety) were reviewed in 2014 in order to give the program new impetus, and a new inquiry method will be proposed in factories.

In the U.S., as an extension of initiatives taken in 2014, new initiatives will be launched in 2015:

- on-site health/lifestyle coaches at each location;
- health and well-being committees at each location partnered with on-site managers responsible for to implement programs that will best meet the needs of the employees and dependents;
- a certification process for health and well-being programs, defining responsibility criteria and a system for measuring the achievement of objectives on each site;
- telemedicine services to provide two-way, real time interactive communication between employees/dependents and a licensed physician via a virtual visit (phone or video). This allows for a more convenient and cost effective way for the participant to obtain medical care for common illnesses such as colds, flu etc.

Throughout Europe, the human resources teams will make a special effort to optimize access to various providers of supplementary health insurance (for example, in France) in order to offer employees a modern, innovative preventive healthcare system.

♦ Progress made in 2014: 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 that indicate an employee is in distress, and are trained to detect those signals. The "My job: Manager at BIC" and "My job: Leader at BIC" training modules, created to help managers deal effectively with the challenges they face as team leaders, will increasingly incorporate the aspects of psychosocial risks and stress management.

♦ Progress made in 2014: workstations and workspaces

Local initiatives are carried out to improve the ergonomics of the Group's workspaces and workstations. Certain actions initiated in 2013 were continued in 2014. These included, in France, the ergonomic adaptation of Company vehicles for "senior" employees (over age 55) and in the U.S. the installation of sit-stand workstations to help reduce MSDs (musculoskeletal disorders).

New initiatives are introduced in response to specific needs. Some factories have undertaken studies and surveys for the adoption of new helmets with aeration or cooling systems in order to reduce the perceived temperature at workstations where tasks involve high heat (e.g. in the foundries).

In Argentina, the offices have been completely redesigned to offer employees open spaces that are conducive to dialog. After five months of renovation, BIC UK now offers its employees completely refurbished facilities that integrate ergonomic seats and new spaces for interaction.

♦ Progress made in 2014: employee services

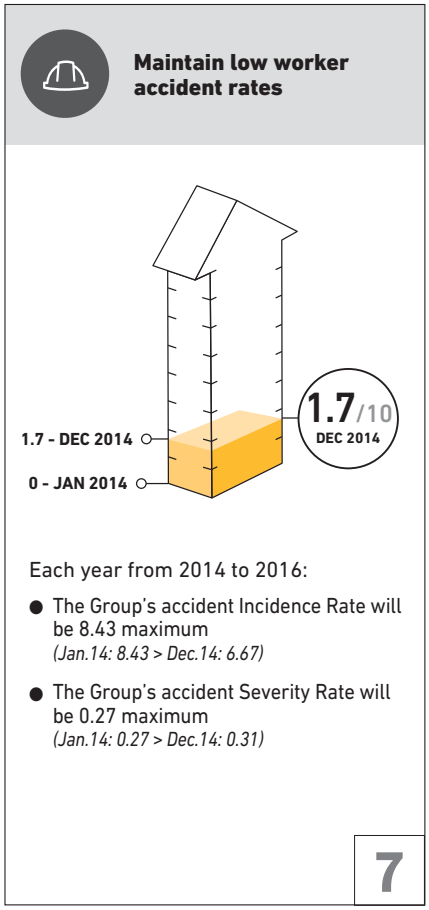
An Employee Assistance Program (EAP) has been in operation in the United States for several years. Set up by the BIC CORPORATION for the benefit of its employees and their families, it offers a 24-hour helpline plus the possibility of face-to-face meetings with professionals. This initiative inspired a similar program introduced in all Group companies in France in 2012. The system was set up in cooperation with the *Médecine du Travail*, France's national occupational medical service, and employee representatives in the entities concerned. Every quarter, all of the above-mentioned parties research new ways to develop this system at the meetings of the Health, Safety and Working Conditions Committee. In 2014 a decision was made to launch a new communication campaign on these services, especially those that have not been highlighted in the past, like help for overcoming different forms of addiction, nutritional problems or family problems (education, etc.).

♦ Performances

In France, BIC had recorded 38 recognized cases of occupational diseases by the end of 2014

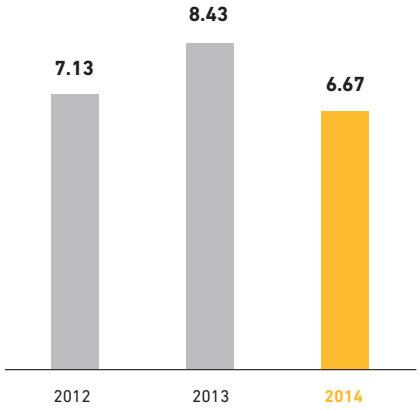
In 2014, health and safety management systems were operational at 89% of BIC's sites.

In 2014, the work accidents in factories were mainly caused by manual handling (40%). Occupational diseases are only monitored in France. Most are related to musculoskeletal disorders.

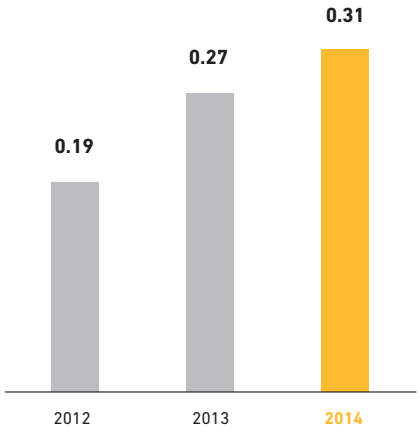


RESULTS FOR 2014: Progress was made, with a consistently low incidence rate following the deployment of the management systems and other related efforts. However, the severity rate was higher than the defined goal.

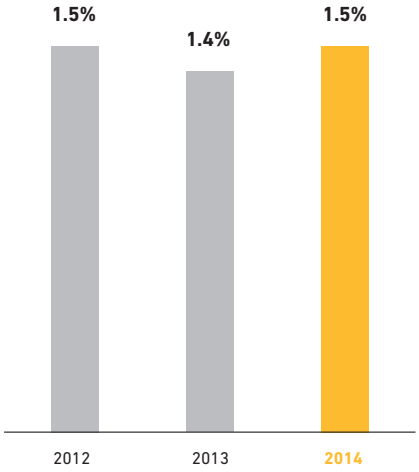
NUMBER OF ACCIDENTS LEADING TO LOSS OF TIME – BIC PLANTS – PER MILLION OF HOURS WORKED



SEVERITY RATE: NUMBER OF CALENDAR DAYS LOST AS A RESULT OF ACCIDENTS – BIC PLANTS – PER THOUSAND OF HOURS WORKED



ABSENTEEISM (EXCLUDING ON-SITE ACCIDENTS AND MATERNITY) – BIC GROUP



Absenteeism (excluding on-site accidents and maternity) remained low for a Group average at 1.5% in 2014, similar to 2012, compared with 1.4% in 2013.

The absenteeism rate (including on-site accidents and maternity) is also low and stable, at around 2%, similar to the last two years.

♦ Perspectives

The Group will pursue its efforts to make "Quality of Life at Work" a permanent program by continuing to share and promote its vision in the four main areas of focus, taking both reactive and preventive action through both short- and long-term initiatives. All new initiatives will be studied and adopted if appropriate.

2.4.4. EMPLOYEE DEVELOPMENT

♦ Challenges

The values of responsibility and ethical behavior emphasized by BIC go hand in hand with the implementation of programs to cultivate its employees' skills and employability.

This ongoing approach to employee development is a key challenge and the cornerstone of BIC's Human Resources Policy, facilitating the Group's efforts to:

- reach the economic goals set by the various BIC entities;
- define internal succession plans to ensure the continuity of the Group's activities;
- raise the level of its employees' skills and expertise;
- maintain its work teams' strong level of engagement;
- develop the internal and external employability of every man and woman who works for BIC.

2.4.4.1. Career management

♦ Approach and progress made in 2014

Whatever their function, level of responsibility, type and length of contract, during their time at BIC, every employee will be given opportunities to increase their external and internal employability. That is the employability promise of BIC to its employees.

This personal development commitment is made possible through the 70/20/10 model, which has been further strengthened across the Group. It is a best practice for several companies, boosting development by combining three dimensions: feedback, coaching and training. This model is embedded in the "manager@BIC" training given by BIC University, and is promoted by the talent development teams to the entire organization. The BIC tools are structured according to this model (Taleo, the People Acceleration Plan, the development plans, etc.). On a daily basis, employees have opportunities to develop their skills by:

- 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.

In 2014 the Group Human Resources team was reorganized to give the Talent Development team a wider reach within the Group, with a global structure and a strong focus on each topic. Talent Frameworks have been simplified and standardized across all the entities of the Group to:

- clarify for each employee the tools and operating mechanisms of personal development and career development at BIC;
- provide global consistency, a must-have for enhancing mobility.

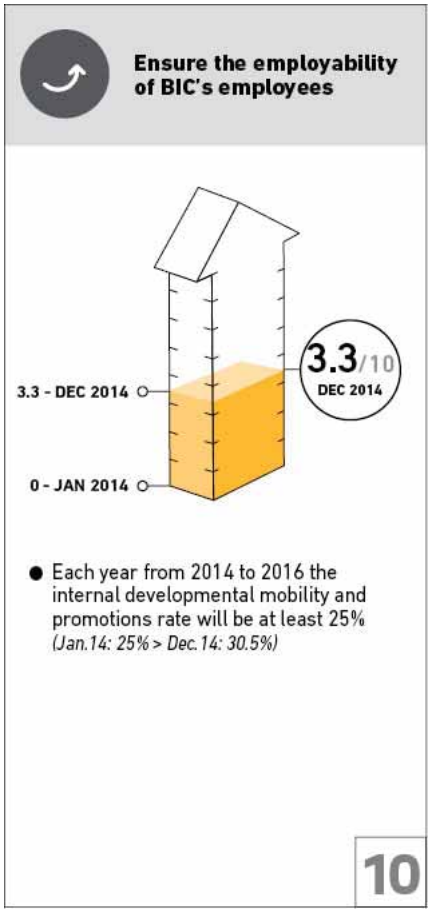
For the Group's 2,400 managers, the performance management process is supported through Taleo, allowing a fair performance evaluation across functions and countries, as well as the management of individual development plans. In addition, specific tools and processes are implemented for non-managers.

Furthermore, mobility was significantly increased in 2014. "People in play" sessions have been launched at the Leadership Team level. At these meetings, leaders discuss detailed situations of specific people to make sure that they are offered the best options for their own development and for the business. It creates better cross-entity mobility and anticipation of moves. At the Group level, a succession planning process is being finalized to make sure that employees can access succession plans across all entities.

Specific training programs support employees in their career development. In Europe the language offer has been revised to improve access to English training across all European locations. English being the working language of the Group, it is a significant asset for developing one's career. In 2014, access to the "Young Female Leadership" program was developed for women in Europe. Increasing young female professionals' awareness of key challenges in the early stages of their career, it helps them make the right decisions to find their way at BIC.

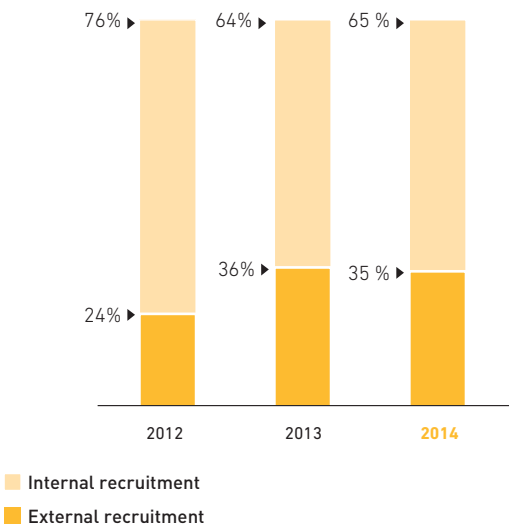
And last, but not least, the development of a feedback culture is a cornerstone of personal development, performance development and therefore career development. In 2014 more than 100 people were trained in feedback.

♦ Performances



RESULTS FOR 2014: The goal is to maintain a rate of 25% for each of the three years. This goal was achieved in 2014 thanks to 493 internal promotions.

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



In 2014, the rate of internal promotion was 65% for the four top manager levels. In 2013, the rate was 64%, 76% in 2012, 63% in 2011 and 70% in 2010. For all managers' categories the internal promotion rate has remained stable for several years at 45%.

2.4.4.2. Training

♦ Approach and progress made in 2014

BIC aims to develop a learning environment for its employees, based on the 70/20/10 model. Each employee is offered opportunities to learn from new experiences, from others and from training.

To support this learning environment, in 2014 BIC started to strengthen its organizational capabilities for learning and development.

- a new organization has been implemented aiming at a stronger coordination of all learning and development initiatives across the Group to improve scalability, consistency and fair access;
- a framework of core competencies has been defined, leveraging on the Group's existing skill systems. Those core competencies are transferable across all functions and entities. Therefore training can be consistent and scalable across the Group;
- a BIC University network of learning centers is being defined, and in 2014 the Bratislava learning center was extended;
- the definition of a core curriculum for BIC University is underway, leveraging on all the best training and development opportunities across the Group;
- access to digital learning is being expanded.

In addition, specific local programs are developed on management and leadership.

- BIC Graphic US has launched an ambitious two-year leadership development program for all of its managers;
- in Europe the "My job: Leader@BIC" module has been piloted and deployed;
- in North America Consumer Products, the first edition of "Leaders in Action" has been launched. This leadership development program is delivered over one year, allowing leaders to develop their leadership through classroom learning and experience;
- in the European Consumer Products activity, the Senior Management team has developed its crisis management skills through an awareness-raising seminar.

In addition, the third session of the Executive Management Program started up in Europe in 2014. This program offers 20 BIC leaders the opportunity to:

- better understand the Group's business model and all BIC functions through modules;
- develop their skills through leadership-specific experiences;
- build an internal network during the two years of the program that will allow them to perform and lead better.

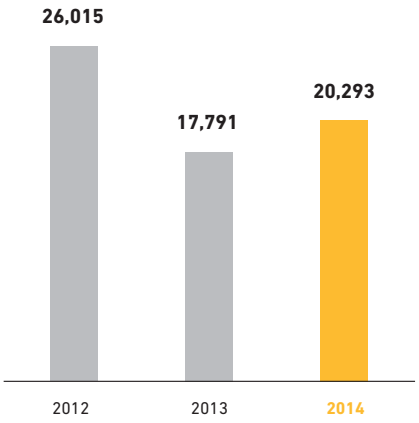
More specifically, for technical/functional training, each entity invests in skills development training. All plants offer technical skills programs. In 2014 a specific skills development program for all sales personnel was designed in Europe, called the "Best In Class Program for Sales," and one for customer service called the "Best In Class Program for Customer Service." By October 2014, all customer service managers had been trained in building effective development plans with each of their team members. In addition, from September to December, more than 100 customer service employees were trained in time management, a critical skill for the customer services function.

The "Welcome to BIC" seminar has been re-engineered in Europe and North America to offer newcomers a smooth and efficient integration process, thus inciting engagement and performance.

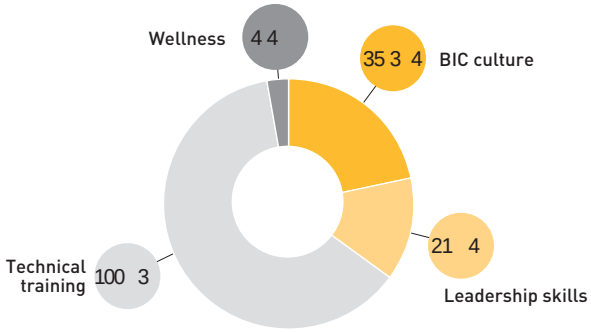
Also in 2014, the BIC Asia managers were invited on a "BIC Discovery Trip" to learn about the Group's factories, history, culture, innovations and current best practices in Europe. Lastly, the Program for International Managers (PIM's program) allowed four more young professionals to change positions and locations across the Group.

♦ Performances

NUMBER OF TRAINING DAYS - BIC GROUP



NUMBER OF TRAINING HOURS (PER THEME) - BIC GROUP 2014



♦ Perspectives

In 2015 part of the BIC University management curriculum will be deployed in developing markets. In addition, this curriculum will be strengthened through a combination of different learning methods.

The focus will be kept on providing equal access to learning and development across all entities, increasing actions with the categories and BIC Graphic.

The structuring of BIC University's core curriculum will make it possible to leverage best practices in Europe, North America and Developing Markets.

2.4.5. 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 Director in agreement with the Leadership Team. It is based on three principles:

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

An essential element in the BIC Group's remuneration policy is the acknowledgement of the performance of individuals and work teams. Thus, for managers, salary increases reflect individual merit (except in certain countries with legal obligations regarding general increases). A total of 89% of the managers (excluding Cello Pens) present on December 31, 2014 received a base salary increase during 2014.

In 2014, variable remuneration relating to performance represents an average of 12% 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.

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

In 2013, a complete analysis of the external competitiveness of managers' base salaries was commissioned. For the 51 countries in which BIC has managers, Hay Group supplied market median data in respect of 2013 for each BIC level.

♦ Performances

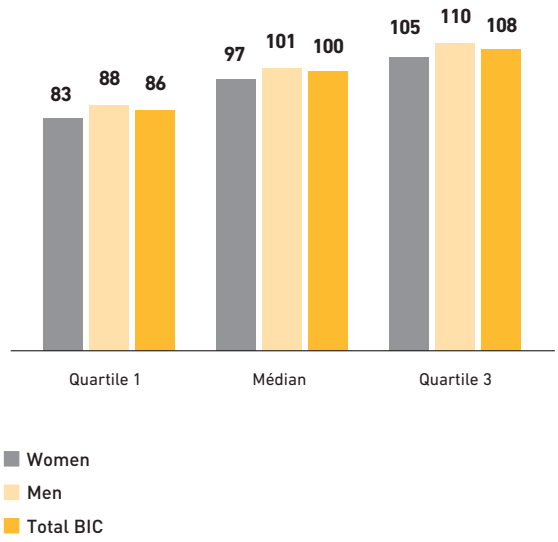
Within the Group, the average annual cost (including payroll taxes) of each employee totaled 53,000 euros in 2014, or a 1.7% increase at actual exchange rates from 2013.

Analysis using constant exchange rates shows a 3.0% increase compared with 2013. Overall, this stability in the average annual cost of each employee:

- a +3.2% increase in average fixed remuneration;
- a +9.4% increase in variable remuneration compared to 2013 2014 was a year in which the excellent results led to the payment of higher annual bonuses;
- a +1.4% increase in payroll taxes and other benefits.

Information on managers' remuneration is provided on pages 116 to 127.

COMPARISON OF MANAGERS' SALARIES WITH THE MARKET (IN 2013) (EXCLUDING CELLO PENS)



Results showed that, on average, BIC managers (excluding Cello Pens), men or women, are positioned at their local market median for both men and women. Overall, the four points difference between men and women at BIC is explained by the structure of the population. Differing remuneration levels between employees are justifiable. They reflect responsibilities, experience, performance, and potential, and take the specificities of local markets into account.

2.4.6. PROMOTING DIVERSITY

♦ Challenges

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, beyond any legal or ethical consideration. In 2014, an analysis of the workforce revealed that 89 nationalities were represented in the Group's permanent headcount — 15 more than in the previous study conducted in 2012. This increase 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 recruitment process of the Group.

With no fewer than 17 different nationalities, the BIC Graphic site in Spain, which had 353 permanent employees at December 31, 2014, exemplifies the Group's diversity.

Diversity also contributes to making the Company more attractive to its consumers and partners and to employees who prefer to work for a responsible Company that makes an effort to reflect the society that it serves.

♦ Approach

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 was translated into the main languages spoken in the Group. Through this Charter of Diversity, BIC Group aims to meet the following commitments:

- make diversity and non-discrimination priorities;
- respect and promote non-discrimination principles in the Company's processes, thus encouraging diversity at all levels of the organization;
- encourage local actions and policies to promote diversity in all its aspects;
- inform employees of the Group's commitment and communicate local actions and results.

As part of this approach, BIC highlights different diversity-oriented themes: gender diversity, disabled employees, minorities, seniors, etc. For each theme, actions are initiated locally and coordinated by the Diversity Team, then extended and shared throughout the Group in the subsequent years.

Locally, communication and awareness campaigns targeting all BIC employees are organized every year.

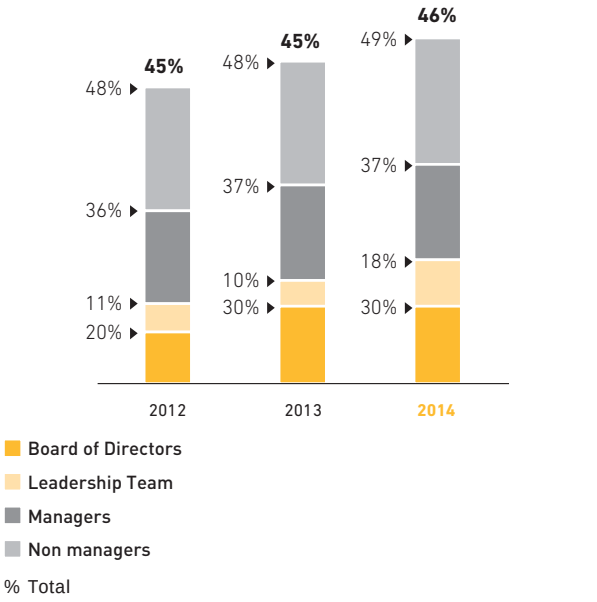
♦ Progress made in 2014 and performances

Male/female equality

The communication and awareness efforts in this area seem to be paying off. At the BIC France subsidiary, a striking transformation has been observed regarding the gender diversity in the Sales Force headcount. In 2002, 75% of this headcount was represented by men. Ten years later, the rise in the number of women in this function had led to an improved gender balance: 51% of women against 49% of men in December 2012. In addition, the South American subsidiaries have reported an improvement in gender parity as a result of more balanced recruiting.

In 2014, women accounted for 46% of permanent employees of the Group. They accounted for 37% of the workforce in Europe, 54% in North America, 50% in Developing Markets (Latin America, Middle East, Africa, Oceania and Asia).

PERCENTAGE OF WOMEN - BIC GROUP



In 2014, 29% of Directors and executives are women i.e. +1 point versus 2013.

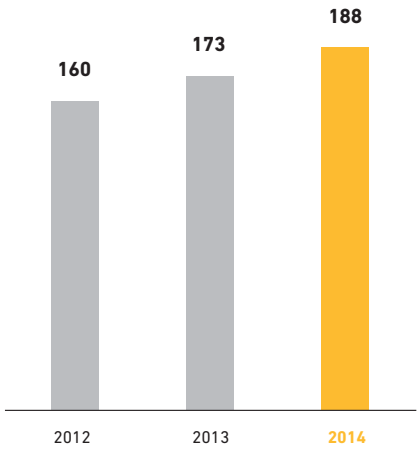
Disabled employees

The BIC Group is committed to promoting employment for the disabled.

In Mexico in 2014, BIC was awarded the "Company that Promotes Integration" for its program and actions. Investments were also carried out to make the Company's buildings more accessible to persons with reduced mobility.

In Argentina, the temporary employment agency Manpower honored BIC for its efforts to hire the disabled. Today 5% of the Company's employees have a recognized disability. BIC continues to promote training for its personnel on the topic of disabled persons and their integration in the workforce. To this end, BIC has also joined an association of companies committed to this issue.

NUMBER OF DISABLED WORKERS – BIC GROUP (EXCLUDING CELLO PENS)



In 2014, disabled workers at the Group's largest sites totaled 188 (excluding indirect jobs associated with outsourcing). They numbered 58 in Europe, 82 in North America/Oceania (versus 77 in 2013), 46 in Latin America and 2 in the Asia/Middle East/Africa area. The commitment of BIC made in favor of diversity is reflected particularly by local trainings and employment assistance for disabled workers.

Seniors

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. In order to ensure the transmission of skills and continuity of the Company's know-how, an analysis of the age structure and seniority of has been made in the factories of the Group. From this, it can be seen, for example, that the Lighters factory at Redon (B.J.75) (France), employees aged more than 60 years, who are likely to retired in the next five years, represented 4.1% of the 2013 workforce but are going to represent more than 12% in 2015, at constant perimeter.

In this context, BIC seeks to promote:

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

To develop intergenerational cooperation, in 2014 the North American teams launched initiatives for improving understanding and collaboration among employees of different ages. Examples include:

Generation of the Week Giveaways: All employees in Shelton, Milford, Toronto, Charlotte, Gaffney, Vancouver, together with the U.S. and Canada sales teams, received three items that represent each generation each week (Baby Boomers, Gen X and Gen Y). Along with each item, employees received a snippet of information about that generation, which was intended to help employees understand that generation.

Generational Crossword Puzzle: Contest run in the U.S. to build awareness about generational differences.

Chat'n Chew Jeopardy! Game Show: Employees were invited to bring their own lunch and get together with colleagues from other departments at BIC. Participants could either take part in the Jeopardy!-style game show or cheer on their colleagues. Questions related to different generations to encourage employees to form multi-generational teams.

Generational Differences in the Workplace Training Course: Half day training course available at the **BIC University** for a more in-depth look at the culture and events that shaped each generation and their influence on the generations in the workplace.

In France, acting on a proposal by the Leadership Team, the Verberie factory provided training for all of its managers to help them understand and relate effectively to younger generation employees.

In addition, many ceremonies have been held throughout the Group to honor the longest-serving employees. These are significant occasions for recognizing their loyalty and long-term commitment to BIC.

The professional integration of minorities

In France, BIC became a member of the association *"Nos Quartiers ont des Talents"* ("Our Neighborhoods Have Talent") and its mentorship program in April 2012. Founded in 2005, this non-profit organization helps young professional and technical school graduates from disadvantaged neighborhoods to find work. Its mentorship program mobilizes managers of member companies to coach young graduates during their job search. The launch operation was very well received by all the employees at the Clichy site who wanted to become more personally involved in the Group's diversity actions. More than 30 managers have volunteered for *"Nos Quartiers ont des Talents"*. Since the beginning of the program, BIC mentors have coached and advised a total of 95 young graduates, 44 of whom had found jobs by the end of 2014.

Fostering diversity also means understanding the cultural environments in which BIC's subsidiaries operate. For example, the managers of the Middle East-Africa zone, based in the subsidiary that recently opened in Dubai (United Arab Emirates), participated in the Iftar (fast-breaking) ceremony during Ramadan 2014 and visited the Dubai Cultural Center to gain a better understanding of the local culture.

♦ Perspectives

The Group will continue to pursue the development of local initiatives. New initiatives will be undertaken in awareness, communication, training and the deployment of mechanisms for compliance with legal requirements.

An event is scheduled for January 2015 to recruit new mentors as part of the Group's partnership with the *"Nos Quartiers ont des Talents"* program.

2.4.7. SOCIAL DIALOG

♦ Challenges

The BIC Group endeavors to use all the means available in order to engage in dialog with its employees. In this spirit, it set up the initiatives on listening to employees mentioned above. In order 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 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 always a subject of prior dialog, and the employees and their representatives are kept informed to ensure optimal communication.

♦ Progress made in 2014

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 (as described in the pertinent sections of this document).

The following table gives a few examples of such agreements.

Perimeter	Topic
Spain – Lighter category	Renegotiation of the Collective Bargaining Agreement at the Tarragona entity. Result: many meetings were held to discuss the employees' demands, emphasize the importance of social dialog and take business needs into account (greater flexibility for the factory's opening).
France – Local negotiations, all entities	Examples of topics discussed with employee representatives in 2014: • supplementary health and disability insurance; • the employee savings program (profit-sharing, incentives, retirement). 2015 will be marked by the renegotiation of the profit-sharing agreement for the production sites.

♦ Performances

The audit conducted in 2013 showed that, as of December 31 of that year, nearly 70% of the Group's workforce benefited from some form of employee representation. In order to develop the representation of its personnel, BIC shares this approach with its managers as one of the Group's management methods. Based on its knowledge of its employees, BIC also seeks to anticipate and/or respond reactively to their needs and expectations. It should be noted that in 22 of the Group's smaller subsidiaries (with fewer than 15 permanent employees), which have no employee representative bodies, direct dialog with the management remains the employees' preferred form of communication. Furthermore, in certain entities where no one presented themselves as candidates in the most recent employee representative elections, the employees benefit from working conditions that are at least comparable to those in the rest of the Group. They benefit from an on-the-job stress prevention plan, inclusion in the profit-sharing and incentive systems and equivalent supplementary health and disability insurance coverage. In some of these situations, such measures are adopted upon signature of two-thirds of the employees concerned.

In France, the discussions initiated with the employee representatives in 2013, resulted in a complete revision of the supplementary disability insurance program during 2014. Starting on January 1, 2015, the program will cover all categories of personnel, which was previously not the case at all sites.

♦ 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 union and employee representatives. Highly diversified initiatives will be carried out at the local level in order to offer the best responses to local situations and needs.

2.5. Our societal responsibility

The eight Millennium Development Goals (MDG) set by the United Nations and adopted in 2000 by 189 countries emphasize the crucial role of universal access to education and hygiene in the fight against poverty. The societal challenges undertaken by BIC also include respect for ethics and Human Rights in the workplace, the fight against corruption and support for local communities.

The Group strives to meet these challenges through its local economic presence, with 3.2 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 51). In addition, all of the BIC Group's operations and subcontracting activities integrate the application of its Code of Conduct and the development of philanthropic policies that favor involvement at both the Group and the individual level.

2.5.1. FULFILLING OUR RESPONSIBILITY ACROSS OUR ENTIRE VALUE CHAIN

2.5.1.1. Responsible purchasing and sustainable relations with suppliers

♦ Challenges

The vast majority of BIC products, representing 85% of the Group's turnover, are produced in its own 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, BIC 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 of 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 issues and challenges concerning Human Rights are discussed in section 2.5.2 "Ensuring respect for Human Rights in the workplace" page 87.

♦ Approach and progress made in 2014

The Responsible Purchasing Charter

The Group seeks to cultivate long-term commercial relationships with its suppliers, establishing responsible relations with them and, in particular, 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. Its application will be expanded in the years to come.

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:

- **the BIC Group Code of Ethics:** respect for ethical principal regarding Human Rights, respect for the environment, compliance with the law, etc.;
- **the Purchasing Golden Rules:** commitments to help ensure an ethical, equitable, transparent and cooperative business relationship;
- **the BIC Group Code of Conduct:** expectations with respect to work environments, fair and ethical employment practices, health and safety measures, etc.;
- **the Environmental, Health and Safety Policy:** pollution prevention, risk prevention, regulatory compliance, continuous improvement, etc.;
- **the Product Safety Guidelines:** a qualification process, regulatory compliance reviews, product testing, a proactive approach to safety innovation, etc.

This charter is submitted to all suppliers and subcontractors for which it is applicable.

Cartography of suppliers, subcontractors and service providers

In order to apply its Responsible Purchasing Charter, BIC has developed three risk management programs: compliance with the Code of Conduct (see page 87), audit programs (see page 87) and ESG evaluations by EcoVadis (see below).

EXAMPLE OF RISK MANAGEMENT PROGRAMS FOR SUPPLIERS AND SUBCONTRACTORS INVOLVED IN THE PRODUCTION AND/OR SHIPPING OF BIC® PRODUCTS

	ESG Evaluation by EcoVadis	Code of Conduct	Audit program
Raw materials suppliers (plastics, metals, packaging and ink)	X		
Contract manufacturers, licensed manufacturers, manufacturers of BIC promotional products		X	X
Transport carriers		X	

Evaluation of suppliers' CSR performances and collaboration for continuous improvement

Since 2011, BIC has evaluated its raw materials suppliers according to Environmental, Social and Governance (ESG) criteria with the help of the EcoVadis firm. The EcoVadis scoring system is comprised of 21 indicators in four areas: Environment, Social, Ethics and Suppliers / Supply Chain. The evaluation consists of assessing the suppliers' policies, actions undertaken and results achieved in sustainable development. The supplier is rated in each area and given an overall score with a maximum of 100. This initiative enables BIC not only to identify suppliers that pose a risk but also to work with them in a process of continuous improvement and develop best practices that can then be shared.

For its first campaign (2011), BIC targeted suppliers of its primary and most strategic category of materials, namely plastics. Out of 81 suppliers contacted, representing 90% of the Group's plastics purchases by volume in 2011, 71 responded (80% of 2011 purchases by volume), for a response rate of 87%. The evaluation campaign was extended in 2012 and 2013 to include other categories: metal (44 suppliers contacted) and packaging (France only, 36 suppliers contacted). In all, 161 of the Group's suppliers were contacted between 2011 and 2014.

The second campaign was launched in 2014, covering those same strategic materials plus inks. The initial results will be released in 2015.

The "Transport Community" uses the tools made available by the Group to help its transport service providers make progress toward sustainable development. In 2013 the BIC Code of Conduct was amended to make it applicable to transport carriers and other suppliers. The updated Code was shared with every continent. Brazil dedicated a booklet to the presentation of the BIC Code of Conduct for 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 and to supply packaging containing recycled materials (see page 56).

Operational cooperation between the Purchasing Department and the Group's various operational units

The representatives of the Purchasing Department work in close cooperation with the different product Categories in order to locate and supply innovative, high-performance materials and offer operational solutions for all R&D needs. Their role is also to centralize and share best practices throughout the Group, especially concerning strategic materials like plastics.

Regarding sustainable development, the Purchasing Department also acts as an advisor to the factories, working closely with them to foster lasting relations with their suppliers and help optimize energy consumption at the French sites. This enables the Group to improve through contact with its suppliers, remaining actively attentive and taking advantage of their suggestions.

Ensuring perennial supplies

The purchasing teams are in charge of implementing the supply risk management approach, along with the resulting action plans. The buyers and suppliers ensure the steady supply of raw materials for their factories (reliable sourcing, availability, price stability). The Purchasing Department closely monitors the supply of recycled materials, for which stock reserves are low, to ensure their availability in the factories. The people involved in supplier relations work closely with their contacts in order to keep the system running smoothly and share best practices.

♦ Performances

- ***Since 2011, 161 suppliers were assessed by EcoVadis according to sustainable development criteria.***
- ***50% of BIC's plastics suppliers have been working with the Group for more than ten years.***

♦ Perspectives

BIC Group plans to use the results of the second EcoVadis supplier evaluation campaign to define and implement action plans in collaboration with the factories.

In early 2015, a new campaign was launched across the entire current scope (Plastics, Metal, Packaging), which will be supplemented this year by the Inks and Chemicals family. This new assessment will lead to the implementation of specific action plans to set up a process of continual improvement with our suppliers.

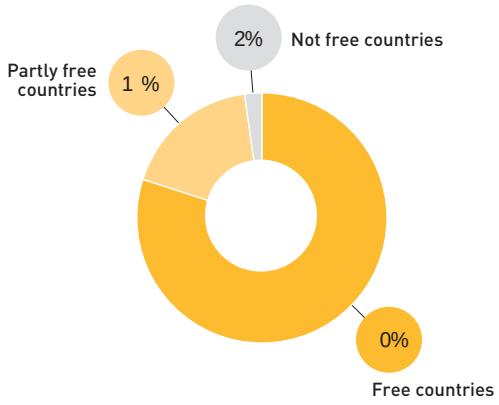
2.5.2. ENSURING RESPECT FOR HUMAN RIGHTS IN THE WORKPLACE

♦ Challenges

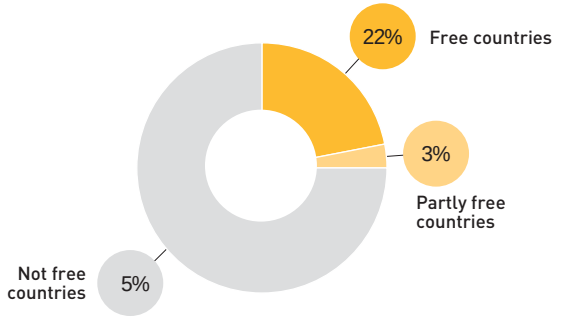
BIC's reliance on contract manufacturing is relatively low. Overall, 85% of the Group's net sales are generated from products made in its own factories: 88% for the Consumer business and 63% in BIC Graphic's Advertising and Promotional Products business. 83% of these factories are located in countries 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.

BIC'S PERMANENT WORKFORCE BY CATEGORY OF COUNTRY IN RELATION TO HUMAN RIGHTS RISK (1) IN 2014 – BIC GROUP



GLOBAL CONTRACT MANUFACTURERS BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK (1) IN 2013 – BIC GROUP



♦ Approach

An approach guided by the Code of Conduct

To ensure respect for Human Rights in the workplace, BIC has implemented its **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 of 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 and ongoing compliance.

The Code of Conduct is based on the following ten 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 that are primarily located in China, the U.S. and Spain.

The social audit program

Compliance with the Code of Conduct is verified by an audit program that is designed to cover all the activities concerned. This audit program is described below:

- for 14 years, BIC has had an audit program in place to ensure worldwide compliance with its Code of Conduct by **contract manufacturers**. The program applies both to **global contract manufacturers** as to **manufacturers under local contracts** that make BIC® products for local markets. This program is applied to all of **BIC's Consumer Products and BIC Graphic** (Advertising and Promotional Products) businesses. Ongoing audits are conducted every three years to verify that standards are maintained at a satisfactory level. For Consumer Products contract manufacturers, these audits are carried out by third party Auditors. For BIC Graphic contract manufacturers, the audit process combines external audits and audits by specially-trained BIC employees.

  BIC considers social responsibility as a partnership, which requires shared values. In this spirit, BIC favors a common commitment to improvement rather than breaking off relations with its partners. The box in the next page explains the main steps in the evaluation of contract manufacturers;
- self-assessments have been conducted by all **BIC factories** since 2006. The responses are analyzed by independent Auditors. If needed, the factory Director is required to implement a corrective action plan (CAP) in collaboration with the Human Resources Department.

(1) Source: "Freedom in the world 2014", a study by the non-governmental organization Freedom House.

➔ 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 (or in the case of BIC Graphic, a specially trained employee) 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, reasonable time frame.
5. The auditor conducts follow-up assessment(s) to confirm implementation of the CAP.
6. Ongoing assessments are conducted every three years.

➔ SA 8000 CERTIFICATION FOR THE BIC AMAZONIA FACTORY

In 2010, BIC Amazonia obtained SA 8000 social benchmarking certification on a voluntary basis. In 2013, this certification was renewed for a further 3-year period. The second cycle of certification has started and a follow-up audit is carried out annually. Examples of results achieved by this approach include: improvement in relations between management and employees; greater transparency in the HR process, in particular in relation to internal recruitment, training and skills development; and the rollout of best practices to subcontractors directly at BIC sites.

Social audits in the Advertising and Promotional Products business

First launched in 2000, this approach is fully embedded in the Group's processes. Compliance with BIC standards in respect of Human Rights was a mandatory requirement for the integration of BIC Graphic's activities. Due to the large number of contract manufacturers in the Advertising and Promotional Products business, the audit process involves a combination of external audits by third party Auditors and audits by specially-trained BIC Graphic employees.

Quality Certification Alliance (QCA)

In North America, BIC Graphic has been accredited by the Quality Certification Alliance (QCA) since the fourth quarter of 2012. QCA accreditation requires audit scores of 91% or better (BIC Graphic's U.S. facilities) and 81% or better (BIC Graphic's Asian sourcing office and BIC Graphic contract manufacturers) in five different areas. Those five areas are Quality, Product Safety and Regulatory Compliance, Environmental Stewardship, Supply Chain Security and Social Compliance.

SEDEX platform and SMETA audits

BIC Graphic Europe and BIC Graphic North America joined the SEDEX platform in 2012. SEDEX, the Supplier Ethical Data Exchange, is a not-for-profit membership organization dedicated to driving improvements in responsible and ethical business practices in global supply chains. 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 programs including the ILO Convention, ETI Base Code, SA 8000 and ISO 14001. The BIC Tarragona factory (Spain) and La Granada warehouse (Spain) passed the audit with high scores in 2012 and were audited again in 2014. BIC Graphic North America completed SMETA self-assessments of its U.S. sites in Clearwater and St. Petersburg, Florida; and, Red Wing and Sleepy Eye, Minnesota.

♦ Perspectives and progress made in 2014

In 2014, the BIC Group introduced a new tool for assessing the level of performance of each contract manufacturer based on the social indicators of the BIC Group Code of Conduct for the Consumer Products business. The Workplace Condition Assessment (WCA) is considered the next generation in social auditing that will give brands and manufacturers improved performance measurement tools, more meaningful, communicating results and help improve workplace conditions.

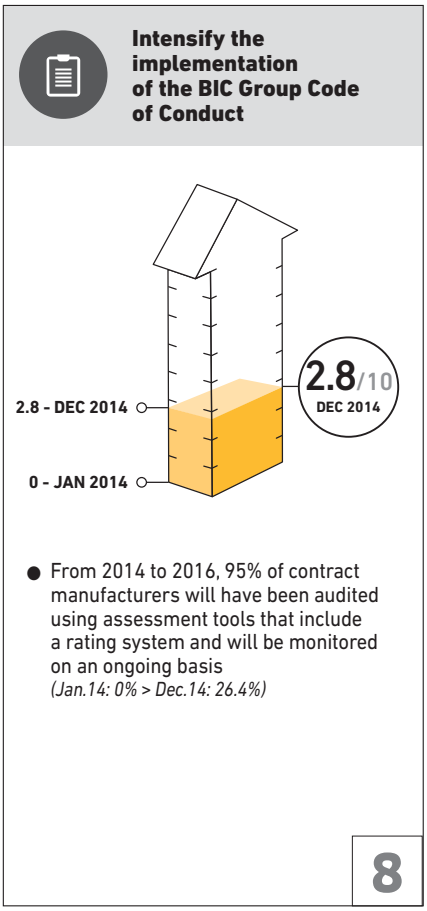
This assessment tool is based on national laws and integrates ILO standards and best practices and complies with the BIC Group Code of Conduct. The WCA comprises more than 180 evaluation criteria covering a range of topics: child labor, forced labor, discrimination, harassment, freedom of association, working hours, salaries, employment contracts, health and safety and environmental responsibility.

Contract Manufacturers are audited, rated on each criterion and then given an overall score. This platform allows the Group to closely monitor a contract manufacturer's performance in each indicator and implement targeted corrective action plans where needed. It also includes global benchmarks for each country and BIC's business sector.

All contract manufacturers will be audited during the next three-year cycle, during which improvement programs will be implemented based on deficiencies identified during the assessment. In the future, coaching programs could be launched to support contract manufacturers in recurring areas of deficiencies.

♦ Performances

To keep on improving in this area, BIC has strengthened its commitment within the 2014-2016 Barometer.



RESULTS FOR 2014: The audits of contract manufacturers with the new tool began in 2014, and an acceleration of this program is scheduled over the next two years.

Main non-conformities with the BIC Group Code of Conduct revealed by contract manufacturer audits

Health and safety continues to be the area in which non-conformities are the most frequent. Working hours non-conformities, such as exceeding the maximum number of working hours or failing to honor mandatory days off and leave time, continue to persist. The audits have also revealed non-conformities in the area of fair wages, including failing to pay the minimum wage and failing to provide required social insurances.

Main issues encountered in the assessment of contract manufacturers

In 2014, the main issue encountered during the audit process concerned the limit of 60 working hours per week. Contract manufacturers continue to resist this limit on working hours. In addition, it was observed that many contract manufacturers that comply with the BIC Group Code of Conduct after implementing a corrective action plan, do not sustain compliance through their next audit cycle, especially in the areas of working hours and health and safety.

- ***Two-thirds of BIC's Asian subcontractors for the Consumer Products business have maintained close relationships with the Group for at least five years.***
- ***In Asia, BIC Graphic has had a business relationship with its main suppliers for more than 15 years.***

2.5.3. ETHICS AND THE FIGHT AGAINST CORRUPTION

♦ Challenges

BIC generates 31% of its sales in countries where the risk of corruption is considered high or very high (like Brazil, Russia, Mexico, Italy and Argentina) and 69% in countries with a medium or low risk of corruption, including France, the United States and Spain (according to Transparency International).

An average of 95% of these sales are generated directly by the Group and its subsidiaries, with distributors accounting for only around 5% of turnover.

♦ 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**.

Since 2007, this document 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 in order to control risks arising from conflicts of interest, the protection of the Group's assets, professional commitment, and relationship with its stakeholders;
- a Guide listing the questions that all BIC employees must ask themselves in order to assess their level of compliance with the Code of Ethics and facilitate its understanding and implementation.

The Code of Ethics and its guide are available in 14 languages.

This Code has been approved by the CEO and the Board of Directors and is available to all employees on the company Intranet.

In order to limit the risk of corruption, the Group and its subsidiaries are organized so that the Executive Committee, Category managements, Continents and central services such as Legal, Human Resources and Finance are all interconnected. Since mid-2012, the BIC Group protocol for reporting cases of fraud, including aspects of corruption, and the subsidiaries are subjected to regular internal and external audits. In particular, these audit campaigns and the verifications carried out by the Group's different departments include aspects concerning customer relations and taxes.

For its distributors, BIC seeks to do everything necessary to counter the most serious risks in terms of customer relations, public contracts and customs.

♦ Perspectives and progress made in 2014

In 2014, after a consultation with the Audit Committee, the Code of Ethics was revised to tighten the Group's standards, in particular regarding the fight against corruption, donations to political parties, the protection of confidential information and responsible lobbying . Regarding corruption, the Code now specifies that BIC pledges to comply with all applicable anticorruption laws and regulations.

This revision also brought the Ethics Charter of the U.S. subsidiary (BIC CORPORATION) into line with the Group Code of Ethics. An addendum was retained containing specific rules governing BIC's operations in the U.S. These policies are backed by an alert procedure, indicating the person to contact.

In the U.S., these two documents are given to new hires, who are asked to sign them, attesting that they have received and read them. A copy of the Code of Ethics is periodically sent to all employees along with a questionnaire that allows them to detect possible violations.

Two pilot training programs on the fight against corruption will be tested in 2014 in the US and Latin America.

2.5.4. ACTING AS A LOCAL AND HUMANITARIAN FORCE

2.5.4.1. Generating and maintaining jobs

♦ Approach

The 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, the Group's policy is to favor local hiring over expatriation. As a result, the Group has a total of only 57 expatriated employees today. BIC thus contributes directly to local economies by generating jobs.

BIC has been developing and maintaining industrial jobs, in particular in France, Spain and Greece, for several decades. The Group promotes "Made in France" and "Made in Europe" products in its catalogues, 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 highly values the local manufacturing of its products in order to contribute to local economic development and include the local communities in the value chain. The Group has strongly localized its manufacturing operations, especially via a network of 10 licensed factories only for the Middle East-African zone. This local partnership approach has kept brought BIC® products closer to its consumers, making them more affordable and minimizing the transportation share of the costs. There are multiple benefits for the partners and the communities alike:

- **local job creation:** more than 1,000 direct jobs have been created in the factories of our licensed manufacturing partners thanks to BIC's direct operations in the Middle East and Africa. Initiatives like the retail kiosks in remote Nigerian areas have also generated income for a number of families from impoverished backgrounds;
- **technology sharing and transfers:** licensed local production of BIC's pen and shaver products essentially requires molding and product assembly operations. As they have acquired BIC skills and expertise in plastic molding technology, a number of licensed manufacturers now produce other plastic products of their own. As evidence of our quality standards, the partnerships between the BIC Group and our local partners enable the latter to diversify their business activities and to attract other large corporations;
- **enhanced product competitiveness** and strong local positioning help maintain BIC's quality standards at an affordable price for the greater number.

→ 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, gave the Group a better understanding of its impact 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 ten 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 it nonetheless remains valid for a site operating in a developing country.

2.5.4.2. Promoting access to education

♦ Challenges

In the area of education and promoting literacy, pens for learning to write are just as important as books for learning to read. In the learning process, writing by hand is a basic skill that helps structure the thought process. For this reason, pens and pencils are indispensable tools for advancing education.

♦ Approach and progress made in 2014

Supporting handwriting through specific product ranges and awareness

For the last two years, a considerable amount of work has been done by BIC marketing teams to support handwriting and its importance in children's development especially through:

- the launch of the BIC Kids range (U.S. and Europe), created in association with psychomotor specialists, ergonomists and teachers;
- the Fight for Your Write campaign in the U.S., provides information to parents, teachers and students about the benefits that writing has on cognitive development, fine motor skills, self-confidence and creativity;
- the launch of the BIC® Kids web site in Europe.

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 is able to 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 2014, **BIC South Africa** renewed its large-scale "Choose BIC and Change a Future" charity products campaign. South Africa is a country that faces enormous educational challenges: 4.7 million of its citizens are illiterate and its unemployment rate exceeds 24%. 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 2013, the operation was a huge success, with 1.4 million pens donated once again in just three months, for a total of 3.4 million pens donated in three years. In 2014 the operation was extended to Botswana (250,000 pens donated) and Mauritius (40,000 pens).

In the **Middle East-Africa zone,** a similar operation called "The Most Shareable Ball Pen" was launched on the social networks for the benefit of needy schools in those regions. BIC pledged to donate one BIC® Cristal® ballpoint pen for every drawing that was created using a BIC® Cristal® and posted on the website www.biccristalstory.com. A total of 20,700 BIC® pens were distributed as a result of this operation.

In **Europe**, for the fifth consecutive year, the *"Kit Scolaire 2014"* operation, to which BIC contributes through the French NGO *Dons Solidaires*, met with great success. In 2014, the Group renewed the *"Kit Loisirs"* ("vacation kit") operation, created to help children make the most of their school vacation time away from school. In all, 120 associations received shipments and distributed them to 15,000 underprivileged children at the beginning of the summer vacation and the start of the school year. The *Kits Scolaires* contain school supplies and hygiene products, while the *"Kits Loisirs"* include beach games, coloring books and other materials for fun activities. The kits are very much appreciated for the quality and variety of the items they contain, donated by more than 20 partners.

In **France**, BIC also supports "AFEV," an association to help prevent student failure in schools. Funded in part by the French national education system, this association promotes scholastic tutoring through a network of volunteer students working in underprivileged neighborhoods. BIC supports "AFEV" through both financial and material donations.

During 2014, as part of the "BIC Citizens in Action" program (see next page), BIC once again joined forces with the NGO *Planète Urgence* to deliver aid to Haitian families. In 2010, the Group supported a *Planète Urgence* project called "Haiti: A Roof, a Future," followed in 2012 by "Haiti: A School, a Future" benefitting families in La Montagne, near Jacmel. In 2014, access to education remains a key challenge: nearly 375,000 Haitian children are currently not attending school. "BIC Citizens in Action" invested donations received from BIC employees and matched by the Group, totaling more than 120 thousand euros, in an initiative called *"Haiti: Sur le Chemin de l'École"* ("Haiti: Back to School"). The project encompasses a range of actions, including financial help to allow children to attend school instead of working to help support their families, academic support, extracurricular activities and the construction of study kiosks where children can do their homework.

In addition to the "BIC Citizens in Action" program, the Group and its subsidiaries also donate products and financial aid. Local philanthropic activities, managed by the Group's local subsidiaries, might be at the initiative of a subsidiary, employees or different stakeholders in the community who become aware of a need. These operations address local as well as global needs. Because of its historical core products, BIC's community activities are mainly focused on the fields of education and health (see following page).

Program type	Examples of volunteer activities among BIC group subsidiaries to promote education
Products donation	**U.S.:** Donation of pens and pencils to "Adopt-a-classroom," an organization that identifies schools in need of supplies. As part of BIC's Fight For Your Write initiative, parents were invited to sign a petition to encourage handwriting. In return for each e-signature on the petition, BIC will donate one pen or pencil to a child in need.
	Australia: Donations of stationery products. BIC Australia sponsors the Young Australian Art & Writers awards. These awards were created to provide children with the opportunity to express themselves through different forms in order to help build their confidence and self-esteem through art and creative writing.
	Singapore: Donation of pencils to primary school students.
	Tunisia: Donation of writing products to 30 schools through the "*1,001 Cartables*" project.
	Brazil: Product donations and employee volunteer work to repair a school library.
Financial aids	**U.S.:** BIC is a partner of ENACTUS, an international not-for-profit organization that supports student leadership development and social responsibility by combining the power of business and education. Leading universities from around the world identify and implement impactful, socially responsible initiatives at local and international levels. These efforts positively impact the lives of thousands of people around the world, all through the promotion of business and free enterprise.
	U.S.: Since 1994, the objective of "play safe! be safe!®" has been to teach young children basic fire safety and prevention measures. This multimedia program was created for BIC by educators and fire safety experts.
	France: Donations to "*l'enfant@l'hopital*," an association that equips, trains and provides IT support to children in hospital, thus helping them feel less lonely and allowing them to keep up with their schoolwork.
	Spain: Talita is a foundation that supports the social integration of special needs children suffering from mental disorders such as Down's syndrome, etc. Every year they make a "solidarity calendar" with photos of children and Spanish celebrities to raise money for the foundation. In 2014, for the sixth year, BIC joined the cause by sponsoring the month of September, organizing painting workshops during the launch of the Talita Calendar and donating BIC® products for the children.

Examples of initiatives to promote health or undertaken, in response to local needs, for the environment, emergency humanitarian aid and sports are described in the following section, "2.5.4.3 Other philanthropic actions."

♦ Perspectives

In 2015, BIC plans to extend its partnership with *Dons Solidaires* by encouraging its employees to participate in the preparation of the school supply kits alongside the association's volunteers.

2.5.4.3. Other philanthropic actions

♦ Approach and progress made in 2014

BIC Citizens in Action

Launched by the Group in 2008, "BIC Citizens in Action" is a worldwide program based on a shared commitment by BIC and its employees to protect the planet and help local communities, thus responding to societal challenges at both the global and local levels.

At the global level, this commitment takes the form of matching fund campaigns: the employees are mobilized through fundraising drives in all subsidiaries worldwide, and the Group matches the amount of money collected. In 2014 a total of 120 thousand euros was collected.

At the local level, "BIC Citizens in Action" encompasses numerous volunteer projects around the world, in which BIC employees donate their time, energy and resources to help local associations and organizations.

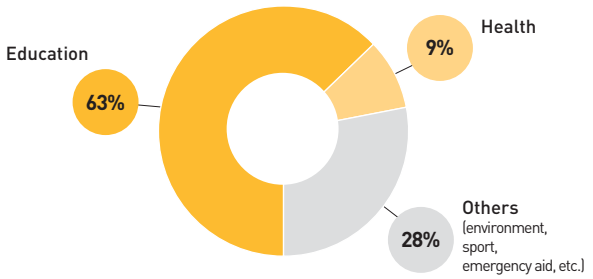
Program type	Examples of activities in BIC Group subsidiaries in the field of health, environment, sport or emergency humanitarian aid
Products donation	**BIC Central, Southern and Eastern Europe:** In response to major flooding in Serbia and Bosnia in May 2014, donations were made, mostly of writing products, for the benefit of children and schools impacted by the floods. Local people were unable to live in their homes for several days and needed basic everyday supplies. By contributing pens and shavers, BIC was able to help people in the flooded areas.
	Brazil: Donation to Casas André Luiz. For 60 years, this association has been helping people with severe, serious, moderate or slight mental disabilities, with or without associated physical disabilities. www.andreluiz.org.br
	France: Donation of writing instruments and shavers to charitable associations (e.g. *Secours Populaire*).
Employee volunteer work	**France:** More than 100 BIC employees and members of their families participated in a charity race organized by the Odyssea association. The registration fees were donated to the Gustave Roussy Institute, which specializes in treatments for cancer.
	Greece: The BIC Greece team selected the remote village of Asprogia in northern Greece and rebuilt the local medical center, providing the necessary medical equipment. The project called on the employees' sense of ethics and responsibility, as well as promoting teamwork. It demonstrated simplicity in requiring only a few specialized skills, and ingenuity in avoiding significant costs. After several months of work a team of 19 BIC employees traveled to the village in late October 2014 to complete the project.
	Canada: BIC Canada supports The Children's Breakfast Club, a not-for-profit charitable organization that believes that every child is entitled to a nutritious breakfast. BIC employees donated their time to help serve breakfast to students aged 6 to 13 at four different local schools, and stationery products were handed out to all attending students.
Financial aid	**U.S.:** In 2014, BIC Consumer Products USA renewed its support for Susan G. Komen for the Cure®, participating in its fight against breast cancer through the sale of selected stationery products. BIC Milford and Shelton also each held a "Pink Day" to raise awareness for breast cancer. Employees were invited to wear pink and purchase breast cancer awareness ribbons, with the proceeds going to Susan G. Komen Connecticut.
	BIC Central Southern and Eastern Europe: Many kindergartens and nurseries were devastated by the major floods that occurred in Serbia in May 2014. Together with Fund B92, BIC participated in a campaign called "The Battle for Children." For every purchase of a product with a BIC® sticker, 50 dinars were donated to help rebuild the damaged nurseries and kindergartens.

♦ Performances

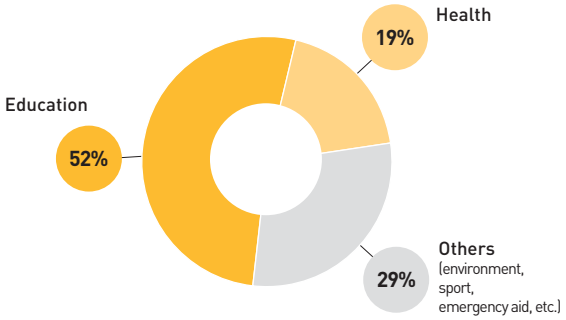
➜ ***208 philanthropic projects involving volunteer work, product donations and financial aid carried out in 2014 (all fields combined).***

In 2014, a total of 208 philanthropic projects involving volunteer work, product donations and financial aid were carried out worldwide, representing more than 0.49% of the Group's pretax profits, primarily in education and health. These two sectors account for 71% of BIC's community activities in number, and represent 72% of their total estimated financial value.

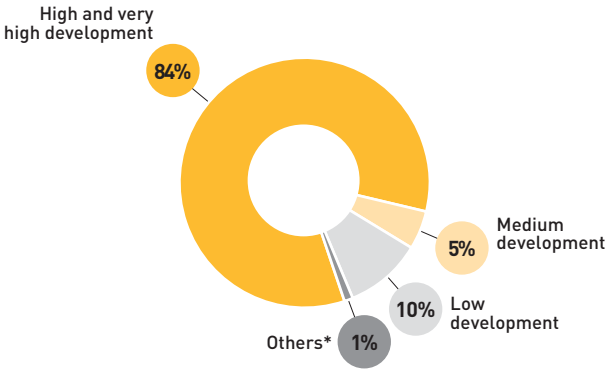
FINANCIAL BREAKDOWN OF ACTIVITIES – BIC GROUP – 2014



BREAKDOWN OF ACTIONS BY FIELD – BIC GROUP – 2014



DISTRIBUTION OF ACTIVITIES BY COUNTRY ACCORDING TO THE UNITED NATIONS HUMAN DEVELOPMENT INDEX (HDI) – 2014



* *Countries not listed in the Human Development Index.*

2.6. Milestones

2.6.1. EXTRA-FINANCIAL RATINGS

BIC continues to be listed on the Socially Responsible Investment Indexes:

- FTSE4Good Europe;
- Euronext Vigeo Europe 120;
- Ethibel Excellence Investment Register;
- Gaia Index;
- Stoxx Global ESG Leaders Index.

The Carbon Disclosure Project: in 2014, BIC was once again included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI). In recognition of its actions to reduce and manage greenhouse gas emissions, accompanied by open and transparent communication on its performance, BIC has been included in this index since 2009. In 2014, the Group scored 95 points out of 100, placing it among the 27 companies singled out on this index, which covers 91% of the publicly-traded companies in France.

2.6.2. PRIZES

In 2014, BIC was honored for the transparency of its financial information by Labrador's *"Grands Prix de la Transparence Financière"* for French listed companies. Out of 120 French companies, BIC received two awards:

- first prize in the Consumer Goods & Health category, for the third time and the second consecutive year;
- the Grand Prix du Jury 2010-2014, a special award to BIC and the Crédit Agricole bank for the consistency of their financial communication for more than five years.

In 2014 BIC also won Second Prize for Societal Responsibility in the AGEFI Grands Prix du Gouvernement d'Entreprise corporate governance awards. This recognition is given for best practices in human resources, the integration of sustainable development in corporate strategy, meeting stakeholders' expectations and employee shareholding.

Lastly, BIC won the Trophy for Best Investor Relations – Sustainable Development Category, sponsored by SFAF, CLIFF, NYSE Euronext, Middlenext, AGF and IFA.

2.6.3. PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1, 2014 to December 31, 2014.

2.6.3.1. Perimeter

Regarding the indicators that refer to human resources and communities, the reporting perimeter encompasses all permanent employees of all French and foreign operational units within the Group.

The indicators that refer to environment and workers' accidents only concern the operations that have a significant impact in those areas, namely the industrial activities owned by the Group. These indicators therefore concern the BIC Group's 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.

The environmental and health & safety perimeter is fixed for the period 2014 -2016 to ensure consistency with the data in the Barometer. Any new site or new acquisition during this period would therefore only be included in the next Barometer period.

Consequently, in 2014, four new entities are now consolidated at Group level: BMT11 (Tunisia), BIC Graphic La Granada (Spain), BIC Canada (Canada) and BIC Charlotte Distribution (U.S.). BIC New Zealand (New Zealand), which is closing, is no longer consolidated.

BIC Group's share in the capital of the seven Cello Pens entities went from 55% to 75% in July 2014. Cello Pens activities have not been included in the environmental, social and societal reporting for 2013.In 2014, BIC started working on the implementation of an environmental and health & safety reporting with the objective of integrating Cello Pens' factories in the Group consolidated reporting by 2017.

Headquarter reporting concerns the Group headquarters around the world with more than 200 permanent employees.

2.6.3.2. Indicators

The published indicators are chosen to best represent BIC's main social and environmental stakes.

The inventory of activities for the benefit of our communities is compiled from surveys, sent annually to the management of each subsidiary.

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

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

Concerning the reporting on greenhouse gas emissions, the conversion factors have been normalized based on those annually proposed by the International Energy Agency. The present report follows the methodological recommendations of the Global Reporting Initiative (GRI). The GRI indicators used in the report are referenced in the correspondence table for environmental and social indicators (page 275).

2.6.3.3. Methodological information concerning the BIC Sustainable Development Barometer

♦ Definitions

Products

Launch innovative responsible products

The concerned products will be innovative while offering a social or environmental benefit. This innovation is defined as never been done at BIC before.

Create products for developing markets

Through its vision ("We offer simple, inventive and reliable for everyone, everywhere, everytime"), BIC develops or adapts products in order to bring what's essential to the greatest number of people. The eight products will be designed to meet the needs of local developing markets. Markets considered as developing to BIC (definition in the registration document) include in particular developing countries according to HDI (Human Development Index of United Nations Development Programme).

Offer BIC® products with environmental benefits

BIC has defined the environmental benefits for its products as follows:

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

This commitment is calculated with the net sales.

Industry

Select responsible materials for packaging

This commitment 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 with the material weight.

Improve environmental performance of BIC factories

Since 2002, BIC has introduced environmental reporting for its factories that monitor their energy and water consumption as well as their production of hazardous and non-hazardous waste. Deployment and maintenance of EMS ensures the regular implementation of programs designed to improve the performance of these indicators.

Maintain a low level of air freight

By minimizing air-freight, maintaining low GHG emissions from products transportation is possible. The scope of this objective is the intersite 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 kilometers.

Social/Societal

Maintain low worker accident rates

In 2013, BIC holds an Incidence Rate (IR) of 8.43 and a Severity Rate (SR) of 0.27 for its factories, which are lower than the last French mechanical industry published rates (2012): 21.4 for IR and 1.1 for SR. IR is expressed in number of accidents resulting in more than one calendar lost day per million hours worked and SR is expressed in number of calendar lost days per thousand hours worked.

Intensify the implementation of the BIC Group Code of Conduct

The commitment 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. BIC Graphic audits are conducted only in sites located in countries with "Human Rights" risks (not free and partly free according to Freedom House, 2013).

Develop employee engagement

BIC conducts Employee and BIC Values surveys which alternate on a biennial basis: in 2014 the Employee survey, in 2015 the Values in Action survey and in 2016 the Employee survey. The scope has to be at least 80% of BIC permanent headcount.

Ensure BIC employees employability

This commitment measures the number of manager and non-manager positions executed internally compared to the total number of executed positions in the Group over the same period of time. This includes the following: promotions (increase in level) and developmental moves (position moves that encompass a change in position or geographical area or entity).

2.6.4. INDICATORS TABLE

Environment	Barometer	Unit	2012	2013**	2014
Management systems of factories					
Factories with environmental and health & safety management systems (or with implementation under way)		%	95	99.7	89
BIC employees working in ISO 14001 certified factories		%	74	81	84
Energy consumption					
Annual energy consumption		Gigajoules	1,041,042	1,100,313	1,113,266
Annual energy consumption normalized to production	Barometer	Gigajoules per ton	12.73	12.68	12.29
GreenHouse Gas (GHG) emissions					
Total amount of annual GHG emissions		tCO_2-e	91,509	93,679	94,374
• Direct GHG emissions		tCO_2-e	8,599	9,354	8,940
• Indirect GHG emissions		tCO_2-e	82,910	84,325	85,434
Total amount of annual GHG emissions normalized to production		tCO_2-e/ton	1.12	1.08	1.04
Water consumption					
Annual water consumption		m^3	624,170	606,884	568,084
Annual water consumption normalized to production	Barometer	m^3 per ton	7.63	6.99	6.27
Waste production					
Annual waste production		Tons	21,704	22,682	23,575
• Non-hazardous waste		Tons	19,534	20,314	20,744
• Hazardous waste		Tons	2,170	2,368	2,831
Annual production of waste normalized to production		Tons/tons	0.265	0.261	0.260
Annual production of non-recycled waste normalized to production	Barometer	Tons/tons	0.0746	0.0794	0.0785
Recovered waste		%	84	85	84
Transportation					
GHG emissions related to intra-company transport*		tCO_2-e/ton	0.559	0.592	0.662
Intra-company transport operated without air freight	Barometer	%	n/a	98.03	98.15
Products					
Products certified with the French *NF Environnement* ecolabel			20	22	22
Innovative responsible products launched	Barometer		n/a	n/a	2
Products adapted to developing market created	Barometer		n/a	n/a	2
Products that have at least one environmental benefit*	Barometer	%	49.9	49.9	49.6
Packaging					
BIC cardboard packaging from a certified and/or recycled source	Barometer	%	n/a	75.9	87.7
BIC plastic packaging PVC free	Barometer	%	n/a	70.6	78.2

* *BIC Graphic (Advertising and Promotional Products) excluded.*

** *In 2014, BIC includes in its consolidation scope four new plants: BIC Charlotte Distribution (U.S.), BMT11 (Tunisia), BIC Graphic La Granada (Spain) and BIC Canada (Canada). BIC New Zealand is now excluded from the Group's scope of consolidation. In order to compare data, 2013 figures have been recalculated based on this new perimeter.*

Social indicators	Barometer	Unit	2012	2013	2014
Group workforce					
Total workforce (full-time equivalent) – BIC Group			10,483	10,762	11,025
• Permanent employees			9,256	9,373	9,550
• Temporary workers			1,227	1,389	1,475
Voluntary turnover		%	6	7	8
Workforce by region					
Permanent workforce by geographical area					
• Europe		%	40	40	40.5
• North America		%	25	24	24
• Developing countries		%	35	36	35.5
Workforce by activity					
Permanent workforce by activity					
• Manufacturing and R&D		%	61	62	63
• Distribution, marketing et G&A		%	20	19	19
• Sales force and customer service		%	19	19	18
Training, career management and engagement					
Employees that have received one training		%	90	85	92
Number of training days		days	26,015	17,791	20,293
Number of training days per employee		days	2.81	1.89	2.21
Number of training hours per theme		hours	182,107	142,327	162,347
• Technical training		hours	138,731	101,762	100,837
• Leadership skills		hours	20,618	17,921	21,648
• BIC culture		hours	22,758	22,644	35,384
Health & Wellbeing		hours	n/a	n/a	4,478
Internal promotion rate among managers (levels 3, 4, 5 and 6)					
• External recruitment		%	24	36	35
• Internal recruitment		%	76	64	65
Participation rates in surveys	Barometer	%	n/a	84	90,5
Internal development moves and promotion rate	Barometer	%	n/a	25	30,5
Diversity					
Percentage of women in management and workforce		%	45	45	46
• Board of Directors		%	20	30	30
• Leadership Team		%	11	10	18
• Managers (highest levels: 3 to 6)		%	26	28	29
Safety					
Incidence rate of workers'accidents in the factories (accidents with temporary or permanent incapacity)	Barometer	Number per millions of hours worked	7.13	8.43	6.67
Severity rate of workers' accidents in the factories (in days of temporary incapacity)	Barometer	Number per thousands of hours worked	0.19	0.27	0.31
Absenteeism					
Absenteeism rate (excluding on-site accidents and maternity)		%	1.5	1.4	1.5

Societal indicators	Barometer	Unit	2012	2013	2014
Respect for Human Right in the workplace					
Net sales from BIC® products manufactured in its own factories		%	84.0	84.6	84.6
BIC permanent employees working in countries with no Human Rights risk [(a)]		%	80.5	80	80.4
BIC factories located in countries with no Human Rights risk [(a)]		%	84	84	83
Contract manufacturers located in countries with no Human Rights risk [(a)]		%	30	33	22
Contract manufacturers that have been audited using assessment tools that include a rating system and be monitored on an ongoing basis	Barometer	%	n/a	0	26.8
Net sales in countries with no Human Rights risk [(a)]		%	86.6	87.3	87.4
Sponsorship					
Contribution to communities (percentage of the Group's pretax profit)		%	>0.5	>0.5	0.49

(a) Source: Freedom House.

2.6.5 INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

ERNST & YOUNG et Associés

SOCIÉTÉ BIC

Year ended the 31/12/2014

To the Shareholders,

In our quality as an independent verifier accredited by the COFRAC[1], under the number n° 3-1050, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 December 2014, presented in chapter 2 of the Reference Document including the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the Article R. 225-105-1 of the French Commercial Code (*Code de commerce*), in accordance with the protocols used by the company which are protocols for environmental, health and security and HR information in their versions dated of October 2014 for the first one, December 2014 for the second and November 2014 for the last one (hereafter referred to as the "Criteria"), and of which a summary is included in the chapter "2.6.3. Perimeter and selection of indicators" of the Reference Document.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the Article L. 822-11 of the French Commercial Code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial Code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria;

Our verification work was undertaken by a team of 5 people between October 2014 and February 2015 for an estimated duration of 12 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[2].

1. Attestation of presence of CSR Information

Interviews with the management of relevant departments allowed us to obtain an understanding of the company's strategy on sustainable development based on the social and environmental consequences linked to the company's activities and related to its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial Code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial Code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L. 233-1 and the entities which it controls, as aligned with the meaning of the Article L. 233-3 of the French Commercial Code (*Code de commerce*) with the limitations specified in the Methodological Note in chapter "2.6.3. Perimeter and selection of indicators" of the Reference Document, notably the one concerning the exclusion of Cello Pens activities for the exercise 2014.

Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook 12 interviews with the people responsible for the preparation of the CSR Information in the different departments: Sustainable Development, Human resources, Security in the workplace, Purchasing and supply chain, Circular Economy, Investor relations, Customer relationship and Communication, the people in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

(1) Scope available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

For the CSR Information which we considered the most important[1]:

- at the level of the parent company, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, verified their coherence and consistency with the other information presented in the management report;
- at the level of the representative entities that we selected[2], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 17% of the total workforce and between 12% and 30% of the quantitative environmental information[3].

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Eventually, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and the sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Observations

Without qualifying our conclusion above, we draw your attention to the following point:

- Errors concerning the application of the calculation rule for the training hours were observed in the various entities, mainly because of a change of a definition in the reporting protocol released at the end of the year. The related uncertainty was reduced thanks to corrections made on all the entities, on the parent entity and on the reporting protocol definition.

Paris-La Défense, 18 February 2015

Independent Verifier

ERNST & YOUNG et Associés

Eric Mugnier — Partner, Cleantech and Sustainability

Bruno Perrin — Partner

(1) ***Environmental and societal information:*** *general environmental policy (organisation, training and information delivered to the employees), approaches to evaluation and certification, pollution and waste management (production of hazardous and non-hazardous waste reported to the production), sustainable use of resources and climate change (energy consumption reported to the production, GHG emissions, measures undertaken to improve energy efficiency and to promote the use of renewable energy, water consumption reported to the production, water supply considering local constraints, measures undertaken to enhance the efficiency of raw materials use); economic and social territorial impact, relations with stakeholders (conditions for dialogue, partnership or sponsorship), importance of subcontracting and the consideration of environmental and social issues in the purchasing policies and the relations with suppliers and subcontractors, business ethics (actions undertaken to prevent bribery and corruption, measures undertaken in favour of consumers' health and safety).*
Social information: *employment (total headcount and breakdown, hiring and terminations), working time organisation, absenteeism rate, labour relations, health and safety at the work place, work accidents (particularly their frequency and their gravity), as well as occupational diseases, training policies and the total number of hours of training.*

(2) *BIC Écriture 2000, BIC Violex, PIMACO Autodesivos, BIC CORPORATION Milford.*

(3) *Energy and water consumption and Waste production.*



CORPORATE GOVERNANCE

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3.1. Chairman's Report on the conditions governing the preparation and organization of the work of the Board of Directors and on the risk management and internal control procedures implemented by the Company

Dear Shareholders,

You will find hereafter the Chairman's Report in compliance with Article L. 225-37 of the French Commercial Code. This report was established with the support of the Internal Control and Audit, Legal and Human Resources Departments. It was approved by the Board of Directors held on February 10, 2015, after it had been checked by the Audit Committee and the Compensation and Nomination Committee.

The Company refers to the AFEP/MEDEF corporate governance Code for listed corporations (version dated June 2013 available on the website www.medef.fr). The Company complies with this Code except when indicated in this report.

3.1.1. COMPOSITION AND FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1.1. Composition of the Board of Directors

The positions and functions of the Directors, of the Chief Executive Officer and of the Executive Vice-Presidents are presented in section 3.4. of this registration document.

The Directors are elected by the Annual Shareholders' Meeting. The term of their office is three years except when shorter in order to favor a smoother replacement of Directors.

According to the Articles of Incorporation, the Board of Directors must comprise between three and twelve members. With the help of the Compensation and Nomination Committee, the Board strives for a balanced composition adapted to the challenges that the Group faces. The Board is thus composed of men and women, all with high level management experience and/or with expertise in a particular field (such as finance, production and human resources). Moreover, the Board endeavors to be composed of at least one-third Independent Directors.

Among the ten members of the Board of Directors of SOCIÉTÉ BIC are:

- three women: Elizabeth Bastoni, Marie-Pauline Chandon-Moët and Marie-Henriette Poinsot;
- four nationalities, helping the BIC Group to benefit from an international vision;
- four Independent Directors within the definition of the AFEP/MEDEF corporate governance Code: Elizabeth Bastoni, John Glen, Frédéric Rostand and Pierre Vareille.

Independent Directors do not have any relation of any kind with the Company, its Group or its management that is such as to color their judgment. Characterization as an Independent Director has been reviewed by the Board of Directors on February 10, 2015. The results of this review are presented in the table below.

Criteria provided by the AFEP/MEDEF Code	Elizabeth Bastoni	John Glen	Frédéric Rostand	Pierre Vareille
Not to be an employee or Executive Director of the Company, or an employee or Director of its parent or a company that the latter consolidates, and not to have been in such a position during the previous five years	Compliant	Compliant	Compliant	Compliant
Not to be an Executive Director of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an Executive Director of the Company (currently in office or having held such office for less than five years) is a Director	Compliant	Compliant	Compliant	Compliant
Not to be a customer, supplier, investment banker or commercial banker[(a)]:				
• that is material to the Company or its group,				
• or for a significant part of whose business the Company or its Group accounts.	Compliant	Compliant	Compliant	Compliant
Not to be related by close family ties to an Executive Director	Compliant	Compliant	Compliant	Compliant
Not to have been an auditor of the Company within the previous five years	Compliant	Compliant	Compliant	Compliant
Not to have been a Director of the Company for more than twelve years	Compliant	Compliant	Compliant	Compliant

(a) When such business relationships exist, the Board assesses their importance on a case by case basis, more specifically in view of the commitments and the amount of the transactions they represent for each of the interested parties.

According to the Rules of Procedures, Directors qualified as independent strive to maintain this quality. However, if a Director believes that he/she can no longer or will shortly no longer be qualified as independent under the AFEP/MEDEF corporate governance Code, such Director shall immediately notify the Chairman, who will place this item on the agenda of the next meeting of the Board of Directors.

The functions of Chairman of the Board and of Chief Executive Officer are separated.

3.1.1.2. Functioning of the Board of Directors

Rules of Procedures formalize the mission, organization and ethical principles that guide the actions of the Board of Directors. The Rules of Procedures are available on the website of the Company (bicworld.com – Governance).

a) Mission of the Board of Directors and of the Chairman of the Board

The Board of Directors determines the broad lines of the Company's business activities and ensures their implementation. It deals with all matters relating to the proper conduct of the Company's business and decides all pertinent issues.

The Board of Directors has to give its opinion on matters that can have a significant impact on the development, strategy or operation of the Group.

Bruno Bich, Chairman of the Board of Directors, organizes and directs the work of the Board and reports to the Shareholders' Meeting as provided by the legislation. He also ensures that the organs of the Company function properly and that the Directors are able to fulfil their mission. Additionally, Bruno Bich meets important partners of the Group in order to ease the business relationship with them. These meetings are organized in close cooperation with the General Management.

b) Rights and duties of the Directors – Ethics – Conflicts of interests

In order to successfully achieve its mission, the Board of Directors has complete, accurate and rapid information, in particular regarding the activity of each business, as well as the financial and treasury position of the Company. The Rules of Procedures set out how the Board of Directors is kept informed about the financial position of the Company. The Rules also provide that each Director has the duty to keep up-to-date and to ensure that he/she receives in due time sufficient and relevant information.

The Rules of Procedures provide that all Directors must be shareholders and should hold, beyond the sole statutory requirement (one share), 500 shares.

Moreover, rules have been drawn up in writing concerning restrictions and/or prohibitions regarding share purchase or sale activity when the Directors and other concerned parties have information not yet made public.

According to the Rules of Procedures, any Director must inform the Board, completely and beforehand, of any real or potential conflict of interest in which he/she could be directly or indirectly involved. In such case, the Director cannot take part in either the debates or in the decision on this matter.

c) Organization and work

The Board of Directors is assisted by two specialist committees, the Audit Committee and the Compensation and Nomination Committee. The Audit Committee meets at least two days before the Board Meeting, which allows the management team to take any necessary additional corrective measures before the Board Meeting.

Invitation and notification to Board members for upcoming meetings may take place by any means and are always confirmed in writing.

In principle, the Board of Directors meets at least six times a year in ordinary session, as follows:

- in February, to review the previous year's financial statements and approve the upcoming annual budget;
- in April, to examine the accounts of the 1st Quarter of the year;
- in May, after the Ordinary Annual Shareholders' Meeting;
- in August, to review the half-year results;
- in October, to examine accounts of the 3rd Quarter of the year;
- in December, to analyze the activity and the initial estimates of full-year results.

Other meetings of the Board of Directors are organized as required by the Group's business activities throughout the year. The meetings serve to provide the Board with regular and relevant information and promote an environment for strong corporate governance.

The Chief Executive Officer, the Executive Vice-Presidents, the Leadership Team members or any other person having a particular expertise as to the matters included in the agenda, are authorized, at the request of the Chairman, to attend the whole or part of the Board Meeting. The Statutory Auditors can also be invited to attend meetings other than the ones for which their convening is legally mandatory.

In 2014, the Board of Directors met eight times for meetings of an average of three hours and forty four minutes. The rate of attendance at the meetings was 95% and breaks down as follows:

Director	Attendance
Bruno Bich - Chairman	8/8 meetings
Mario Guevara	8/8 meetings
François Bich	5/8 meetings
Elizabeth Bastoni	8/8 meetings
Marie-Pauline Chandon-Moët	8/8 meetings
John Glen	8/8 meetings
Marie-Henriette Poinsot	8/8 meetings
Frédéric Rostand	8/8 meetings
SOCIÉTÉ M.B.D. (Édouard Bich)	8/8 meetings
Pierre Vareille	7/8 meetings

Additionnally, Independent Directors met on February 11, 2014 and non-Executive Directors met on January 21, 2015. This meeting allowed them to discuss the governance arrangements in the Group and the future of its management.

In 2014, the Board of Directors ruled in particular on the following points:

- accounts and budget:
  - settlement of the statutory accounts and of the consolidated financial statements for the year ended December 31, 2013 and for the first half of the year 2014,
  - review of the quarterly results,
  - revision of the 2014 budget and 2015 preliminary budget;
- corporate governance:
  - setting compensation for Corporate Officers and Directors,
  - succession plan for the Corporate Officers,
  - allocation of free shares with or without performance conditions,
  - drawing-up of the various documents submitted to the Shareholders' Meeting;
- strategy:
  - analysis of the Group's strategy by an external consultant,
  - analysis of the Group's strategy in India,
  - increase of the BIC Group's stake from 55% to 75% in the seven Cello Pens entities;
- miscellaneous:
  - sale of Sheaffer assets,
  - BIC Group's Sustainable Development Program,
  - analysis of the strategy of BIC ÉDUCATION,
  - reduction of investment in research and development for fuel cell,
  - share repurchase program.

d) Assessment

The Rules of Procedures prescribe that, once per annum, the Board of Directors must devote a point of its agenda to a discussion on its operation. This assessment must make it possible to discuss the functioning of the Board of Directors in order to increase its efficiency and to ensure that the important questions are suitably prepared and discussed.

In early 2015, an assessment was conducted through a questionnaire sent to each Director. This questionnaire was mainly related to the composition of the Board of Directors, the access to information for the Directors, the quality and effectiveness of the discussions held by the Board of Directors, as well as the role and performance of the committees of experts. This evaluation made it possible to acknowledge that it was neither necessary to modify the Rules of Procedures, nor to further formalize the rules of operation of the Board of Directors.

e) Summary of non-compliance with the AFEP/MEDEF Code

The Company abides by the AFEP/MEDEF Code, except for the following recommendations:

Recommendation of the AFEP/MEDEF Code	Justification
Paragraph 10.3. Evaluation of the Board of Directors: "There should be a formal evaluation at least once every three years. This could be implemented under the leadership of the appointments or nominations committee or an independent director, with help from an external consultant."	The last formal evaluation with the help of an external consultant was realized in 2011. The importance of the topics to be addressed by the Board of Directors in 2014 did not allow the Board to carry out such an evaluation in 2014. The Board considers implementing a formal evaluation within the next two years.
Paragraph 23.2.4. Performance shares "In accordance with terms determined by the Board and announced upon the award, the performance shares awarded to Executive Directors are conditional upon the acquisition of a defined quantity of shares once the awarded shares are available."	Since the December 11, 2007 free share allocation plan with performance conditions, Corporate Officers must keep 20% of performance shares definitely acquired, until their mandate expires (the 20% will be reduced to 10% when the CEO owns five years of base salary in BIC shares and when Executive Vice-Presidents own three years of base salary in BIC shares). This obligation to keep shares, added to the performance conditions, appears sufficient. Moreover, two of the corporate officers who are granted performance shares, François Bich and Marie-Aimée Bich-Dufour, already hold a significant number of shares, directly or indirectly through the Bich family holding, SOCIÉTÉ M.B.D. The third corporate officer, Mario Guevara, has been in the Group since 1992, which is more than 22 years. The Company considers that these elements sufficiently demonstrate the high level of personal investment and commitment of these officers to the Group.
Paragraph 23.2.6. Supplementary pension schemes "Additional pension schemes with defined benefits must be subject to the condition that the beneficiary must be a Director or employee of the Company when claiming his or her pension rights pursuant to the applicable rules."	Mario Guevara, CEO of SOCIÉTÉ BIC and CEO of BIC CORPORATION and of BIC INTERNATIONAL, American companies, could be entitled to a pension established by BIC CORPORATION, without being a Corporate Officer of SOCIÉTÉ BIC, of BIC CORPORATION and of BIC INTERNATIONAL when claiming his pension rights. American senior managers benefited and continue to benefit from this pension plan, established by BIC CORPORATION more than 30 years ago. Mario Guevara, in the Group for more than twenty years, has been eligible for this pension for 14 years, significantly in advance of his appointment as Executive Vice-President and then CEO. This pension plan has not been modified since the appointment of Mario Guevara.
Paragraph 23.2.6. Supplementary pension schemes "Each year, the increase in potential rights shall be progressive in relation to the seniority in the scheme and shall only account for a percentage limited to 5% of the beneficiary's compensation."	Mario Guevara, François Bich and Marie-Aimée Bich-Dufour participate in the supplementary pension schemes described in paragraph 3.3.1.6. of the registration document. These three corporate officers having about twenty years of service, the introduction of a new rule progressively increasing the potential rights in relation to the number of years would have no effect on current accrued pension benefits.
Paragraph 23.2.6. Supplementary pension schemes The supplementary pension scheme may not give right to more than 45% of the reference income (fixed and variable compensation due in the reference period).	Mario Guevara having already accrued a pension benefit equivalent to 50% of the average remuneration of the last three years of service, the limitation of 45% of the reference income cannot be applied.

3.1.1.3. Committees set up by the Board of Directors

Two specialist committees, the Audit Committee and the Compensation and Nomination Committee assist the Board of Directors.

a) Audit Committee

John Glen – Chairman (Independent Director).

Pierre Vareille (Independent Director).

Édouard Bich (permanent representative of SOCIÉTÉ M.B.D.).

The Audit Committee was created in 1997. Its primary mission is to ensure that the accounting principles applied to the Company's consolidated and statutory accounts comply with current standards and are consistently applied, and to ensure that the internal consolidation procedures and controls yield financial statements that fairly represent business results.

The review of accounts by the Audit Committee is accompanied by a presentation from the External Auditors of their audit reports and the accounting methods chosen, and by a presentation from the CFO of the risks and significant off-balance sheet items of the company.

The Audit Committee is responsible for providing its opinion on nomination of External Auditors, as well as attesting to the quality of the Auditors' work and their independence. This includes verifying there is no potential conflict between the Auditors and the Company.

It interviews the External Auditors, and also the persons responsible for finance, accounting, treasury matters, and Internal Audit and Risk Control. These interviews can be held, if the Committee so wishes, without the presence of the corporation's executive management.

The Committee can call upon outside independent experts on matters within their competence, at the expense of the company, after having informed the Chairman of the Board of Directors or the Board itself and reports their conclusions to the Board.

The career of the Audit Committee members allows them to benefit from financial and accounting skills necessary to fulfill their mission. John Glen, President of the Committee, has eight years experience as Group Finance Director of Air Liquide SA between 2000 and 2008. He was Vice Chairman of EFRAG (European Financial Reporting

Advisory Group) Supervisory Board for four years. He is a fellow of the Chartered Institute of Certified Accountants and holds a Masters degree in Economics. Édouard Bich spent eight years in the Finance Department of Procter & Gamble in France. He holds a MBA in Finance from Wharton University – USA. Pierre Vareille, who is presently CEO of Constellium, a global leader in the aluminum industry, has key experience in the management of industrial companies at the world level. He started his career in 1982 with Vallourec, holding various positions in manufacturing, controlling, sales and strategy before being appointed CEO of several subsidiaries. After having held various general management positions at GFI Aerospace, Faurecia and Pechiney, he was, from 2004 to 2008, Chief Executive of the English automotive equipment manufacturer Wagon Plc (listed company in London) and, then from 2008 to 2011, Chairman and CEO of FCI, a world leading manufacturer of electronic connectors. He graduated from the *École Centrale* of Paris, he is an alumnus of the *Institut d'Études Politiques* of Paris as well as of Sorbonne University (Economy and Finance) and of Institut de Contrôle de Gestion (Audit).

During 2014, the Audit Committee met four times in the presence of its President and of all other members. Representatives from both audit firms attended the meetings when company results were reviewed. The meetings of the Audit Committee relating to the review of the financial statements are held several days before the examination by the Board (with a minimum of two days according to the Rules of Procedures).

Among other tasks, the Committee continues to monitor new communications and requirements related to the Law of Financial Security (LSF) and the Company's implementation plan to meet these requirements. The Audit Committee also reviews any new change in International Financial Reporting Standards, Internal Control Structure and other financial reporting matters including the registration document.

In 2014, the Audit Committee also worked on:

- review of the goodwill amortization and impairment tests;
- review of pensions and employee benefits;
- review of the Group's effective Tax rate;
- review of Cello Pens accounting as the Group prepares for the consolidation of their accounts;
- review of the Group's Internal Control and Audit findings, which also included the review of the Group's risk mapping assessment;
- future Audit Committee review topics;
- the preparation and planning of the Auditors renewal after 2016;
- review of the Group's preliminary long term strategy;
- review of the Group's process and policies to ensure the financial structure and funding of the company would not be endangered by a financial crisis.

b) Compensation and Nomination Committee

Frédéric Rostand – Chairman (Independent Director).

Marie-Henriette Poinsot.

Elizabeth Bastoni (Independent Director).

The Compensation Committee was created in 2001 and is responsible for examining the remuneration of Corporate Officers and of the members of the General Management and making proposals to the Board of Directors. The Committee's responsibility also includes Group salary policy, benefits, stock option plans and free share awards.

From 2007, the Board of Directors decided to allocate to this committee, now called the Compensation and Nomination Committee, the following additional tasks:

- proposal to the Board of Directors of nomination of new Directors, taking into account the rules regarding the nomination of Independent Directors;
- examination and proposal to the Board of Directors of the succession plan for Corporate Officers, in case of unforeseeable vacancy.

Bruno Bich, Chairman of the Board, takes part in the Committee work for certain topics and in particular the succession plan and the remuneration of the Chief Executive Officer.

During 2014, the Compensation and Nomination Committee met six times. The rate of attendance was 100%. The Committee's activity focused specifically on:

- details and level of remuneration for the Chairman;
- details and level of base remuneration, plus annual variables and long-term incentives for the CEO and the two Executive Vice-Presidents;
- determination of the criteria and annual targets used to calculate their variable remuneration 2014;
- details of their supplementary pension plans and other benefits;
- review of the non-recurring compensation of the Corporate Officers and of the management;
- analysis of the positioning of the total compensation of the Corporate Officers and of the management;
- principles and amounts of free share awards based on performance, portion of the grant dedicated to Corporate Officers, determination of three-year targets that govern these awards, in addition to principles in case of departure from the Company;
- principles and number of free shares granted to employees without performance conditions;
- analysis of the compliance with AFEP/MEDEF recommendations;
- preparation of the Corporate Officers Succession Plan (for which the contribution of the Chairman of SOCIÉTÉ BIC has been requested).

The Committee also gave its opinion on the remuneration 2014/2015 of the BIC Management team and on the practice of the compensation policy in the Group.

3.1.1.4. Limitation of the powers of the Chief Executive Officer

The Rules of Procedures specify the type of operations that must in all cases be subject to prior authorization by the Board of Directors:

- transactions outside SOCIÉTÉ BIC's announced strategy;
- decisions to set up French or foreign operations by creating an establishment, direct or indirect subsidiary, or by acquiring a participation, as well as any decisions to discontinue such operations, if the amount of such operations exceeds 50 million euros;
- internal reorganization if the cost of such operation exceeds 50 million euros.

3.1.2. RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY

3.1.2.1. Risk management and internal control definitions and objectives

3.1.2.1.1. Adoption of the principles of the AMF's reference framework for risk management and internal control systems

For the issuance of this report, the Group complies with the principles outlined in Part II of the *Risk Management and Internal Control Systems – Reference Framework* updated in July 2010 by the Working Group chaired by Olivier Poupart-Lafarge and set up by the AMF (*Autorité des Marchés Financiers* – Paris Stock Exchange Authority). This corresponds to a partial adoption of the full text that also provides an *Application Guide for Internal Control Procedures related to the Accounting and Financial Information Published by the Issuer*.

The related specific control activities are the responsibility of the local subsidiaries that continuously adapt them to their current situation, with guidance from the Group Accounting and Controller's Manuals. The Application Guide has not been formally compared to the existing procedures and processes but the Company does not expect material differences considering the similarity of the Application Guide with these two manuals.

a) Risk management

The adoption process takes into account the definition of risk management as The Company's dynamic system, defined and implemented under its responsibility. This system is comprehensive and covers all of the Company's activities, processes and assets.

Risk management encompasses a set of resources, behaviors, procedures and actions that are adapted to the characteristics of the Company and that enable managers to keep risks at an acceptable level for the Group.

Risk represents the possibility of an event occurring that could affect:

- the Company's ability to reach its objectives;
- the Company's ability to abide by its values, ethics, laws and regulations;
- the Company's personnel, assets, environment or reputation.

Risk management is also a lever for managing the Company that helps to:

- create and preserve the Company's value, assets and reputation;
- secure decision-making and the Company's processes to attain its objectives;
- promote the consistency of the Company's actions with its values;
- mobilize the Company behind a shared vision of the main risks.

b) Internal control

The adoption process also incorporates the definition of internal control as a company's system, defined and implemented under its responsibility, which aims to ensure that:

- laws and regulations are complied with;
- the instructions and directional guidelines fixed by Executive Management are applied;
- the Company's internal processes are functioning correctly, particularly those implicating the protection of its assets;
- financial information is reliable.

In general, internal control contributes to the control over a company's activities, to the efficiency of its operations and to the efficient utilization of its resources.

The first objective refers to all laws and regulations in force to which the Company is subject and incorporates in its daily activities to achieve its compliance objectives.

The second addresses the guidelines given to the staff to understand what is expected from them and to be aware of the scope of freedom of action. This communication process is based on the Company's objectives cascaded to the employees.

The third covers all operational, industrial, commercial and financial processes. Assets are understood to be both tangible and intangible assets (know-how, image or reputation) and are used throughout the existing processes of the Company.

The last objective deals with the preparation of reliable financial statements, including full, interim and condensed financial statements and selected financial data derived from such statements, such as net sales releases. The reliability of this information depends on the quality of the associated internal control procedures and system (see reporting procedures *§ 3.1.2.2.4. Internal Control procedures*) that should ensure:

- the segregation of duties principle, enabling a clear distinction between recording, operational and retention duties;
- that functions' description provides guidelines to identify the source of the information and of produced materials;
- the validity of means to check that operations have been performed in accordance with general and specific instructions, and have been accounted for to produce financial information that complies with the relevant accounting standards of the Company.

3.1.2.1.2. Scope of risk management and internal control

Risk management and internal control as defined in this report apply to SOCIÉTÉ BIC as the parent company of the Group and all the entities consolidated within the Group.

The internal control in place has been designed for all entities to suit the existing organization, the objectives determined by the Board of Directors and the Leadership Team (see *§ 3.1.2.3. Risk management and internal control participants, specific structure(s) in charge/respective roles and interactions),* and compliance with laws and regulations.

Supporting principles and system have been set up in all relevant areas and subsidiaries, taking into account local specificities and regulations. These principles are also known and followed by the different centralized Group departments.

The Risk Management principles are also applicable to any entity entering the Group; and, whenever possible, the Group asks its sub-contractors and suppliers to conform to these principles. For instance, SOCIÉTÉ BIC asks its suppliers to follow the safety rules for employees that are applied within the BIC Group.

3.1.2.1.3. Limitations of risk management and internal control systems

Even with the most efficient organization, limitations inherent in risk management and internal control exist. Indeed, risk management and internal control systems cannot provide an absolute guarantee that the Company's objectives will be met.

The major existing limitations are the evolution and the uncertainties in the outside world, the judgmental nature of people's decisions and the result of potential human failure or of a simple error.

Moreover, any time a control activity is to be implemented, the comparative cost/benefit is taken into account ensuring reasonable control coverage.

3.1.2.2. Components of risk management and internal control of the Company and its subsidiaries

The efficiency of the risk management and internal control systems of a Company relies on its components built to serve the objectives as defined previously.

3.1.2.2.1. Control environment

a) Organization

The Group implemented a structured internal control system giving the appropriate guidelines and responsibilities to achieve the objectives set by the Board of Directors and the Leadership Team.

This organization is based on the definition of responsibilities and objectives set by the Management and then shared individually with the employees.

b) Main tools

To support this structure and measure its accuracy and efficiency, different tools have been implemented. Below are listed the main tools shared by all entities of the Group:

- Code of Ethics (see *§ 3.1.2.3.5. Employees*);
- Vision and Values (see *§ 3.1.2.3.5. Employees*);
- Group Accounting and Controller's Manuals:

  These manuals distributed in all entities and available on the Group intranet provide the guidelines respectively for bookkeeping and financial reporting activities under IFRS standards, and for the procedures to respect the internal control system in all sectors of the Company (*i.e.* Purchasing, Treasury, Tax, Sales, etc.);
- Fraud Reporting Protocol:

  The purpose of the Fraud Reporting Protocol is to ensure that all fraud suspicions or actual cases are reported in a timely, consistent and uniform manner and to coordinate the subsequent investigations. A fraud reporting template has been shared with all BIC subsidiaries;
- Human Resources Management Policy:

  Detailed in *Our environmental, social and societal responsibility – § 2.4. Our social responsibility to our employees*, Human Resources Management fully participates in internal control efficiency.

  In particular, it ensures that the recruitment process is in line with the knowledge and skills required by the Group. In addition, it promotes Management's objectives to each individual in accordance with his/her role and responsibilities.

  For example, the Performance, Evaluation and Development (PED) tool was created to efficiently meet the following goals:

  - cascading of the Company's objectives to the employees throughout the year,
  - training and people development: see *Our environmental social and societal responsibility – § 2.4. Our social responsibility to our employees*;
- Information systems:

  Different information systems are used depending on the business processes they support. They are organized primarily by continent. However, consolidation procedures are in place to have access to a consolidated result which allows Group Management to monitor performance and manage the operations.

  Most of the Group's entities use fully integrated systems (ERP) to assist them in the management of the business and report financial data using a consolidation and management software (see *§ 3.1.2.2.4. Internal Control procedures*). Continents and countries are in charge of implementing operational procedures to secure access, back-up and recovery of critical system data.

3.1.2.2.2. Dissemination of relevant and reliable information

The Company has implemented efficient information dissemination processes and systems that allow accurate communication to the relevant level of responsibility and authority.

The formats of these tools are diverse. They range from IT (Information Technology) solutions (including the Group intranet, the financial consolidation software, the integrated system implemented per continent, etc.) to existing procedures that include information management.

These information tools aim to support the whole internal control system of the Company and to help the decision processes and follow-up for the achievement of Management's objectives.

3.1.2.2.3. Risk management process

Risk management, among its objectives, aims to address the existing risks that could potentially impact the Company. All risks cannot be addressed. When covered, the employed means include internal mitigation processes or external insurance protection.

This specific process leads to a three-step approach based on the following activities:

- risk identification and analysis;
- risk management;
- risk monitoring.

a) Risk identification and analysis

Since January 1st, 2014, the risk identification and analysis performed by the IC&A (Internal Control and Audit) Department was taken over by the Risk Management Department.

The identification process highlights the main risks arising from both external and internal sources. The driver for identification is the potential impact on the Company's objectives, personnel, assets, environment or reputation.

The risk identification and analysis process consists of two components: a bottom-up approach and a top-down approach.

Bottom-up approach

This annual practice, based on a self-declaration principle, aims to identify and measure from a subsidiary level the risks considered as significant.

Questionnaires are addressed to the representatives of the targeted level (General Manager/Chief Financial Officer). Their feedback covers the main risks.

The Risk Management Department, as the process coordinator, challenges when required the answers received and the action plans mentioned in response to the identified risks. It also consolidates the documents and weighs the impacts to deliver a Group Risk Matrix. This matrix provides for all risk categories the average impact for the Group and a summary is shared with the Audit Committee and the Statutory Auditors. It is also shared with the Chairman of the Board.

The analysis and measurement of the identified risks are maintained internally.

Top-down approach

In addition, following a recommendation of the Audit Committee and a request of the Leadership Team, the Company initiated in 2010 a project to improve formalization of risk management.

This project has enabled to obtain a synthetic overview of major risks that the Group is or could be exposed to.

The approach that consisted in updating the Group risk mapping could be summarized as follows:

- risk identification through a questionnaire completed by each member of the Leadership Team and an individual interview led by the project team;
- synthesis of main risk areas;
- ranking of risks according to criteria in terms of potential impact and management effectiveness.

The Group's risk mapping process reviews the status of prior risks identified and reassesses any potential new risk every year. In 2014, the Top-Down approach included face to face meetings with managers throughout the Group.

Risks listed by this approach have been considered in the *Group Presentation – § 1.6. Risk factors* and are taken into account for the internal audit schedule.

A similar methodology has been applied to the process of preparing financial statements and consolidation.

b) Risk management

The major risks identified in the Group risk mapping are managed by the Leadership Team. These risks were followed and monitored during the year. Progress and status of action plans related to certain key risks have been also reviewed and discussed at Board Meetings. The other risks continue to be monitored closely.

In addition, different procedures exist (see *§ 3.1.2.2.4. Internal Control procedures*). The Leadership Team, Categories, Continents and centralized departments such as Legal, Sustainable Development or Treasury, monitor risks on an ongoing basis. They are involved in the management of risks disclosed in the *Group Presentation – § 1.6. Risk factors*:

- the Group Treasury manages and monitors interest rate exposure and foreign exchange exposure on a daily basis;
- the Legal Department regularly follows changes of laws/regulations and litigations in progress;
- the main industrial and environmental risks are taken into account by the category or Country Management and the Sustainable Development Department;
- the significant strategic and operational risks are managed by the Leadership Team.

A yearly review of Insurance coverage process is also performed: see *Group Presentation – § 1.6. Risk Factors – Insurance – Coverage of risk likely to be incurred by the issuer*.

c) Risk monitoring

The Leadership Team performs regular reviews of risk exposure.

Each site/department creates its own scorecards and key indicators to detect, follow and measure the effectiveness of risk mitigation.

The risk mappings are updated on a regularly basis.

3.1.2.2.4. Internal Control procedures

a) Internal Control procedures related to the preparation of accounting and financial information published by the Company

The accounting and financial information used internally for management, or for external reporting, is prepared in compliance with the IFRS (International Financial Reporting Standards) as adopted by the European Union.

The information follows a bottom-up reporting process from the local statutory accounts data to the consolidated/management set of financial statements. This reporting is performed using consolidation software following every monthly closing.

The finance teams of the subsidiary companies, under the control of their respective Finance and Operations Directors, report information to the continent finance teams and then report to the Group. This reported package is audited by the local External Auditors for the significant entities. Statutory Auditors prepare memorandums and a synthesis of significant comments for the Group.

Cost controllers work closely with operations and report to local Management and functionally to the continent/category Financial Director.

The Group developed a Controllers' Manual of policies and procedures that was presented and communicated to the Finance Directors of the subsidiaries. This review is ongoing, with key policies and procedures updated and validated by functional managers as needed. When a new policy is created or an update or enhancement is made to an existing policy, the information is communicated via an "Internal Control bulletin" posted on the employee intranet and is also cascaded by the Leadership Team to all subsidiaries.

The reporting procedures within the Group are the following:

- the Group finance information system allows preparation of statutory consolidations and management consolidations within the same reference frame;
- the Group also uses a detailed sales reporting system. A monthly reconciliation is prepared between the sales reporting and financial information systems. Any meaningful variance is explained;
- the Group financial information system is used in all the subsidiary companies (except Cello Pens), which allows an analysis at each level of reporting (subsidiaries, continents, Group or by category of products) starting from the same source data and according to the same reporting format;
- the Group internal financial information is analyzed monthly and compared with the budget at the subsidiary level and the Leadership Team also reviews on a monthly basis the consolidated data and the related analysis;
- an analysis is performed between the budget, the forecasts and the strategic plan and is reviewed by the Leadership Team;
- the consolidated financial information is validated by the Group Chief Financial Officer. Significant issues are reviewed with the Chairman of the Board and the Chief Executive Officer;
- the Audit Committee validates this information and provides the Board of Directors with a report if necessary;
- the External Auditors are involved in the validation performed on a yearly basis of the production process of financial information.

The account closing process includes in particular the following:

- the fixing and circulation of accounting rules by the Group Finance through the Group Accounting Manual;
- the preparation and sending of a calendar and instructions to the affiliates by the Consolidation Department at each monthly closing;
- the existence of a checklist with the corresponding tasks to be performed by the affiliate for the account closing;
- the signature of an internal representation letter by the affiliate for the annual closing. The purpose of this representation letter is to assess the compliance of financial statements: it lists controls, actions and assertions critical to the correct completion of Group financial reporting.

b) Other internal control procedures

As already mentioned, internal control within BIC Group is decentralized. It is then the responsibility of each organization (subsidiary, department, category, continent, etc.) to establish the relevant procedures in all concerned sectors to support the objectives and definition of internal control.

However, as a global framework, the Group Controllers Manual provides the general guidelines to be adapted for an accurate endorsement at the respective level of internal control.

The Group's main procedures are described below:

Purchasing and capital investment procedures

The constant emphasis in these procedures is upon the engagement authorization. Indeed this initial step is the main driver for the rest of the process, from the acknowledgement of receipt of the purchased goods or service, to the payment of vendors.

Therefore, the Group has implemented an authorization matrix that provides the accurate level of responsibilities required in accordance with the amount to be committed. All authorizations are expected to be formalized on the appropriate form or through the IT systems.

This approval process is the foundation of the three-way-match procedure followed within the Group. Starting with an approved purchase order, it requires that matching is performed at the following stages:

- at the delivery/service rendering with the proof of delivery or completion;
- when receiving the supplier's invoice for generation of payment.

The three-way match process assures the segregation of duties principle and allows clear tracking of the validity of transactions throughout the purchasing process.

In terms of capital expenditure, an additional step is required for the purchase initiator. Prior to any investment, specific documentation is prepared to gather all necessary data such as description and return on investment features, approvals in accordance with the level of engagement and a post-acquisition audit schedule.

In terms of organization, attention is drawn to the segregation of the procurement function from that of purchasing. The goal is to mitigate any risk of overlapping responsibilities. This process also centralizes at Group level the procurement flows on strategic materials, to better control the needs and level of financial engagement.

Finally, vendor management, including the suppliers' database, also follows specific control procedures and rules throughout any relationship these third parties could have with the Group.

Selling procedures

The selling procedures follow common rules and principles, but they are customized for local markets and customers, based on the existing nature of transactions.

These common principles deal in particular with:

- the validity of selling prices and selling conditions (price list set-up process, special pricing authorization schemes, etc.);
- the completeness and accuracy of the selling orders received through different media;
- the respect of recognition timing with emphasis on cut-off processes and adjustment procedures;
- the receivables fair value guarantee with procedures for bad debt reserve computation and credit notes issuance.

Similarly to the relationships with vendors, procedures deal with customers' master file management, including the creation of new accounts, the cash allocation process for the payment receipts and credit management.

Inventory management procedures

The management of inventory covers physical custody of the goods, valuation of these items and monitoring of the related flows. Thus the procedures in place address all these topics.

Regarding physical safeguarding, Group policies are provided in addition to local regulations. They deal with:

- the safety objectives for the employees involved in the inventory management;
- the assets security with clear guidelines in terms of storage conditions, stock-take process or segregation of duties.

In terms of valuation, a BIC costing procedure is established to help local controllers to follow the Group rules as well as comply with local accounting and financial standards. The Group rules are disclosed in *Note 1 of the consolidated financial statements – Main rules and accounting policies*.

Cash management procedures

Mostly centralized within the Group Treasury, some aspects of cash management are maintained at the local level. For both levels, procedures are in place to cover:

- cash balance and payment management including physical safeguards, the performance of bank reconciliations and supervision of segregation of tasks performed;
- bank mandates and management of authorization signatures;
- debt financing activities, whether short or long term.

Centrally, the Group Treasury follows specific procedures regarding its investment portfolio and foreign exchange exposure management, as described in the *Comments on the year - § 4.3. Management of currency and interest rate risks*.

Fixed assets management procedures

As defined in the objectives for internal control, asset security is identified as a matter of focus. To achieve this, procedures have been implemented within the Group. Some of them are described above.

The existence and the validity of assets being essential, instruction is given to local sites to perform physical inventories on a regular basis for comparison with the financial systems.

In addition to the investment authorization process mentioned earlier, all fixed assets movements (*i.e.* transfers, disposal and sales) are regulated with respective procedures.

Finally, specific rules are required for the management of the Fixed Asset Registers to support compliance with both local and Group accounting standards and to permit efficient monitoring activities.

3.1.2.2.5. Control activities

Each level of the Group is involved in control activities in order to ensure that Group rules, guidelines and procedures are correctly applied.

Moreover, the IC&A Department ensures through its annual audit plan that no material discrepancy with the Group procedures exists.

This control addresses both operational and financial environments and focuses on:

- validity of the operations and transactions, including the authorization processes for expenditures and investments;
- completeness of transaction reporting;
- correct evaluation and recognition of operations for accurate information availability and disclosure;
- the guarantee of the Company's future.

3.1.2.3. Risk management and internal control participants, specific structure(s) in charge/respective roles and interactions

Risk management and internal control implemented by the Group are fully integrated functions within the organization.

3.1.2.3.1. The Board of Directors

The Board of Directors of SOCIÉTÉ BIC, which represents the Shareholders, acts in all circumstances in the interest of the Company. It must also review and approve the Company's strategic objectives.

3.1.2.3.2. The Leadership Team

The Leadership Team, under the direction of Mario Guevara, Chief Executive Officer of SOCIÉTÉ BIC, is comprised of 11 executives whose principal goal is to implement the strategy of the Company as defined by the Board. It is also responsible for defining the implementation and the supervision of the means to achieve the objectives.

In addition to Mario Guevara, to François Bich, Executive Vice-President and General Manager Lighters and to Marie-Aimée Bich-Dufour, Executive Vice-President and General Counsel, the Leadership Team members include:

- operational representatives responsible for continents:
  - Billy Salha, General Manager Europe,
  - Chris Mills, General Manager North America,
  - Gonzalve Bich, General Manager Developing markets;
- representatives of product categories:
  - Ed Dougherty[1], General Manager for Shavers,
  - Benoît Marotte, General Manager for Stationery,
  - Edgar Hernandez, General Manager for Advertising and Promotional Products;
- representative of transverse functions:
  - Alison James, Human Resources Director.
  - Jim DiPietro, Chief Financial Officer.

Category General Managers are directly responsible for Manufacturing, New Product Development, Research and Quality Assurance. In addition, category Managers are responsible for developing and proposing each category's long-term strategy.

The Leadership Team also monitors the quality of the internal control process and the implementation of risk coverage. It also ensures, with the Group Chief Financial Officer's support, that indicators are consolidated in order to measure the operational performance against the budget and, if necessary, focus on the variances and corrective measures that may need to be implemented.

In addition to the budget, forecasts are prepared and revised three times during the year to monitor the budget achievement and understand any current marketplace dynamics. A strategic planning process is in place to help identify future growth opportunities.

3.1.2.3.3. The Audit Committee

The Audit Committee, described earlier in this report (see *§ 3.1.1.3. Committees set up by the Board of Directors*), among other assignments, monitors closely the risk management and internal control systems on a regular basis. The Committee can interview the Internal Audit Manager to be updated on the work performed during the year and can give its opinion on the department's organization. A summary of internal audit findings is shared with the Committee on a yearly basis.

3.1.2.3.4. The Internal Control & Audit (IC&A) Department

The Internal Control and Audit Department reports operationally to the Group Finance and on demand to the Leadership Team and to the Chairman of the Board.

This department reviews both financial and operational activities and expresses an independent assessment on the degree of compliance with the policies, rules and procedures of the Group. The IC&A Department focuses on:

- business cycle and process reviews (such as sales and collection, purchasing and disbursements, fixed assets, inventories, payroll, cash management and accounting entry processing) at both the BIC subsidiary and Corporate level;
- testing of the controls in place to ensure their effectiveness and efficiency;
- coordination with functional managers for the continuous updating of the Controller's Manual;
- issuance of guidance and recommendations for improvement to existing processes, including the sharing of Group best practices.

This department also provides assistance on timely and specific engagements, such as during operations of external acquisition or internal restructuring.

In addition, the approach of the IC&A Department includes Group information systems through reviews of IT (Information Technology) accesses and business continuity procedures.

Each year, the IC&A Department presents the review schedule to the External Auditors, provides updates and shares the resulting reports from site reviews. In addition, the IC&A Department coordinates site reviews with Group Finance and the External Auditors to ensure coverage of any specific areas.

a) IC&A Department's activities in 2014

A long-term rotation schedule is in place to ensure that all sites and key processes are reviewed approximately every three years.

The 2014 schedule led the IC&A Department to perform 30 audits, in manufacturing and distribution entities, combining initial visits and follow-up visits.

(1) Thomas Brette succeeded Ed Dougherty as General Manager , Group Shavers in February 2015

These audits were carried out in accordance with a methodology and procedures set by the IC&A Department, including in particular:

- performance of tests (walkthroughs and detailed testing) and interviews with the contributors of the cycles reviewed in accordance with an approach based on the identified risks;
- the issuance of a report after the audit, which lists recommendations for improvements to be considered by the site/department, in accordance with a precise action plan and deadlines. The IC&A Report is an excellent communication tool and plays an important role in the continuous improvement of controls within the Group.

No significant issues were identified as a result of the reviews. The issued recommendations in the audit reports highlighted improvements to certain controls for better efficiency. Local Management has shared their response to these recommendations and proposed action plans with the related implementation dates and responsibilities for execution. These implementations have been checked during follow-up visits performed by the IC&A Department. Furthermore, follow-up of action plans progress contribute to an efficient monitoring of recommendations implementation related to significant audit issues. Finally, the best practices in terms of internal control noted while performing these reviews have been communicated and shared within the Group.

In addition, all General Managers and Finance Directors of the subsidiaries signed a letter attesting that the internal controls in place are comprehensive and operate adequately to manage the operations. In the letter, they also attest to the reliability of the financial information reported and compliance with relevant laws and regulations.

If necessary, the General Manager of the subsidiary provides details of non-significant weaknesses for which corrective actions will be implemented the following year. This process allows for a reasonable confidence being placed on the achievement of operational goals, on the reliability of financial information reported and on the compliance with relevant laws and regulations. All of these letters have been collected for 2014 and no new major issues have been identified.

A summary of the work performed by the IC&A Department during the year is presented to the Leadership Team, Audit Committee and Board of Directors. The analysis includes a summary of the main audit findings and recommendations as well as a summary of the risk analysis and action plans for progress.

b) Perspectives and Action Plan for 2015

The IC&A Department will continue to focus on processes and efficiency improvements, testing of operational effectiveness of key controls and enhancing the overall review process.

The 2015 audit schedule, prepared by the IC&A Department and validated by the Audit Committee and the Leadership Team, meets the long-term rotation principle for the site and processes reviews. It maintains the same level of commitment as in 2014, in terms of number of audits and of audited sites and processes.

Finally, the IC&A Department will maintain its coordination role for the continuous improvement of Group procedures, and it will continue to be involved in the risk management approach.

3.1.2.3.5. Employees

Each employee is involved in internal control in accordance with his/her respective knowledge and access to information to design, operate and monitor the internal control system.

To reinforce the commitment of all employees to the importance of internal control, the Values of the Group have been posted since 1998 at all Group locations so that employees can share them. In 2005, the Group Vision and Values were updated and presented to all employees. Since 2005, a survey is performed every two years with employees regarding the compliance with Group Values (85% positive opinions in 2013). These values were continuously shared in 2014 within the Group.

The Group Code of Ethics exists and is available for all employees. The Board of Directors has taken note of it and reasserted, as necessary, the importance of action and behavior principles mentioned in this Code. The Leadership Team validated the Group Code of Ethics, the procedures and policies, and cascades it throughout the Group.

Additionally a Charter of Diversity was signed in 2011 by the Chief Executive Officer and the Human Resources Director. This Charter of Diversity, shared by all of the entities, defines the Group commitment to continually improving and educating the employees about the value of diversity and aims to assist in the prevention of discrimination in the workplaces.

3.2. Statutory Auditors' Report prepared pursuant to Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors

For the year ended December 31, 2014

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as auditors of SOCIÉTÉ BIC, and pursuant to Article L. 225-235 of the French Commercial Code (*Code de Commerce*), we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2014.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- to attest that this report contains the other disclosures required by Article L 225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We performed our procedures in accordance with professional standards applicable in France.

Information in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining whether any significant weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report on the information given in respect of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set forth in the report of the Chairman of the Board of Directors, prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, February 23, 2015

The Statutory Auditors

Grant Thornton
French Member of Grant Thornton International
Vincent PAPAZIAN

Deloitte & Associés
Jean-François VIAT

3.3. Senior Management compensation and employees' interests in the issuer's capital

3.3.1. SENIOR MANAGEMENT COMPENSATION

3.3.1.1. Compensation policy

3.3.1.1.1. General policy

Remuneration is fixed by the Board of Directors upon the recommendation of the Compensation and Nomination Committee. This committee:

- analyzes and compares trends in remuneration for comparable individuals and positions in the French marketplace for the Chairman and the Executive Vice-Presidents and in the USA marketplace for the Chief Executive Officer ;
- analyzes the performance of individuals and of the Company as a whole;
- ensures that the Group's policies and priorities are reflected in variable remuneration programs, both short and long-term;
- analyses the total reward including all benefits (and including pension).

3.3.1.1.2. Rules governing the granting of the variable annual part (Bonus) in 2014

a) The Chairman, Bruno Bich, received no variable remuneration for 2014.

b) The bonus paid to the Chief Executive Officer, Mario Guevara, was calculated on the basis of six criteria proposed by the Compensation and Nomination Committee and authorized by the Board of Directors at the beginning of the fiscal year:

Criteria	2014 bonus target as a % of base salary	Actual 2014 bonus paid, as a % of base salary
Group net sales	25.00%	24.75%
Income from operations	25.00%	26.50%
Net income	12.50%	13.75%
Inventory	12.50%	11.75%
Receivables	12.50%	11.13%
Personal objectives	37.50%	32.12%
Total*	**125.00%**	**120.00%**

* *The maximum bonus 2014 is 175% of base salary, equivalent to 140% of target bonus.*

For 2014, the personal objectives were determined by the Board at the beginning of the fiscal year. These objectives deal with the succession planning, Group strategy and the integration of Cello Pens. If 100% of the objectives are achieved, the bonus will be 37.5% of base salary. The maximum achievement percentage is 140%, equivalent to 52.50% of base salary.

The total bonus paid for 2014 represents 96% of the bonus target, amounting to 943,200 U.S. dollars.

c) The bonus paid to the Executive Vice-Presidents, François Bich and Marie-Aimée Bich-Dufour, was calculated on the basis of four or five criteria:

BONUS – FRANÇOIS BICH

Criteria	2014 bonus target as a % of base salary	Actual 2014 bonus paid, as a % of base salary
Net sales for Lighters category	12.00%	13.44%
Income from operations for Lighters category	12.00%	14.52%
Group Net Income	12.00%	16.80%
Inventory for Lighters category	6.00%	6.60%
Personal objectives and general appraisal	18.00%	20.70%
TOTAL*	**60.00%**	**72.06%**

* *The maximum bonus 2014 is 90% of base salary, equivalent to 150% of target bonus.*

The 2014 bonus paid to François Bich amounts to 345,888 euros, which represents 120% of the bonus target.

BONUS – MARIE-AIMÉE BICH-DUFOUR

Criteria	2014 bonus target As a % of base salary	Actual 2014 bonus paid, as a % of base salary
Group net sales	9.00%	9.00%
Income from operations	13.50%	14.72%
Net Income	4.50%	4.95%
Personal objectives and general appraisal	18.00%	18.00%
TOTAL*	**45.00%**	**46.67%**

* *The maximum bonus 2014 is 67.5% of base salary, equivalent to 150% of target bonus.*

The 2014 bonus paid to Marie-Aimée Bich-Dufour represents 104% of the bonus target, amounting to 134,876 euros.

3.3.1.1.3. Fixed part of the Remuneration in 2015

The Board has set the fixed parts of the remunerations:

- 196,000 euros (+2.3% vs. 2014) for M. Bruno Bich, Chairman;
- 810,000 US dollars (609,297 euros [(1)]) (+3.0% vs. 2014) for M. Mario Guevara, Chief Executive Officer;
- 490,000 euros (+2.1% vs. 2014) for M. François Bich, Executive Vice-President;
- 295,000 euros (+2.1% vs. 2014) for Mrs. Marie-Aimée Bich-Dufour, Executive Vice-President.

3.3.1.2. Individual remuneration

The total amount of fixed and variable remuneration awarded to the four Corporate Officers for the fiscal year 2014 is equal to 1,552,244 euros in respect of fixed remuneration (base) and 1,190,257 euros in respect of variable remuneration (bonus). For the fiscal year 2013, those amounts were 1,501,602 euros in respect of fixed remuneration (base) and 1,107,022 euros in respect of variable remuneration (bonus)[(1)]

The total amount of remuneration awarded to the members of the Management team ("Leadership" team of 10 members, including the Chief Executive Officer and the two Executive Vice-Presidents) for the fiscal year 2014, is equal to 3,638,076 euros in respect of fixed remuneration (base) and 2,545,551 euros in respect of variable remuneration (bonus). For the fiscal year 2013, the team was made up of nine members and those amounts were 3,314,402 euros as fixed remuneration (base) and 2,198,184 euros as variable remuneration (bonus) [(1)].

Total compensation and fringe benefits awarded for fiscal years 2013 and 2014 by SOCIÉTÉ BIC and by the companies it controls, Article L. 233-16 of the French Commercial Code, to members of the Management bodies and to SOCIÉTÉ BIC in their functions within the Group, were as follows:

TABLES A – SUMMARY OF COMPENSATION, OPTIONS AND SHARES AWARDED TO EACH CORPORATE OFFICER

(Table 1 according to the AMF Position-Recommendation No. 2009-16)

Bruno Bich **Chairman**	**Fiscal year 2013** *(in euros)*	**Fiscal year 2014** *(in euros)*
Compensation due in respect of thel year (detailed in table B)	187,800	192,000
Valuation of long-term variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	-	-
TOTAL	**187,800**	**192,000**

Bruno Bich has been the Non-Executive Chairman since March 2006 and receives a fixed remuneration (with no variable element) from SOCIÉTÉ BIC, in relation to his position as Non-Executive Chairman.

(1) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2013 (1euro=1.3279 U.S. dollars) and for 2014 (1euro=1.3294 U.S. dollars).

Mario Guevara Chief Executive Officer	Fiscal year 2013 *(in U.S. dollars)[a]*	**Fiscal year 2014** *(in U.S. dollars)[b]*
Compensation due in respect of the year (detailed in table B)	1,733,169 (1,305,196 euros)	1,833,945 (1,379,529 euros)
Valuation of long-term variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	2,628,943 (1,979,775 euros)	2,327,713 (1,750,950 euros)
TOTAL	**4,362,212 (3,284,971 EUROS)**	**4,161,658 (3,130,479 EUROS)**

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2013 (1 euro = 1.3279 U.S. dollars).
(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2014 (1 euro = 1.3294 U.S. dollars). (See Note 3 to the consolidated financial statements).

François Bich Executive Vice-President	Fiscal year 2013 *(in euros)*	**Fiscal year 2014** *(in euros)*
Compensation due in respect of the year (detailed in table B)	779,078	829,560
Valuation of long-term variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	879,900	466,920
TOTAL	**1,658,978**	**1,296,480**

Marie-Aimée Bich-Dufour Executive Vice-President	Fiscal year 2013 *(in euros)*	**Fiscal year 2014** *(in euros)*
Compensation due in respect of the year (detailed in table B)	411,209	425,364
Valuation of long-term variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	373,958	252,915
TOTAL	**785,167**	**678,279**

TABLES B – SUMMARY OF THE COMPENSATION OF EACH CORPORATE OFFICER

(Table 2 according to the AMF Position-Recommendation No. 2009-16)

Bruno Bich Chairman	Amounts for fiscal year 2013 *(in euros)*		**Amounts for fiscal year 2014** *(in euros)*	
	Due	**Paid**	**Due**	**Paid**
Fixed compensation	187,800	187,800	192,000	192,000
Annual variable compensation	-	-	-	-
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	-	-	-	-
TOTAL	**187,800**	**187,800**	**192,000**	**192,000**

Mario Guevara **Chief Executive Officer**	**Amounts for fiscal year 2013** *(in U.S. dollars)[a]*		**Amounts for fiscal year 2014** *(in U.S. dollars)[b]*	
	Due	**Paid**	**Due**	**Paid**
Fixed compensation	750,000 (564,802 euros)	750,000 (564,802 euros)	786,000 (591,244 euros)	786,000 (591,244 euros)
Annual variable compensation	891,375 (671,267 euros)	900,000 (677,762 euros)	943,200 (709,493 euros)	891,375 (670,509 euros)
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	1) Vehicle benefit: 19,200 (14,459 euros)	1) Vehicle benefit: 19,200 (14,459 euros)	1) Vehicle benefit: 19,200 (14,443 euros)	1) Vehicle benefit: 19,200 (14,443 euros)
	2) Company contributions to Company U.S. savings plan:	2) Company contributions to Company U.S. savings plan:	2) Company contributions to Company U.S. savings plan:	2) Company contributions to Company U.S. savings plan:
	a) 401 K: 7,650 (5,761 euros)	a) 401 K: 7,650 (5,761 euros)	a) 401 K: 7,800 (5,867 euros)	a) 401 K: 7,800 (5,867 euros)
	b) "Exec Comp Plan": 30,000 (22,592 euros)	b) "Exec Comp Plan": 30,000 (22,592 euros)	b) "Exec Comp Plan": 31,440 (23,650 euros)	b) "Exec Comp Plan": 31,440 (23,650 euros)
	3) Other: 34,944 (26,315 euros)	3) Other: 34,944 (26,315 euros)	3) Other: 46,305 (34,832 euros)	3) Other: 46,305 (34,832 euros)
TOTAL	**1,733,169** **(1,305,196 EUROS)**	**1,741,794** **(1,311,691 EUROS)**	**1,833,945** **(1,379,529 EUROS)**	**1,782,120** **(1,340,545 EUROS)**

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2013 (1 euro = 1.3279 U.S. dollars).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2014 (1 euro = 1.3294 U.S. dollars). (See Note 3 to the consolidated financial statements).

François Bich **Executive Vice-President**	**Amounts for fiscal year 2013** *(in euros)*		**Amounts for fiscal year 2014** *(in euros)*	
	Due	**Paid**	**Due**	**Paid**
Fixed compensation	470,000	470,000	480,000	480,000
Annual variable compensation	305,406	290,968	345,888	305,406
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	Vehicle (Value of benefit): 3,672	Vehicle (Value of benefit): 3,672	Vehicle (Value of benefit): 3,672	Vehicle (Value of benefit): 3,672
TOTAL	**779,078**	**764,640**	**829,560**	**789,078**

Marie-Aimée Bich-Dufour Executive Vice-President	Amounts for fiscal year 2013 *(in euros)*		**Amounts for fiscal year 2014** *(in euros)*	
	Due	**Paid**	**Due**	**Paid**
Fixed compensation	279,000	279,000	289,000	289,000
Annual variable compensation	130,349	128,564	134,876	130,349
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	Vehicle (Value of benefit): 1,860	Vehicle (Value of benefit): 1,860	Vehicle (Value of benefit): 1,488	Vehicle (Value of benefit): 1,860
TOTAL	**411,209**	**409,424**	**425,364**	**420,837**

3.3.1.3. Directors' fees

Bruno Bich, Mario Guevara, François Bich and Marie-Aimée Bich-Dufour receive no Directors' fees in connection with the functions they perform in Group companies.

Similarly none of the Leadership Team members receives Directors' fees in connection with the functions they perform in Group companies.

Total Directors' fees paid to Mrs. Chandon-Moët, Mrs. Poinsot, Mr. Glen, Mr. Pélisson, Mr. Rostand, Mr. Vareille and SOCIÉTÉ M.B.D. are determined on the basis of their participation in the Audit Committee and the Compensation and Nomination Committee of the Board of Directors.

For fiscal year 2014, the allocation of Directors' fees is based on the following rules:

- director fixed annual fee: 12,000 euros;
- variable part corresponding to 100% Board Meeting Attendance: 21,000 euros;
- variable part corresponding to the role of Committee Chairman: 17,500 euros;
- variable part corresponding to the role of Committee Member: 13,000 euros.

These Board members do not receive any other compensation from BIC.

TABLE C – SUMMARY OF DIRECTOR FEES

(Table 3 according to the AMF Position-Recommendation No. 2009-16)

Board members	Directors' fees paid relating to 2013 *(in euros)*	**Directors' fees paid relating to 2014** *(in euros)*
Elizabeth Bastoni	31,000	46,000
Marie-Pauline Chandon-Moët	32,200	33,000
John Glen	49,000	50,500
Gilles Pélisson	14,950	-
Marie-Henriette Poinsot	44,950	46,000
Frédéric Rostand	48,000	50,500
SOCIÉTÉ M.B.D.	44,950	46,000
Pierre Vareille	44,950	46,000
TOTAL	**310,000**	**318,000**

3.3.1.4. Allocation of stock options

As part of a policy recommended by the Compensation and Nomination Committee, the Board has decided no longer to award stock options from 2011 and to set up a policy of free share grants.

To the best of the Company's knowledge , no hedging instrument has been put in place by the two Corporate Officers holding stock options (Mario Guevara and Marie-Aimée Bich-Dufour). Moreover, these Corporate Officers have made a formal commitment not to use such instruments.

The dilutive impact of the previous stock option grants is reported in Note 8 to the consolidated financial statements. A table that summarizes all stock option plans is included in Note 22 to the consolidated financial statements.

All the corporate officers complied with the blackout periods preceding the publication of annual and interim financial statements.

TABLE D – STOCK OPTIONS AWARDED DURING THE FISCAL YEAR 2014 TO EACH CORPORATE OFFICER

(Table 4 according to the AMF Position-Recommendation No. 2009-16)

Options awarded to each corporate officer by the issuer and by any company of the Group (nominative list)	Number and date of the plan	Nature of the options (purchase or subscription)	Valuation of the options according to the method used for the consolidated financial statements *(in euros)*	Number of options awarded during the fiscal year	Exercise price *(in euros)*	Exercise period
N/A	-	-	-	-	-	-

STOCK OPTIONS AWARDED DURING THE FISCAL YEAR 2013 TO EACH CORPORATE OFFICER

Options awarded to each corporate officer by the issuer and by any company of the Group (nominative list)	Number and date of the plan	Nature of the options (purchase or subscription)	Valuation of the options according to the method used for the consolidated financial statements *(in euros)*	Number of options awarded during the fiscal year	Exercise price *(in euros)*	Exercise period
N/A	-	-	-	-	-	-

TABLE E – STOCK OPTIONS EXERCISED DURING THE FISCAL YEAR 2014 BY EACH CORPORATE OFFICER

(Table 5 according to the AMF Position-Recommendation No. 2009-16)

Options exercised by corporate officers (nominative list)	Number and date of the plan	Number of options exercised during the fiscal year	Exercise price *(in euros)*	Award year
N/A	-	-	-	-

STOCK OPTIONS EXERCISED DURING THE FISCAL YEAR 2013 BY EACH CORPORATE OFFICER

Options exercised by corporate officers (nominative list)	Number and date of the plan	Number of options exercised during the fiscal year	Exercise price *(in euros)*	Award year
N/A	-	-	-	-

TABLE F – STOCK OPTION PLANS

(Table 8 according to the AMF Position-Recommendation No. 2009-16)

	Plan n°8
Annual Shareholders' Meeting date	May 28, 2003
Board of Directors' Meeting date	Dec. 14, 2005
Number of options available for subscription	427,850
• *Of which, options granted to the Corporate Officers (% of BIC Shares as of December 31, 2014)*	
• *Mario Guevara*	*15,000 (0.03%)*
• *Marie-Aimée Bich-Dufour*	*5,000 (0.01%)*
Date from which options may be exercised	Dec. 15, 2008
Option expiration date	Dec. 13, 2015
Exercise price *(in euros)*[a]	50.01
Number of options exercised as of Dec. 31, 2014	314,200
Number of void options as of Dec. 31, 2014	84,300
Number of remaining options as of Dec. 31, 2014	29,350

(a) No discount on the exercise price.

	Plan No.10	Plan No.11	Plan No.12	Plan No.13
Annual Shareholders' Meeting date	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of options available for subscription	440,500	371,400	360,000	382,950
• *Among which, options granted to the Corporate Officers (% of BIC Shares as of December 31, 2014)*				
• *Mario Guevara*	-	-	-	-
• *Marie-Aimée Bich-Dufour*	*5,000 (0.01%)*	-	-	-
Date from which options may be exercised	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiring date	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price *(in euros)* [a]	49.62	40.18	47.99	63.71
Number of options exercised as of Dec. 31, 2014	352,096	282,900	233,281	161,641
Number of void options as of Dec. 31, 2014	40,800	30,300	31,900	38,800
Number of remaining options as of Dec. 31, 2014	47,604	58,200	94,819	182,509

(a) No discount on the exercise price.

Bruno and François Bich were not granted any options under the above stock option plans.

3.3.1.5. Free, performance-based share allocations

From 2005, exercising the power placed at its disposal by the Shareholders' Meeting, the Board of Directors resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of three-year performance-based free share grants. The Corporate Officers mentioned in the table below benefit from this policy.

According to Law no.2006-1770 of December 30, 2006, BIC Corporate Officers will have to keep 20% of free shares acquired, until their mandate expires. The 20% will be reduced to 10% when the Chief Executive Officer owns five years of base salary in BIC shares and when the Executive Vice-Presidents own three years of base salary in BIC shares.

To the best of the Company's knowledge, no hedging instrument has been put in place by the three Corporate Officers mentioned in the tables G and H below. Moreover, these Corporate Officers have made the formal commitment not to use hedging instruments.

The impact of previous years' shares grants on dilution is non-existent because granted shares are existing shares.

The total number of granted shares is reported in Note 22 to the consolidated financial statements.

TABLES G – PERFORMANCE SHARES AWARDED DURING THE FISCAL YEAR 2014 TO EACH CORPORATE OFFICER

(Table 6 according to the AMF Position-Recommendation No. 2009-16)

Performance shares awarded during the fiscal year to each corporate officer by the issuer and by any company of the Group (Nominative list)	Number and date of the plan	Number of shares awarded during the fiscal year	Valuation of the shares according to the method used for the consolidated fiscal statements *(in euros)*	Acquisition date	Availability date	Performance conditions
Mario Guevara	10 (Feb. 11, 2014)	22,500	1,750,950	Mar. 11, 2017	Mar. 11, 2020	1) Increase net sales
François Bich	10 (Feb. 11, 2014)	6,000	466,920	Mar. 11, 2017	Mar. 11, 2020	2) Net cash from operating activities, and change in Inventory, as a percentage of net sales
Marie-Aimée Bich-Dufour	10 (Feb. 11, 2014)	3,250	252,915	Mar. 11, 2017	Mar. 11, 2020	

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR 2013 TO EACH CORPORATE OFFICER

Performance shares awarded during the fiscal year to each corporate officer by the issuer and by any company of the Group (Nominative list)	Number and date of the plan	Number of shares awarded during the fiscal year	Valuation of the shares according to the method used for the consolidated fiscal statements *(in euros)*	Acquisition date	Availability date	Performance conditions
Mario Guevara	9 (Feb. 12, 2013)	22,500	1,979,775	Mar. 12, 2016	Mar. 12, 2019	1) Increase net sales
François Bich	9 (Feb. 12, 2013)	10,000	879,900	Mar. 12, 2016	Mar. 12, 2019	2) Net cash from operating activities, and change in Inventory, as a percentage of net sales
Marie-Aimée Bich-Dufour	9 (Feb. 12, 2013)	4,250	373,958	Mar. 12, 2016	Mar. 12, 2019	

TABLES H – PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE DURING THE FISCAL YEAR 2014 TO EACH CORPORATE OFFICER

(Table 7 according to the AMF Position-Recommendation No. 2009-16)

Performance shares that have become available for each corporate officer (nominative list)	Number and date of the plan	Number of shares that have become available during the fiscal year	Acquisition terms	Award year
Mario Guevara	4 (Dec. 11, 2007)	14,350	100% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2007
Marie-Aimée Bich-Dufour	4 (Dec. 11, 2007)	2,650		2007

PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE DURING THE FISCAL YEAR 2013 TO EACH CORPORATE OFFICER

Performance shares that have become available for each corporate officer (nominative list)	Number and date of the plan	Number of shares that have become available during the fiscal year	Acquisition terms	Award year
Mario Guevara	3 (Dec. 13, 2006)	11,515	94% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2006
Marie-Aimée Bich-Dufour	3 (Dec. 13, 2006)	2,491		2006

TABLE I – PERFORMANCE SHARES PLANS

(Table 10 according to the AMF Position-Recommendation No. 2009-16)

	Plan nº 1		Plan nº 2		Plan nº 3		Plan nº 4		Plan nº 5	
Annual Shareholders' Meeting date	May 19, 2005		May 19, 2005		May 19, 2005		May 23, 2007		May 23, 2007	
Board of Directors' Meeting date	May 19, 2005		December 14, 2005		December 13, 2006		December 11, 2007		February 10, 2009	
Grant	M	S	M	S	M	S	M	S	M	S
Number of shares granted	31,800	2,618	31,800	2,618	33,450	2,352	37,550	2,644	57,500	2,643
• *Of which, shares granted to the Corporate Officers (% of BIC Shares as of December 31, 2014)*										
• *Mario Guevara*	*2,650*	*238*	*2,650*	*238*	*12,250 (0.02%)*	*294*	*14,350 (0.03%)*	*302*	*16,450 (0.03%)*	*806*
• *François Bich*	-	-	-	-	-	-	-	-	-	-
• *Marie-Aimée Bich-Dufour*	*2,650*	-	*2,650*	-	*2,650*	-	*2,650*	-	*3,500*	-
End of the Acquisition Period	May 19, 2008	May 19, 2012	March 14, 2009	March 14, 2013	March 13, 2010	March 13, 2014	March 11, 2011	March 11, 2015	March 10, 2012	March 10, 2016
End of the Holding Period	May 19, 2011	May 19, 2014	March 14, 2012	March 14, 2015	March 13, 2013	March 13, 2016	March 11, 2014	March 11, 2017	March 10, 2015	March 10, 2018
Performance conditions	1) Increase net sales 2) Net cash from operating activities as a percentage of net sales									
Total number of free shares definitively acquired as of December 31, 2014	20,405	1,162	15,741	640	31,443	1,104	37,550	-	57,500	-
Total number of void or lapsed shares as of December 31, 2014 [(a)]	11,395	1,456	16,059	1,978	2,007	1,248	-	1,208	-	487
Total number of free shares outstanding as of December 31, 2014	-	-	-	-	-	-	-	1,436	-	2,156

(a) The free share grants are void due to the beneficiary leaving the Company or to all performance conditions not being achieved.

M = Main.

S = Secondary.

	Plan nº 6	Plan nº 7	Plan nº 8	Plan nº 9	Plan nº 10
Annual Shareholders' Meeting date	May 23, 2007	May 12, 2010	May 12, 2010	May 12, 2010	May 15, 2013
Board of Directors' Meeting date	February 16, 2010	February 15, 2011	February 14, 2012	February 12, 2013	February 11, 2014
Grant	M	M	M	M	M
Number of shares granted	83,475	87,650	159,940	161,010	156,660
• Of which, shares granted to the Corporate Officers (% of BIC Shares as of December 31, 2013)					
• *Mario Guevara*	*20,400 (0.04%)*	*22,500 (0.04%)*	*22,500 (0.04%)*	*22,500 (0.04%)*	*22,500 (0.04%)*
• *François Bich*	*10,000 (0.02%)*	*10,000 (0.02%)*	*10,000 (0.02%)*	*10,000 (0.02%)*	*6,000 (0.01%)*
• *Marie-Aimée Bich-Dufour*	*3,500*	*3,500*	*3,000*	*4,250*	*3,250*
End of the Acquisition Period	March 16, 2013	March 15, 2014	March 14, 2015	March 12, 2016	March 11, 2017
End of the Holding Period	March 16, 2016	March 15, 2017	March 14, 2018	Mach 12, 2019	Mach 11, 2020
Performance conditions	1) Increase net sales 2) Net cash from operating activities, as a percentage of net sales				
Total number of free shares definitively acquired as of December 31, 2014	76,797	57,551	-	-	-
Total number of void or lapsed shares as of December 31, 2014 [(a)]	6,678	30,099	11,410	5,970	1,590
Total number of free shares outstanding as of December 31, 2014	-	-	148,530	155,040	158,070

(a) The free share grants are void due to the beneficiary leaving the Company or to all performance conditions not being achieved.

M = Main.

S = Secondary.

3.3.1.6. Pension plans

a) Since April 2006, the Chairman, Bruno Bich, has been receiving a pension paid by the BIC CORPORATION Supplementary Executive Retirement Plan, to which he has been contributing for more than 30 years. In 2014 Bruno Bich received 555,360 U.S. dollars.

b) Mario Guevara contributes to the BIC CORPORATION Supplementary Executive Retirement Plan. This plan provides a pension equal to 2.5% of the average remuneration of the last three years of service, by year of seniority, with a maximum of 50% (i.e. 20 years of service) including the pension granted by the U.S. Qualified Pension Plan. The commitments arising from this plan are recorded in BIC CORPORATION's financial statements in accordance with IAS 19. The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2014 for Mario Guevara is 11,242,705 U.S. dollars (10,209,601 U.S. dollars for the Supplementary Executive Retirement Plan and 1,103,104 U.S. dollars for the U.S. Qualified Pension Plan). As of December 31, 2014, Mario Guevara has accrued a pension benefit equivalent to 2.5% x 20 years of service = 50% of the average remuneration of the last three years of service (*i.e.*, for information, a pension equal to 815,000 U.S. dollars payable at age 57, if he had stopped his activity in December 31, 2014).

A minimum period of five years of participation is necessary to benefit from the plan.

c) François Bich and Marie-Aimée Bich-Dufour contribute to the Supplementary Executive Retirement Plan for BIC executives in France. This plan, which is an additional pension plan, provides a supplementary pension to the compulsory plans equal to 1.25% of the average remuneration of the last three years of service, based on years of membership of the plan, with a maximum of 25% (i.e. 20 years). In addition, the consolidation of all their pension rights cannot exceed a replacement rate of 50%. SOCIÉTÉ BIC has made provision for the commitments arising from this plan in accordance with IAS 19. The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2014 is 6,608,902 euros for Francois Bich and 3,564,147 euros for MarieAimée BichDufour. As of December 31, 2014, François Bich has accrued a pension benefit equivalent to 1.25% x 20 years of service = 25% of the average remuneration of the last three years of service (*i.e.*, for information, a pension equal to 193,800 euros, if he had stopped his activity in December 31, 2014) and Marie-Aimée Bich-Dufour has accrued a pension benefit equivalent to 1.25% x 19 years of service = 23.75% of the average remuneration of the last three years of service (i.e., for information, a pension equal to 97,300 euros, if she had stopped her activity in December 31, 2014).

Three conditions are necessary to benefit from the plan: a minimum period of five consecutive years of participation, to retire at BIC and to officially qualify for a pension under the Social Security scheme.

3.3.1.7. Exceptional remuneration (paid upon assuming or relinquishing an appointment)

No commitment was entered into with Corporate Officers regarding exceptional remuneration to be paid at the conclusion of their term of appointment.

TABLE J

(Table 11 according to the AMF Position-Recommendation No. 2009-16)

Corporate officers	Working contract		Supplementary pension plan		Mandate termination indemnities or benefits		Non-competition indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Bruno Bich **Chairman** 1st nomination: June 2, 1986 End of mandate: Annual Shareholders' Meeting in 2016, for the fiscal year 2015		X	X			X		X
Mario Guevara **Chief Executive Officer** Beginning of mandate: March 1, 2006 End of mandate: Annual Shareholders' Meeting in 2016, for the fiscal year 2015		X [(a)]	X (See section 3.3.1.6.)			X		X
François Bich **Executive Vice-President** Beginning of mandate: December 15, 1988 End of mandate: end of CEO's mandate		X	X (See section 3.3.1.6.)			X		X
Marie-Aimée Bich-Dufour **Executive Vice-President** Beginning of mandate: March 22, 1995 End of mandate: end of CEO's mandate		X	X (See section 3.3.1.6.)			X		X

(a) No employment contract was concluded between SOCIÉTÉ BIC and Mario Guevara. Mario Guevara is also Chief Executive Officer of BIC CORPORATION and BIC INTERNATIONAL, American companies. No termination payments are provided for these two functions, which can be terminated at any time.

3.3.2. TRANSACTIONS IN COMPANY SHARES BY CORPORATE OFFICERS IN 2014 (ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE)

Summary of notifications established pursuant to Article L. 621-18-2 of the Monetary and Financial Code (details available on www.amf-france.org):

	Type and number of transactions				
Declaring	Purchase	Sale	Exchange	Other	Number of share
Bruno Bich	-	7	-	-	100,000
Bruno Bich	-	-	-	1 [(a)]	525,000
Person linked to Bruno Bich	-	-	-	1	2,135
Person linked to Bruno Bich	-	-	-	1	2,136

(a) Exit from a trust.

3.3.3. EMPLOYEES' INTERESTS IN THE ISSUER'S CAPITAL

3.3.3.1. Agreements for profit sharing

No plan in respect of the issuer (SOCIÉTÉ BIC has no salaried employees) but every subsidiary can have its own agreement according to the applicable law.

3.3.3.2. Stock options granted to the first ten employees who are not Corporate Officers, and options exercised

TABLE K

(Table 9 according to the AMF Position-Recommendation No. 2009-16)

Stock options granted to the first 10 employees who are not corporate officers, and options exercised	Total number of attributed options/of subscribed shares	Weighted average price *(in euros)*	Date of maturity	Number of plan
Options **granted during the fiscal year** by the issuer and by any company included in the perimeter of allocation of the options, to the 10 employees of the issuer and any company included in this perimeter, receiving the highest number of options so granted	-	-	-	-
Options held on the issuer and the companies concerned previously, **exercised during the year,** by the ten employees of the issuer and these companies, receiving the highest number of options subscribed	5,200	36.76	14 Dec. 2014	7
	8,600	50.01	13 Dec. 2015	8
	10,750	52.35	12 Dec. 2014	9
	17,200	49.62	10 Dec. 2015	10
	9,800	47.99	14 Dec. 2017	12
	7,600	63.71	15 Dec. 2018	13
TOTAL	**59,150**	**50.56**		

The characteristics of these plans are described in Note 22 to the consolidated financial statements as well as the use made by the employees.

No stock - options have been granted since 2011.

3.3.3.3. Free share allocations with or without performance conditions

Since 2005, exercising the power granted to it by the Shareholders' Meeting, the Board of Directors has resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of three-year performance-based free share grants. From 2012, some 500 executives receiving stock options on the basis of their position in the Company (eligible) receive three-year performance-based free share grants.

Regarding the eight plans in force, performance is assessed over a three-year period according to the achievement of two objectives:

- net sales growth;
- net cash flow from operating activities, and change in inventory, as a percentage of net sales.

At the conclusion of this three-year period in which the required level of performance must be achieved, the shares, which are definitively transferred, will be non-transferable for a further period of three years.

In 2014, 159,660 performance shares were granted to 536 beneficiaries

In 2013, 161,010 performance shares were granted to 525 beneficiaries.

In parallel, to replace the stock option programs rewarding staff selected by Management and key contributors of the year, the Board of Directors decided, on the recommendation of the Remuneration and Nomination Committee, to award free share grants without performance conditions.

The acquisition period is four years. After this four year period, the shares will be non-transferable for a further period of two years for the French beneficiaries.

In 2014, 19,700 shares were granted without performance conditions to 243 beneficiaries.

In 2013, 19,950 shares were granted without performance conditions to 233 beneficiaries.

The total number of shares is reported in Note 22 to the consolidated financial statements.

FREE SHARES GRANTED AND TRANSFERRED IN 2014 TO THE FIRST TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS

Free shares granted and transferred to the first 10 employees who are not corporate officers	Number of shares	Valuation of the shares according to the method used for the consolidated financial statements *(in euros)*	Acquisition date	Availability date	Plan no
• Shares granted during the fiscal year by the Company or by any company included in the perimeter of allocation of shares, to the 10 employees of the Company and of any company included in this perimeter, who are so allocated the highest number of shares [(a)]	41,500	3,229,530	March 11, 2017	1March 11, 2020	10
• Shares transferred during the fiscal year by the Company or by any company included in the perimeter of allocation of shares, to the 10 employees of the Company and of any company included in this perimeter, who are so transferred the highest number of shares [(a)]	9,500	558,885	March 15, 2014	March 15, 2017	7
	14,800	665,852	March 11, 2014	March 11, 2014	4

(a) These shares are all allocated under performance conditions.

3.4. Mandates of the Directors and the Corporate Officers as of December 31, 2014

CHAIRMAN OF THE BOARD OF DIRECTORS

Mr. BRUNO BICH



68 years old

Nationality:
French/American

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.
On December 31, 2014, SOCIÉTÉ M.B.D. held 26.36% of SOCIÉTÉ BIC share capital and 36.45% of the voting rights.

Chairman of the Board of Directors

Basis of the appointment

Article L. 225-17 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting on June 2, 1986

Expiration date

Annual Shareholders' Meeting in 2016, for fiscal year 2015

Member of a committee

No

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main position

- Bruno Bich was Chairman and Chief Executive Officer of SOCIÉTÉ BIC from May 27, 1993 to February 28, 2006.
- He has been Chairman of the Board of Directors of SOCIÉTÉ BIC since March 1, 2006.

Other current mandates or functions

- Chairman of the Board of Directors - Cello Plastic Products Private Ltd [(a)] - India
- Chairman of the Board of Directors - Cello Stationery Products Private Ltd [(a)] - India
- Chairman of the Board of Directors - Cello Tips and Pens Private Ltd [(a)] - India
- Chairman of the Board of Directors - Cello Writing Aids Private Ltd [(a)] - India
- Chairman of the Board of Directors - Cello writing instruments and Containers Private Ltd [(a)] - India
- Chairman of the Board of Directors - Pentek Pen and Stationery Private Ltd [(a)] - India
- Chairman of the Board of Directors - Cello Pens Private Ltd [(a)] - India
- Director, Member of the Control Committee - Seb [(b)] - France
- Member of the Supervisory Board - Bluwan - France
- Member of the International Advisory Board - Edhec - France
- Trustee - Harlem Academy - USA

Expired mandate or function in the previous five years (non BIC Group companies)

- Co-founder, Member of the Supervisory Board - Management Institute of Paris – M.I.P. (merged with EDHEC Group) - France

Biography

Since March 1, 2006, Bruno Bich has been Chairman of the Board of Directors of SOCIÉTÉ BIC (mother company of BIC Group). In 1993, he was appointed Chairman and Chief Executive Officer, succeeding the Company founder, Marcel Bich.

Prior to 1993, Bruno Bich served for nine years as Chairman and Chief Executive Officer of BIC Corporation, the Group's North American subsidiary. He had previously held several key corporate positions in this subsidiary including Vice President of Sales and Marketing and Sales Director.

Bruno Bich holds a bachelor's degree in marketing and finance from New York University. He began his career by working for five years in the corporate finance department of White, Weld & Company, an investment banking firm.

(a) BIC Group

(b) Listed company

CHIEF EXECUTIVE OFFICER AND DIRECTOR

Mr. MARIO GUEVARA



55 years old

Nationality:
Mexican/American

Number of BIC shares held:
26,637

Chief Executive Officer and Director

Basis of the appointment

Article L. 225-17 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Director: Annual Shareholders' Meeting on May 22, 2001
Chief Executive Officer: March 1, 2006

Expiration date

Annual Shareholders' Meeting in 2016, for fiscal year 2015

Member of a committee

No

Professional address

BIC INTERNATIONAL
One BIC Way,
Suite 1 Shelton,
CT – 06484 – 6299 – USA

Main position

- Chief Executive Officer of SOCIÉTÉ BIC since March 1, 2006.

Other current mandates or functions

- Chairman of the Board of Directors, Chief Executive Officer - BIC CORPORATION [(a)] - USA
- Chief Executive Officer, Director - BIC INTERNATIONAL Co [(a)] - USA
- Director - BIC Japan Co Ltd [(a)] - Japan

Expired mandate or function in the previous five years (non BIC Group companies)

None

Biography

Chief Executive Officer of SOCIÉTÉ BIC since March 1, 2006, Mario Guevara began his career at BIC in 1992 as Manager of BIC Mexico before becoming the Manager for South America in 1998. Following this, he held the position of Chairman of BIC Corporation in charge of North, Central and South America from 2001 to March 10, 2004 and then Executive Vice-President in charge of SOCIÉTÉ BIC operations until February 28, 2006.

(a) BIC Group

EXECUTIVE VICE-PRESIDENT AND DIRECTOR

Mr. FRANÇOIS BICH



65 years old

Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.
On December 31, 2014, SOCIÉTÉ M.B.D. held 26.36% of SOCIÉTÉ BIC share capital and 36.45% of the voting rights.

Executive Vice-President and Director

Basis of the appointment

Article L. 225-17 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Board of Directors of September 30, 1977 ratified by the Annual Shareholders' Meeting on May 29, 1978

Expiration date

Annual Shareholders' Meeting in 2017, for fiscal year 2016

Member of a committee

No

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main positions

- Executive Vice-President of SOCIÉTÉ BIC since December 15, 1988;
- General Manager Lighters of BIC Group.

Other current mandates or functions

- President - Société du Briquet Jetable 75 ("BJ 75") [(a)] - France
- Chairman of the Supervisory Board - SOCIÉTÉ M.B.D. - France

Expired mandate or function in the previous five years (non BIC Group companies)

None

Biography

In the BIC Group since March 1, 1969, François Bich has been a Director since September 30, 1977 and Executive Vice-President of SOCIÉTÉ BIC since December 15, 1988. He is also General Manager for the Lighters category of the BIC Group. He has been Chairman of the company Société du Briquet Jetable 75 since its creation in 1975.

(a) BIC Group.

DIRECTORS

Mrs. ELIZABETH BASTONI



49 years old

Nationality:
American

Number of BIC shares held:
836

Director

Basis of the appointment

Article L. 225-17 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting on May 15, 2013

Expiration date

Annual Shareholders' Meeting in 2016, for fiscal year 2015

Member of a committee

Compensation and Nomination Committee

Professional adress

B.M.G.I.
2365 Carillon Point
Kirkland
WA 98033 - United States.

Main position

- Head of Human Resources at B.M.G.I. (formerly B.G.I.) since April 1, 2014 – USA (non-listed company)

Other current mandate or function

None

Expired mandates or functions in the previous five years (non BIC Group companies)

- Human Resources consultant - EBB LLC - USA
- Director, Chairman of the Compensation Committee - Rezidor Hotel Group [(a)] - Sweden
- Director, Chairman of the Compensation Committee - Carlson Wagonlit Travel - France
- Executive Vice President, Human Resources and Communication - Carlson - USA
- Head of Compensation, Benefits and International Mobility - The Coca-Cola Company [(a)] - USA
- Director, Chairman of the Governance Committee - World at work - USA

Biography

Elizabeth Bastoni holds a Bachelor of Arts degree with a concentration in Accounting from Providence College, Providence, RI (USA). An American citizen, she also has a degree from Paris' Sorbonne University (Paris IV) in French Civilization.

Having lived and worked for over 18 years in France, Elizabeth Bastoni held various positions at KPMG, Lyonnaise des Eaux and Thales in Paris. From 2005 to 2010, she was Head of the Compensation, Benefits and International Mobility for The Coca-Cola Company in Atlanta (USA).

From February 2011 to October 2012, she was Executive Vice-President, Chief Human Resources and Communications Officer for the Carlson Group. From March 2011 to October 2012, she was a Director of the Board and Chairman of the Compensation Committee of Carlson Wagonlit Travel. She was also Director and Chairman of the Compensation Committee of The Rezidor Hotel Group from April 2011 to April 2013.

(a) Listed company

Mrs. MARIE-PAULINE CHANDON-MOËT (Maiden Name: BICH)



47 years old

Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.
On December 31, 2014, SOCIÉTÉ M.B.D. held 26.36% of SOCIÉTÉ BIC share capital and 36.45% of the voting rights.

Director

Basis of the appointment

Article L. 225-17 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting on May 28, 2003

Expiration date

Annual Shareholders' Meeting in 2017, for fiscal year 2016

Member of a committee

No

Current mandates or functions

- Member of the Supervisory Board - SOCIÉTÉ M.B.D. - France
- President - Ferrand SAS - France

Expired mandate or function in the previous five years (non BIC Group companies)

None.

Biography

Marie-Pauline Chandon-Moët has been a Director of the Board of SOCIÉTÉ BIC since May 28, 2003. She was European real estate projects Manager for BIC Group until December 31, 2010. Before this, she successively held, since 1991, the positions of Sales Administration Assistant, Sales Administration Manager (France then Europe), as well as Supply Chain Manager for Europe.

Marie-Pauline Chandon-Moët has a Bachelor of Science degree from Northeastern University in Boston (United States).

Mr. JOHN GLEN



55 years old

Nationality:
British

Number of BIC shares held:
500

Director

Basis of the appointment

Article L. 225-17 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Board of Directors of December 10, 2008 ratified by the Annual Shareholders' Meeting on May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2015 for fiscal year 2014

Member of a committee

Chairman of the Audit Committee

Professional address

THE BUCCLEUCH GROUP
27 Silvermills Court – Henderson Place Lane
Edinburgh EH3 5DG
United Kingdom

Main position

- Chief Executive Officer of Buccleuch Group (United Kingdom – non-listed company).

Other current mandate or function

- Director - Thames River Property Investment Trust [(a)] - United Kingdom

Expired mandate or function in the previous five years (non BIC Group companies)

- Vice Chairman of the Supervisory Board - European Financial Reporting Group (EFRAG) - Belgium

Biography

John Glen, Scottish, is Chief Executive Officer of Buccleuch Group (Edinburgh, United Kingdom – non-listed company), the holding company of a family owned group that operates in industry and agro-businesses.

He has previously held various positions at Unilever and was Finance Director at Air Liquide Group from 2000 until June 2008 and Vice Chairman of the Supervisory Board at EFRAG (European Financial Reporting Group) for four years. He is a fellow of the Chartered Institute of Certified Accountants and graduated with a master's degree in Accounting and Economics from the University of Edinburgh.

(a) Listed company.

Mrs. MARIE-HENRIETTE POINSOT (Maiden Name: BICH)



53 years old

Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.
On December 31, 2014, SOCIÉTÉ M.B.D. held 26.36% of SOCIÉTÉ BIC share capital and 36.45% of the voting rights.

Director

Basis of the appointment

Article L. 225-17 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting on May 21, 1997

Expiration date

Annual Shareholders' Meeting in 2015 for fiscal year 2014

Member of a committee

Compensation and Nomination Committee

Expired mandates or functions in the previous five years (non BIC Group companies)

- Director of Strategic Planning - Options SAS - France
- Member of Strategic Planning Committee - Options SAS - France

Biography

Marie-Henriette Poinsot was Director of Strategic Planning and Member of the Strategic Committee of the Options Group (France – non-listed company) from 2006 to 2013.

She previously worked for nine years in the BIC Group where she held different positions including that of Deputy Administrative Director of SOCIÉTÉ BIC.

Mr. FRÉDÉRIC ROSTAND



52 years old

Nationality:
French

Number of BIC shares held:
1,000

Director

Basis of the appointment

Article L. 225-17 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting on May 28, 2003

Expiration date

Annual Shareholders' Meeting in 2017 for fiscal year 2016

Member of a committee

Chairman of the Compensation and Nomination Committee

Professional address

SODIAAL
170 bis boulevard du Montparnasse
75014 Paris – France

Main position

- Chief Executive Officer of SODIAAL Group (France – non-listed company).

Other current mandates or functions

- Chief Executive Officer - Sodiaal Union - France
- Chief Executive Officer - Groupe Sodiaal - France
- Director, Chief Executive Officer - Sodiaal International - France
- Director - Beuralia - France
- Director - Entremont Alliance - France
- Director - Candia - France
- Director - Eurosérum - France
- Director - Monts & Terroirs (ex-Juragruyere) - France
- Chairman and Chief Executive Officer - CF&R Gestion (Compagnies des Fromages & RichesMonts) - France
- Director - Nutribio - France
- Director, Chairman of the Supervisory Board - Yoplait - France
- Member of the Management Board - Orlait - France
- Director - Fondation des Foyers de Charité - France
- Chairman and Chief Executive Officer of the Managing Director " Commandité" (CF&R Gestion) - CF&R (Compagnie des Fromages & RicheMonts) - France
- Director, Chief Executive Officer - 3A Groupe - France
- Director - Bonilait Protéines - France
- Director - Boncolac - France
- Permanent representative of the Chairman (Sodiaal International) - Sodiaal Franchise - France

Mr. FRÉDÉRIC ROSTAND

Expired mandates or functions in the previous five years (non BIC Group companies)

- Chairman of the Directory Board - Générale de Santé SA [(a)] - France
- President - Compagnie Générale de Santé SAS - France
- Chairman and Chief Executive Officer - Générale de Santé Cliniques - France
- Director - GIE Générale de Santé - France
- Director - GIE Générale de Santé Hospitalisation - France
- Permanent representative of Compagnie Générale de Santé on the Board of Directors - Conectis Santé - France
- Permanent representative of Compagnie Générale de Santé on the Board of Directors - Hôpital Privé Beauregard (ex-Provence Santé) - France
- Permanent representative of Compagnie Générale de Santé on the Board of Directors - Sam Bio - France
- Permanent representative of Compagnie Générale de Santé on the Board of Directors - École Européenne de Chirurgie - France
- Permanent representative of Sogur on the Board of Directors - Cofindex - France
- Director - Fondation d'entreprise Générale de Santé - France
- Permanent representative of Compagnie Générale de Santé on the Board of Directors - Financière la Providence - France
- Permanent representative of Générale de Santé Cliniques on the Board of Directors - Générale de Santé Domicile - France
- Permanent representative of Générale de Santé Cliniques on the Board of Directors - Immobilière de Santé - France
- Permanent representative of Générale de Santé Cliniques on the Board of Directors - Pass - France
- Director - Louis Delhaize SA - Belgium

Biography

Frédéric Rostand is a graduate of the Institute of Political Studies in Paris and the School of Higher Commercial Studies (HEC). He started his career in various financial institutions from 1987 to 1996. Notably, he was General Manager of Worms & Cie Développement and Financial Officer of Worms & Cie.

At Saint-Louis Sucre Group between 1996 and 2007, Frédéric Rostand was first Financial Officer, and then Executive Vice-President and Chief Executive Officer. He was appointed Chairman of the Directory Board of Saint-Louis Sucre in 2001 and Member of the Directory Board of Südzucker AG in 2002.

From 2007 to 2010, Frédéric Rostand was Chairman of the Directory Board of Groupe Générale de Santé.

Since June 22, 2011, he has been Chief Executive Officer of Sodiaal Group.

(a) Listed company.

SOCIÉTÉ M.B.D.



Number of BIC shares held:
26.36% of SOCIÉTÉ BIC share capital and 36.45% of the voting rights (as of December 31, 2014)

Director

Type of legal entity

Société en Commandite par Actions

Registration

389,818,832 – Register of Trade and Companies of Nanterre (France)

Basis of the appointment

Article L. 225-17 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting on May 24, 2006

Expiration date

Annual Shareholders' Meeting in 2015, for fiscal year 2014

Member of a committee

Audit Committee

Address

1 place Paul Verlaine
92100 Boulogne-Billancourt – France

Permanent representative and Managing Director

Mr. Édouard BICH

50 years old

Nationality: French

Edouard Bich spent eight years in the Finance Department of Procter & Gamble and holds a MBA in Finance from Wharton University (USA).

Other current mandates or functions

Managing Director - Platypus Capital SPRL (non-listed company) - Belgium

Member of the Supervisory Board - Digital Fashion Group SAS (non-listed company) - France

Member of the Executive Board for Europe, the Middle East and Africa - The Wharton School - USA

Expired mandate or function in the previous five years (non BIC Group companies)

None

Holds BIC shares directly and indirectly (through SOCIÉTÉ M.B.D.).

Other current mandate or function

None.

Expired mandate or function in the previous five years (non BIC Group companies)

None.

Mr. PIERRE VAREILLE



57 years old

Nationality:
French

Number of BIC shares held:
1,000

Director

Basis of the appointment

Article L. 225-17 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting on May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2015, for fiscal year 2014

Member of a committee

Audit Committee

Professional address

CONSTELLIUM
Max Högger-Strasse 6
8048 Zűrich - Switzerland

Main position

- Chief Executive Officer of CONSTELLIUM N.V. (Netherlands – listed company at New York).

Other current mandate or function

- Chairman of the Board of Directors - CONSTELLIUM Switzerland AG - Switzerland

Expired mandates or functions in the previous five years (non BIC Group companies)

- President - CONSTELLIUM France Holdco SAS - France
- Chairman and Chief Executive Officer - FCI SA - France
- Chairman - FCI Holding - France
- President - FCI AUTOMOTIVE HOLDING SAS - Franc
- Director - FCI Asia Pte Ltd - Singapore
- Chairman and Chief Executive Officer - FCI USA, Inc. - USA
- Chairman - Association des Centraliens - France

Biography

Pierre Vareille was appointed Chief Executive Officer of CONSTELLIUM N.V. as of March 1, 2012.

Pierre Vareille has key experience in the management of industrial companies at a global level. He started his career in 1982 with Vallourec, holding various positions in manufacturing, control, sales and strategy before being appointed CEO of several subsidiaries. After having held various general management positions at GFI Aerospace, Faurecia and Péchiney, he was, from 2004 to 2008, Chief Executive of the English automotive equipment manufacturer Wagon Plc (listed company in London) and, then from 2008 to 2011, Chairman and CEO of FCI, a world leader in the manufacture of electronic connectors. He graduated from the Ecole Centrale de Paris, he is an alumnus of the Institut d'Etudes Politiques de Paris as well as of the Sorbonne University (Economy and Finance) and of the Institut de Contrôle de Gestion (Audit).

EXECUTIVE VICE-PRESIDENT

Mrs. MARIE-AIMEE BICH-DUFOUR



56 years old

Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D.
On December 31, 2014, SOCIÉTÉ M.B.D. held 26.36% of SOCIÉTÉ BIC share capital and 36.45% of the voting rights

Executive Vice-President

Date of 1st appointment

Board of Directors of March 22, 1995

Professional address

SOCIÉTÉ BIC
14 rue Jeanne d'Asnières
92110 Clichy – France

Main positions

- Executive Vice-President of SOCIÉTÉ BIC
- General Counsel of BIC Group.

Other current mandates or functions

- Representative of SOCIÉTÉ BIC on the Board of Directors - Association Nationale des Sociétés par Actions (ANSA) - France
- Representative of SOCIÉTÉ BIC on the Board of Directors - ASMEP-ETI (Syndicat des Entreprises de Taille Intermédiaire) - France
- Director-BIC Australia Pty. Ltd [(a)]- Australia
- Managing Director-BIC GmbH [(a)]- Germany
- Director-BIC Violex SA [(a)]- Greece
- Chairman of the Board of Directors - BIC (NZ) Ltd [(a)] - New Zealand
- Director-BIC Portugal SA [(a)] - Portugal
- Director-BIC Holdings Southern Africa (Pty.) Ltd [(a)]- South Africa
- Director-BIC Iberia SA [(a)]- Spain

Expired mandate or function in the previous five years (non BIC Group companies)

None.

Biography

Since March 25, 1995, Marie-Aimée Bich-Dufour has been one of the Executive Vice-Presidents of SOCIÉTÉ BIC and General Counsel of the BIC Group. Before joining the Group, she was a Lawyer at the Paris Bar for twelve years.

She holds a master's degree in Private Law and a Professional Lawyer's Certificate.

(a) BIC Group

ABSENCE OF COURT CONVICTION OF THE DIRECTORS AND THE CORPORATE OFFICERS

To the best of the Company's knowledge, during the last five years, no Director or Corporate officer has been convicted in relation to fraudulent offences, associated with a bankruptcy, receivership or liquidation or the subject of any official public incrimination or sanction by statutory or regulatory authorities (including designated professional bodies) or a decision by a Court disqualifying them from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

ABSENCE OF A CONFLICT OF INTERESTS AMONG THE DIRECTORS AND THE CORPORATE OFFICERS

There is no conflict of interests between any duties to the issuer, of the persons referred to above, and their private interests and/or other duties.



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4.1. Operations and consolidated results

THE GROUP IN 2014

2014 Key Events	
March	Cello Group exercises its Put Option, allowing it to sell 20% of Cello Pens to the BIC Group.
July	BIC Group completes the purchase of shares to increase its stake from 55% to 75% in Cello Pens seven entities for 4.3 billion Indian rupees (approx. 53 million euros).
October	As a result of the court case filed by Societe BIC against the company Polyflame Europe (pocket lighter importer), the Paris Court of appeal on October 22, 2014 has forbidden ISO 9994 safety standard compliance claim by Polyflame Europe for the eight lighter models targeted in this procedure, on the ground that such compliance claim constitutes false advertising and therefore unfair competition. On December 3, 2014, Polyflame Europe filed a "cassation" procedure (the highest court in the French judiciary).
November	Sheaffer: BIC Group announces that following the Asset Purchased Agreement signed on August 21, 2014, Sheaffer®, BIC's Fine Writing Instrument business, has been sold to A.T. Cross for approximately 15 million U.S. dollars (12 million euros). Portable Fuel Cell: the BIC Group announces its decision to significantly reduce its investment in portable Fuel Cell R&D resources and actively explore strategic alternatives to monetizing its fuel cell technology.

In 2014, BIC realized net sales of 1,979.1 million euros (+4.9% on a comparative basis[1]) and reached 370.0 million euros normalized IFO[2] (18.7% of net sales). Net income Group share was 262.1 million euros and earnings per share Group share was 5.57 euros.

In 2014, BIC realized 86% of its sales in Consumer Goods (through its stationery, lighter, shaver and other products categories) and 14% in the Advertising and Promotional Products industry.

Consumer business

- In the Stationery category, net sales increased 4.2% on a comparative basis. In Europe, BIC net sales grew high-single digit and in North America, net sales increased low-single digit. Developing countries grew low-single digit.
- In the Lighter category, net sales grew 8.3% on a comparative basis. In Europe, BIC registered a mid-single digit growth and in North America, net sales grew mid-single digit. In developing markets, full year 2014 net sales increased double digit.
- In the Shaver category, net sales increased 4.1% on a comparative basis with low-single digit growth in Europe and mid-single digit increase in North America. Developing markets grew mid-single digit.

Promotional Products

BIC Graphic net sales increased 2.5% on a comparative basis.

In 2014, BIC continued to invest in brand name development to strengthen its recognition and reputation among customers and consumers in both developed and developing markets. Our goal is to consistently produce quality products at a lower cost, either in-house with our own technologies or, to a lesser extent, by outsourcing to increase flexibility.

(1) See Glossary §8.9.

(2) See Glossary §8.9.

COMPARISON OF KEY FIGURES 2012-2014

			Change 2013/2014	
(in million euros)	2013	2014	As reported	On a comparative basis [a]
NET SALES	**1,887.8**	**1,979.1**	**+4.8%**	**+4.9%**
Gross Profit	929.5	971.1	+4.5%	
Normalized Income From Operations [b]	344.2	370.0	+7.5%	
Income From Operations	339.2	369.3	+8.9%	
Financial income/(costs)	6.6	11.1		
Income Before Tax and noncontrolling interests	345.8	380.4	+10.0%	
Income tax expense	(105.9)	(114.2)		
Income From Joint ventures	2.4	-		
Group Net Income	**242.3**	**266.2**	+9.9%	
Non-controlling interests	(0.8)	(4.1)		
Net Income Group Share	**241.5**	**262.1**	+8.5%	
Earnings Per Share *(in euros)*	5.15	5.66	+9.9%	
EPS Group share *(in euros)*	5.13	5.57	+8.6%	
Number of shares [c]	47,047,710	47,063,465		

(a) See Glossary §8.9.

(b) See Glossary §8.9.

(c) Average number of shares outstanding net of treasury shares.

BIC Group 2014 net sales reached 1,979.1 million euros, compared to 1,887.8 million euros in 2013, up 4.8% as reported and +4.9% on a comparative basis.

- Our Consumer business increased 5.3% on a comparative basis and the increase was well-balanced across the geographies. Developed markets showed good performance with sales up 5.0% in Europe and 4.4% in North America. In developing markets, total net sales grew 6.6%, with Latin America up high-single digit and the Middle-East and Africa up high-single digit.
- BIC Graphic net sales increased 2.5% on a comparative basis.

2014 gross profit margin was 49.1% of sales versus 49.2% in 2013. At constant perimeter and excluding the negative impact of Venezuelan VEF, FY 2014 change in gross profit margin including FX impact was +0.5 points, benefiting notably from lower cost of production compared to last year (better fixed cost absorption).

2014 Income from operations increased 8.9% as reported to 369.3 million euros. 2014 IFO included a total of -0.7 million euros of non-recurring items.

(in million euros)	2013	2014
INCOME FROM OPERATIONS	**339.2**	**369.3**
As % of net sales	**18.0%**	**18.7%**
Non-recurring items	5.0	0.7
Of which impairments and related restructuring	6.1	
Of which impact related to retiree medical adjustment in the U.S.	-4.3	-13.7
Of which gains on disposals and real estate	-1.3	-
Of which Cello Pens inventory fair value adjustment (IFRS 3R)	1.2	-
Of which Profit and restructuring expenses related to Sheaffer® sale	-	2.4
Of which Fuel Cell restructuring expenses	-	1.9
Of which Impact of the revaluation of intercompany accounts payable in Venezuela in dollars at SICAD II rate (IAS 21)	-	7.2
Others	3.3	2.9
NORMALIZED IFO	**344.2**	**370.0**
As % of net sales	**18.2%**	**18.7%**

NORMALIZED IFO MARGIN

	2013	2014
Group	18.2%	18.7%
• Consumer business	20.5%	21.1%
• BIC Graphic	4.3%	3.5%

Income before tax increased 9.2% as reported to 380.4 million euros.

Net finance revenue was 11.1 million euros compared to 6.6 million euros in 2013, mainly due to the consolidation of Cello Pens on a full year basis (compared to one quarter in 2013). In addition, the increase of the USD against most currencies during the year has generated a favorable impact on the valuation of financial assets denominated in that currency.

2014 Group Net income was 266.2 million euros. 2014 Net income Group Share was 262.1 million euros, an 8.5% increase as reported. Full Year tax rate was 30.0%.

EPS Group Share reached 5.57 euros, compared to 5.13 euros in 2013, up 8.6%. Normalized EPS Group Share was up 7.1% at 5.58 euros compared to 5.21 euros in 2013.

2014 GROUP PERFORMANCE BY CATEGORY

BIC GROUP NET SALES AND INCOME FROM OPERATIONS (IFO) BY PRODUCT CATEGORY 2013-2014

(in million euros)	Stationery		Lighters		Shavers		Other Consumer Products [a]		BIC Graphic	
	Net sales	IFO	Net sales	IFO	Net sales	IFO	Net sales	IFO	Net sales	IFO
2013	616.4	79.4	557.8	207.2	377.5	65.3	68.2	(18.1)	267.9	5.4
2014	**676.9**	**83.0**	**581.6**	**226.4**	**380.0**	**64.7**	**65.1**	**(14.3)**	**275.6**	**9.6**

(a) See Glossary §8.9.

BIC GROUP IFO AND NORMALIZED [a] IFO BY PRODUCT CATEGORY 2013-2014

(in million euros)	Stationery		Lighters		Shavers		Other Consumer Products [a]		BIC Graphic	
	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO
2013	78.3	79.4	206.2	207.2	64.3	65.3	(16.1)	(18.1)	11.6	5.4
2014	**84.5**	**83.0**	**219.3**	**226.4**	**67.7**	**64.7**	**(11.3)**	**(14.3)**	**9.7**	**9.6**

(a) See Glossary §8.9

Consumer business

Stationery

2014 Stationery net sales increased 9.8% as reported to 676.9 million euros and 4.2% on a comparative basis. Full Year 2014 volumes grew 4% (excluding Cello Pens).

2014 has been a positive year for BIC Stationery. We have gained market share in almost all the geographies where we operate, notably in North America, Europe, South America and the Middle-East and Africa. Our Champion brand strategy has proven successful and our Champion brands reinforced their leadership positions with significant gains for BIC® Cristal® and BIC® 4-color™ ball pens, BIC® Atlantis retractable ball pens and BIC® Evolution graphite and coloring pencils. We continued to invest to build the future by increasing investments in our brand and strengthening our geographical footprint in key countries in the Middle-East and Africa, Eastern Europe and Asia.

- **Developed markets:** Net Sales grew high-single digit in Europe and low-single digit in North America, with market share gains on both continents thanks notably to good results during Back-to-School. Eastern Europe continued to exceed double-digit growth thanks to strong performances in key countries such as Russia and Turkey. In a more positive environment in North America (market in low single-digit growth), we outperformed the category thanks to closer relationships with our key customers, great results in Office Products, Superstores, and an excellent execution.

- **Developing markets:** Net Sales increased low to mid-single digit thanks to very strong performances in South America and in the Middle-East and Africa. The Proximity strategy implemented in those regions continues to deliver strong results. We continued our successful expansion in key Latin America countries such as Brazil and Argentina.

FY 2014 **Cello Pens** Net Sales (77.6 million euros) decreased slightly, impaired by an adverse competitive environment. Full Year Normalized IFO was 12.7 million euros (16.3% Normalized IFO margin) impacted by adverse sales mix, increased cost of production (mainly raw material price increase and unfavorable fixed cost absorption), other operating expenses and an increase in brand support.

Full year 2014 Stationery normalized IFO margin was 12.5% compared to 12.7% in 2013, benefiting from increased Gross Profit, the consolidation of Cello Pens, offset by increased investment in brand support across all geographies.

Lighters

Full Year 2014 Lighter net sales increased 4.3% as reported and 8.3% on a comparative basis. Full year 2014 volumes were up 4%.

- **Developed markets:** in Europe, although we faced a challenging economic situation in Southern countries, Western countries grew low single-digit. Eastern Europe region showed very dynamic trends, posting double digit growth thanks to distribution gains. In all these countries, we benefited from the success of our Flint Classic products. In 2014, overall 13 countries participated in the "Design on Fire" Facebook marketing campaign, a "create and vote" for the best sleeve design, generating more than 370,000 fans. In North America, 2014 Net Sales growth reflected continued distribution and market share gains in both the US and Canada, where our sleeve business proved to be a real success.
- **Developing markets:** in Latin America, sales growth benefited from distribution gains across most of the region especially in Mexico and Brazil. In the Middle-East and Africa, we maintained our proximity strategy aimed at improving distribution and gaining visibility. We worked closely with our distributors to reinforce the presence of the BIC® brand and to capitalize on our strengths. In Oceania, the sales increase was driven by a better fit to local needs and the success of new product lines such as Miss BIC®.

The Lighter 2014 normalized IFO was 37.7%, compared to 37.0% in 2013, thanks notably to a favourable geographical mix (strong sales growth in North America and Latin America) and positive raw material impact.

Shavers

Full year 2014 Shaver net sales increased 0.7% as reported and 4.1% on a comparative basis. Full year 2014 volumes were up 5%.

In 2014, we strengthened our positions in all geographies. Thanks to the "Great Value" postionning of all our products, we maintained our base of consumers on core products and brought new consumers to the BIC franchise with our successful new products. In addition to the growth coming from our core triple blade launched a few years ago (BIC® 3 and BIC® Miss Soleil®), the key contributor to the category growth continue to be the products featuring our Moveable Blade technology such as BIC® Flex 3 and BIC® Flex 4 or our latest launch, BIC® Soleil Glow®.

- **Developed markets:** In Europe, despite a continued challenging environment in Southern countries, we have posted low-single digit Net sales growth thanks to the success of our triple blades products such as the BIC® 3 and BIC® Miss Soleil®. In North America, Net Sales increased mid-single digit in a flattish market (in value) driven by expanded distribution and shelf presence in both the U.S. and Canada. We gained market shares in both men's and women's segments, thanks to our best value/quality positioning across our core and added value lines, including BIC® Simply Soleil®, BIC® Flex 3, BIC® Flex 4 and BIC® Soleil Glow®. In 2014, for the second consecutive year we have invested in TV advertising in the USA with the campaign "Make Your Own Sun" to continue to improve the brand awareness of our leading Brand: BIC® Soleil®.
- **Developing markets:** Net Sales grew mid-single digit. Although promotional pressure increased in 2014 and political turmoil affected some countries, we continued to perform very well across our entire product portfolio (from one to three blades). In Latin America, where sales were driven by the strong performance of our triple-blade products, BIC's commitment to the Value for Money proposition continued across our full range of products, from single to triple-blade shavers. In the Middle-East and Africa, we grew in all product ranges, from double-edge to triple-Blades.

The 2014 Shaver normalized IFO margin was 17.8%, compared to 17.0% in 2013 as a result of lower cost of production (better fixed cost absorption and raw material).

Other Consumer Products

Full year 2014 Other Consumer Products net sales decreased 4.5% as reported and 2.8% on a comparative basis.

BIC Sport net sales (41.3% of Other Consumer Products category) reached 26.9 million euros, up 2.7% as reported and +3.9% at constant currencies driven by the continued success of our Stand-Up-Paddle Boards.

Other Consumer Products 2014 IFO was -14.3 million euros, including the expenses related to the portable Fuel Cell project (9.6 million euros, compared to 11.8 million euros in 2013).

Other Consumer Products 2014 Normalized IFO was -11.3 million euros.

Advertising and Promotional Products

Full Year 2014 BIC Graphic net sales increased 2.9% as reported and 2.5% on a comparative basis.

In Europe, Northern countries started to show signs of recovery while Southern countries continued to be challenging. In North America, the Advertising and Promotional Products business reported mid-single digit growth. The industr has evolved into a price-driven and perceived value of products.

In both geographies, quality, safety compliance and trademark are becoming major growth drivers within the industry, which recognizes the deep expertise of BIC Graphic on these fields.

- **Stationery:** In Europe, we grew in the UK where customers are sensitive to quality and brand awareness and in Southern countries (Italy, Spain, Greece and Portugal) mainly due to growth in medium and small customers who appreciate our flexibility, quality and service. In North America, the overall activity is still struggling due to low price competition.
- **Hard goods**: In Europe, sales were stabilized thanks to relevant partnerships with major customers and a better fit of our products line with local needs. In North America, we performed well, supported by the success of the Good Value® range of value priced items, new products and the innovative BritePix® imprinted technology which is still performing in line with expectations.
- **Calendars:** The US promotional market trend for the past few years showed a slight decrease and our sales had a similar trend.

In 2014, BIC Graphic normalized IFO margin reached 3.5%, compared to 4.3% in 2013, impacted by product mix and continued investments in marketing and trade support.

2014 GROUP PERFORMANCE BY GEOGRAPHICAL AREA

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA

			Change 2013/2014	
(in million euros)	2013	2014	As reported	On a comparative basis [a]
Europe	493.8	509.1	+3.1%	+4.3%
North America	802.6	830.1	+3.4%	+4.0%
Developing markets	591.3	639.8	+8.2%	+6.8%

(a) See Glossary §8.9.

IMPACT OF CHANGE IN PERIMETER AND CURRENCY FLUCTUATIONS ON NET SALES

In %	2013	2014
Perimeter	+1.0	+2.9
Currencies	-5.2	-3.0
• Of which U.S. dollar	-1.5	+0.0
• Of which Brazilian real	-1.5	-0.9
• Of which Argentine pesos	-0.5	-1.0

SENSITIVITY OF NET SALES TO KEY CURRENCY CHANGES

In %	2013	2014
+/-5% change in U.S. dollar	+/-2.0	+/-2.0
+/-5% change in Brazilian real	+/-0.5	+/-0.5
+/-5% change in Mexican peso	+/-0.2	+/-0.2

Europe

The Europe region includes Western and Eastern Europe. In 2014, net sales in Europe reached 509.1 million euros, an increase of 3.1% as reported, and 4.3% on a comparative basis compared to 2013.

Consumer business

While the economic environment remained challenging, especially in Southern countries, Europe registered a good performance in 2014 in the three categories, notably driven by the dynamism of Eastern Europe and despite the unfavourable political and economic environments in Russia and Ukraine.

- **In Stationery**, we consolidated our leadership and gained market share in major stationery products: ball pens, graphite pencils, mechanical pencils, colouring and correction and in most of European Union countries. Although the competitive environment during the Back-to-School period was particularly tough, with increased promotional pressure, we gained market shares in key European markets. 2014 was also a year of successful digital actions, with the "Design 4 you" on-line marketing campaign, empowering consumers to choose new designs and future decors of the iconic 4-Color™ pen and the innovative Tipp-Ex digital campaign featuring Pharrel Williams.
- **In Lighters**, while Western Europe contributed to the growth in absolute value, Eastern Europe showed very dynamic trends thanks to distribution gains (new listings). Overall, 13 countries have invested behind "Design on Fire" Facebook marketing campaign generating a cumulated 372,000 fans. Many countries have built their major key and successful promotional events around the 2014 football world cup, with eventful Point of Sales displays.
- **In Shavers**, our market shares grew slightly. While competition remained fierce due to strong promotions, performance was driven by Eastern countries, the United Kingdom and Southern countries. The current trend of trading up the Shaver category from 2-blades segment to 3-blades segment continued to benefit to BIC products and the BIC® 3 Action for men is so far a success in the seven countries in which it was launched early 2014.

Advertising and Promotional Products

Despite a difficult economic context that continued to impact unfavourably the European promotional products industry, especially Southern countries, Northern countries have started to show signs of recovery. The expertise of BIC is now recognized in terms of Quality, Safety and Compliance, the main growth drivers of the industry. In 2014, we managed to establish relevant partnership with major customers in Northern countries and to better fit our products lines with local needs in Southern countries.

North America

The North America region includes the USA and Canada. In 2014, net sales in North America reached 830.1 million euros, up 3.4% as reported and up 4.0% on a comparative basis compared to 2013.

Consumer business

BIC continued to outperform the market by growing share in all three categories in both the U.S. and Canada despite a very intense and demanding business environment. In 2014 we continued to further solidify our product distribution and executed bigger, bolder, and more impactful advertising and marketing programs which also featured an increased emphasis on social and digital executions.

- **In Stationery**, our sales reflected the second consecutive year of market share gains. In the U.S., our Stationery market consumption was driven by particular strength in the Office products segment. In Canada, our performance was driven by strong back-to-school results.

  Our U.S. consumer investments focused on two key initiatives:

  - support for our iconic BIC® 4-Color™ pen with a 100% digitally focused campaign encompassing multiple Digital tactics (Facebook, Twitter, YouTube);
  - a back-to-school launch of our impactful "BIC Fight for your Write" campaign, an on-going multi-year multi-faceted mission to save handwriting by promoting the benefits writing provides for learning and development.
- **In Lighters**, Net Sales revealed continued market share gains in both countries. Our strong performance was driven by our continued increased focus on impactful added value designs in both Pocket and Mini Pocket Lighter, the strong consumer engagement in our Flicktacular and "complete the convo" campaigns and by our continued emphasis on promoting our leading product quality. We also launched a number of new sleeve designs and licenses including images from the hit TV show "The Walking Dead".
- **In Shavers**, Net Sales reflected a year of continued positive growth and strong non-refillable shaver market share gains in an environment that is flat in value and declining in units. Our success continued to be driven by expanded distribution and shelf presence, the strength of our core "value" single-blade and twin-blades products, the BIC® Soleil® franchise, the continued solid growth on our newer added value flexible blade products, and our overall best value for money positioning. In Men's Shaver in the U.S., we further evolved our "Everyday Tough" campaign through a creative media partnership with College Humor. In Canada we continued our successful partnership with the Toronto Raptors, Canada's only National Basketball Association team. In Women's Shavers, the BIC® Soleil® range was supported by a strong "Make Your Own Sun" North American consumer campaign, which featured our new Soleil Glow ® Shaver and incorporated TV, social, digital, and print execution.

Advertising and Promotional Products

The consolidation of the industry continues on both sides (suppliers and distributors). While compliance and trademark are becoming the main drivers in this industry, customers continued to focus on price and perceived value of the products.

Developing markets

Developing markets include Latin America (Mexico, Central America, the Caribbean and South America), the Middle East, Africa, Oceania and Asia. In 2014, net sales reached 639.8 million euros, up 8.2% as reported and +6.8% on a comparative basis.

Consumer business

Latin America

BIC increased its Net Sales versus last year in all three categories thanks to improved depth and quality of distribution, strong marketing campaigns and new product launches.

- **Stationery:** Innovation and speed to market were key trends in 2014. BIC stepped up its innovation activity by launching new products such as BIC® Cristal® "Precision", "Suavidad" and BIC® Cristal® Stylus. In Brazil, BIC grew in line with the stationery market, which was affected by the country's economic slowdown. We continued with local school programs to develop stronger connections with children and teachers. In Mexico, despite the highly challenging competitive environment, BIC maintained its leadership position in BIC® Ball Pen Classic and total Stationery. Based on consumer needs and insights, new dynamism was brought to BIC's image and the packaging of the BIC® Cristal® family in Mexico. This re-launch was supported by a TV campaign and significant sampling activities using the creative idea "During this back-to-school, open up your world with BIC".
- **Lighters:** 2014 was a strong year for the Lighter category. In Mexico and Brazil, the strategy of converting match users to BIC lighters helped us achieve sales growth objectives and improved distribution in areas where consumption and use of matches remains high. Brazil continued with the TV campaign in the North East part of the country while Mexico and Argentina implemented a printed campaign across each country.
- **Shavers:** Net Sales in Mexico, Brazil and Argentina grew compared to the previous year, but the growth was offset by the lack of sales in Venezuela due to current government restrictions on product imports. In Brazil, the performance was driven by Triple-blade shavers – which allowed BIC to gain volume market share in a highly competitive environment. During Q4 2014, BIC® Soleil® for women was launched in Brazil and Mexico with sampling programs and in-store activities. BIC's commitment to the Value-for-Money proposition continues across our range of products, from Single to Triple-blade shavers.

Middle East and Africa

In 2014, BIC reinforced its "Proximity" strategy across the Middle East & Africa (MEA) region, despite continued political and economic turbulence in the region. The collaborative work with our local partners has helped BIC gain distribution and improve brand visibility in the market. In 2014, we launched our first BIC® Cristal® Digital campaign in the Middle-East and Africa and benefited from the positive impact of the "Flexi Lady, your secret to sexy" campaign in South Africa, contributing to the success, allowing BIC to become the leading brand in female shaver in this country.

- **Stationery:** In North and West Africa, sales of the BIC® Cristal® in Egypt and Tunisia were strong contributors to growth, thanks to increased market presence and stronger consumer communication programs. In South East and Central Africa, we posted strong growth.
- **Lighters:** The Middle-East performed well thanks to a continuous focus on improving visibility and developing the distribution footprint. Business remains healthy in South Africa, based on solid nationwide distribution and consumer recognition of product Quality and Value.
- **Shavers:** In North and West Africa, the category continued to show strong double-digit growth. Triple-blade shavers contributed to this growth thanks to market share gains in Morocco and Tunisia. In South East and Central Africa, the BIC® Flex range performed well in Southern Africa markets, while double-edged blade and single-blade contributed to the growth in central Africa.

Asia Pacific

In Oceania, the year was challenging and marked by the slowdown in commodity prices and reduced consumer confidence. Nonetheless, BIC managed to gain market share in the Stationery and Lighter categories, as well as in Shavers in New Zealand. Asia managed to grow overall Net Sales low single-digit.

- **Stationery:** in Oceania, share gain was driven by strong promotional activity during Back-to-School to support key retail partners. BIC also markedly increased distribution in the Marking and Coloring segments. The growth drivers for the business were Added Value Ball Pen, Marking and Coloring. In Asia, sales were roughly flat compared to the previous year.
- **Lighters:** in Oceania, BIC's market share remained strong. We successfully grew value as category leader, through the launch of new Sleeve Lighters and Miss BIC®. Asia grew single-digit versus the previous year, driven by good results in convenience stores.
- **Shavers:** the female segment remained the largest opportunity for BIC in Oceania, where we confirmed our market leadership in New Zealand.

Advertising and Promotional Products

Developing markets benefited from a strong performance in Latin America as we focused on the continued expansion of new products.

4.2. Financial situation and cash

At the end of 2014, the net cash position was 320.2 million euros compared to 196.7 million euros as of December 31, 2013, including 77.1 million euros of Cello Pens put option valuation.

2014 cash generation is impacted by the dividend payment for -122.4 million euros, -10.2 million euros of cash paid on share buy-back and -112.3 million euros on CAPEX.

MAIN BALANCE SHEET ITEMS

(in million euros)	2013[1]	2014
Shareholders' equity	**1,469.9**	**1,645.9**
Current borrowings and bank overdraft	52.0	6.2
Non-current borrowings	62.2	78.9
Cash and cash equivalents – Assets	243.2	352.2
Other current financial assets and derivative instruments	79.0	53.3
Net Cash position	**196.7**	**320.2**
Goodwill	285.6	307.4
Intangible assets	98.3	94.8
TOTAL BALANCE SHEET	**2,207.8**	**2,428.9**

NB: SOCIÉTÉ BIC did not request any rating from any credit ratings agency nor, to the best of its knowledge, has it been the object of any unsolicited rating by any credit ratings agency.

CONDENSED CASH FLOW STATEMENT

(in million euros)	2013	2014
Cash flow from operations	349.8	354.5
(Increase)/Decrease in net working capital	(19.0)	10.0
Other operating cash flows	(2.3)	(15.5)
Net cash from operating activities	328.5	349.0
Net cash from investing activities	(168.9)	(88.9)
Net cash from financing activities	(191.9)	(172.7)
Net increase/(decrease) in cash and cash equivalents	(32.3)	87.4
Closing cash and cash equivalents	240.5	348.5

(1) Following the valuation of Cello Pens trademark, the 2013 financial statements have been adjusted.

4.3. Management of currency and interest rate risks

HEDGING FOREIGN EXCHANGE RISKS ON INTERNATIONAL MARKETS

As BIC has a presence in more than 160 countries, business is subject to fluctuations in financial markets. Our foreign exchange (FOREX) risk management policy is to hedge transactions in foreign currencies through forward contracts and options. The Group does not hedge against FOREX conversion variations arising in the consolidation of foreign affiliates, except for intragroup dividends. Direct and equity investments are also usually carried out in local currencies.

BIC manages foreign exchange risks only in order to protect profitability, enhance liquidity and security and does not engage in any speculative transactions. Group Treasury is not a profit center and reports the status of its FOREX hedges to the Leadership Team on a monthly basis, splitting the transactions matured and non-matured, and the related FOREX results.

Since 2000, the Group has annualized FOREX hedging, permitting subsidiaries to bring their exposure close to zero while all risks are centralized at the parent company level, except for non-convertible currencies.

A regular reporting process common for all subsidiaries allows the identification of FOREX positions for each currency and their forward-looking evolution within the year. SOCIÉTÉ BIC consolidates subsidiaries' FOREX risks and hedges the residual risk on financial markets.

The Group's main currency exposure is the EUR-USD rate.

In 2014, the yearly exposure for commercial flows was hedged at the average rate of 1 euro = 1.3142 U.S. dollars. Regarding the 2015 exposure, as of December 31, 2014, 88% of the identified exposure has been hedged at an average rate of 1 euro = 1.2666 U.S. dollars.

The main other currencies exposures in order of volume are the Canadian dollar, the British pound and the Australian dollar. These exposures are hedged at least at 90% for the full year 2015.

As soon as a transaction is traded on the financial markets, Group Treasury categorizes the hedge in relation to its year of maturity and the nature of flows hedged, commercial or financial. All the hedging products used comply with the Cash Flow Hedge qualification as defined by IAS 32/39. Thus, Group Treasury does not use any product with leveraging or deactivating effect that could create a position opposed to the intended direction of the Group exposure. This strict discipline in such levels of market volatility is fundamental for the financial security of the Group.

The portfolio of financial instruments benefits from a specific real time monitoring by Group Treasury, which also provides a monthly mark-to-market valuation of each position, in compliance with IAS 32/39 requirements.

All hedging contracts are set up with top-level banking institutions, making counterparty risk very low. Within a context of a worldwide financial crisis, the ratings of our counterparties may have been negatively impacted, nevertheless almost all our transactions are negotiated with the historical banks of the BIC Group, which are all "universal banks" with a good protective balance between their different activities that makes them less vulnerable to market risks. To date, the minimum Standard & Poor's long-term rating of our main banking counterparties is A, the range of ratings going from A+ to A-. Following the requirement of IFRS 13, the counterparty risk on our FX positions in portfolio as of December 31, 2014, has been calculated and the result is considered as not significant enough for a specific booking.

In countries where it is not possible to centralize the risk effectively as described above, foreign exchange exposure is managed locally with continual monitoring by Group Treasury. Such exposure is mainly concentrated in Latin America and South Africa. These subsidiaries produce most of the products sold on their national market locally, but also import some components manufactured inside the Group. Local hedging is set up, after Group Treasury approval.

HEDGING INTEREST RATE RISK

Exposure to interest rate fluctuations is very limited. All local funding needs are directly indexed on a short-term variable rate. Borrowers' positions are insignificant at Group level, and are of too limited a timescale to require any relevant hedging.

4.4. Dividends

The Board of Directors of SOCIÉTÉ BIC proposes the distribution of dividends primarily as a function of the Company's earnings, its investment policy and balance sheet strength, as well as comparisons with peer companies in the same sector. BIC does not foresee a material change in this dividend distribution policy.

Considering the Group's strong full-year 2014 performance, and confident in the BIC Group's prospects and the sustainability of its strong financial position, the Board of Directors will propose 2.85 euros as an ordinary dividend per share, at the Annual Shareholders' Meeting on May 6, 2015. The pay-out ratio (calculated with the ordinary dividend) would be 51% in 2014, as in 2013.

The dividends paid for the last three fiscal years were as follows:

	Net ordinary dividend (in euros)	Net ordinary dividend divided by earnings per share (pay-out ratio)
2013	2.60	51%
2012	2.56	46%
2011[(a)]	2.20	44%

(a) For the fiscal year 2011, the Company paid a special dividend of 1.80 euro.

4.5. Investments

PRINCIPAL INVESTMENTS OVER THE RECENT YEARS

Regarding industrial investments, BIC Group has organized its manufacturing activities in two areas for several years:

- first, in continued quality improvement for each production line, including continuous investments in manufacturing processes and new technologies;
- second, in the specialization of focused production sites by product category.

In 2004, we acquired our distributor in Japan (today BIC Japan KK) and Stypen® in France.

In November 2005, BIC opened its own stationery production facility in China.

In 2006, we opened a distribution subsidiary in Turkey. Moreover, we acquired PIMACO Company, Brazil's leading manufacturer and distributor of adhesive labels.

In 2007, BIC acquired Atchison Products Inc., supplier of imprinted promotional bags in the USA.

In December 2008, BIC Group announced its intent to acquire Antalis Promotional Products entities (Sequana Group). The acquisition was completed on March 11, 2009, after the signing of an agreement on the basis of a total enterprise value of 33.5 million euros. After the purchase of Antalis Promotional Products, the BIC Group announced in June 2009 the acquisition of Norwood Promotional Products. Norwood Promotional Products is a U.S. supplier of promotional products with leadership positions in calendars, bags, awards, drinkware and other promotional goods. The acquisition was completed on July 6, 2009 and total consideration for the acquisition was 125 million U.S. dollars plus 31 million U.S. dollars in assumed liabilities.

On January 21, 2009, the BIC Group and the Cello Group announced that they had signed a definitive agreement whereby the BIC Group acquired 40% of the Cello Writing Instrument business for 7.9 billion Indian rupees. As part of the agreement, BIC had a call option in 2013 to increase its stake to 55%. This agreement was partially completed on March 5, 2009 for 3.8 billion Indian rupees.

In April 2009, BIC launched a worldwide cost reduction plan to adjust to the slowdown of its key markets. This initiative negatively impacted full year 2009 IFO by 34.4 million euros. The impact on profit was partially offset by the negative goodwill related to the Antalis Promotional Products acquisition. The net impact was 24.1 million euros.

On April 27, 2011, the BIC Group acquired Sologear LLC, a Middleton, Wisconsin based company, the maker of FlameDisk®, a portable heat source for grilling. On November 30, 2011, the BIC Group acquired the assets of Angstrom Power Incorporated, Vancouver, a company specializing in the development of portable fuel cell technology.

In February 2012, the BIC Group acquired land for the construction of a writing instrument facility in the fast growing African and Middle East region to enhance its manufacturing footprint and better meet consumer demand in this region. Located in Tunisia (region of Bizerte), the facility is operational since the end of 2013. The total investment was to be around 12 million euros.

In October 2012, BIC, in collaboration with Intel, announced the launch of BIC® Education in France, a next generation digital educational solution for schools. BIC® Education is a simple and innovative educational solution for primary schools, combining handwriting and digital technology.

In September 2013, the BIC Group closed the acquisition of 40% of the last (7th) stationery entity of the Cello Group for a total amount of 3.7 billion Indian rupees (43.3 million euros[1]). On September 27, 2013, the BIC Group announced that it had completed the purchase of shares pursuant to the call option, exercised in September 17, to increase its stake in Cello Pens' seven entities from 40% to 55% for 2.9 billion Indian rupees (35.2 million euros[2]).

In October 2013, the BIC Group acquired land for the construction of a lighter facility in China. With this new facility, the Group will be better positioned to supply the fast growing Asian lighter market and particularly China. The factory will be located in Nantong (130 km North of Shanghai). The total investment is estimated to be around 14 million euros over the next two years. The factory will be operational by the end of 2015.

PRINCIPAL INVESTMENTS IN 2014

In July 2014, the BIC Group completed the purchase of shares to increase its stake from 55% to 75% in Cello Pens' seven entities for 4.3 billion Indian rupees (approx. 53 million euros) after Cello Group exercised its put option in March 2014, allowing it to sell 20% of Cello Pens to the BIC Group.

(1) 84.53 INR = 1EUR (Sep.13, 2013, ECB Reference rate)

(2) 83.80 INR = 1EUR (Sep.13, 2013, ECB Reference rate)

PRINCIPAL INVESTMENTS IN PROGRESS: GEOGRAPHIC DISTRIBUTION AND FINANCING METHODS

Not applicable.

PRINCIPAL FUTURE INVESTMENTS

Not applicable.

4.6. Prospects for 2015 and strategy

2015 OPERATIONAL OUTLOOK

Consumer business

Stationery

Markets should continue to grow low to mid-single digit and our objective remains to gain market share thanks to:

- innovations and accelerated R&D programs;
- superior execution in developed countries with a focus on our Champion brands (BIC® Atlantis, BIC® 4-Color, etc.) through new product offerings;
- Increased investments to accelerate geographical expansion in developing countries.

Lighters

Relying on our proven safety and best quality classic and added-value products, we will drive sales increase through new added-value sleeve designs, in developed markets, while strengthening footprint and enhancing brand awareness in developing markets.

Shavers

We will continue with the formula that has driven our recent success: improve product performance and sell at a fair price. The launch of new products including the BIC® Flex 5 in North America and the BIC® Soleil® in Latin America will support sales growth.

Advertising and Promotional Products

The priority for BIC Graphic will be to deliver profitable growth. In North America, Net sales will grow at a higher pace as we continue to focus on our brands, new products and Good value® line. In Europe, the slight increase in Northern countries should be offset by the weakness of Southern countries.

GROUP LONG-TERM STRATEGIC PRIORITIES

- Continue to create long-term value by outperforming our markets and growing sales organically low to mid-single digit thanks to:
  - expanded distribution networks in all geographies,
  - increased focus on value-added segments in Developed markets,
  - enlarged consumer base in Developing markets;
- Grow Normalized Income From Operations through increased productivity as we invest in our people and in Research and Development with a focus on quality and innovative new products.
- Maintain strong cash generation to:
  - finance strategic bolt-on acquisitions ,
  - sustain total Shareholders' remuneration.

RISKS AND OPPORTUNITIES

In summary, we foresee the major challenges for 2015 to be:

- continued economic uncertainty in some European countries;
- global geopolitical environment;
- continued foreign currency volatility.

While many of these issues are outside of our control, we will make every effort to minimize these risks in all aspects of our operations.

We believe that our greatest opportunity for growth remains the strength of the BIC® brand, combined with the diverse talents of our multinational workforce in more than 160 countries around the world. Our teams are delivering products and programs, including advertising and promotional support, that speak directly to today's consumers in their local marketplaces, meeting their specific needs.

PERFORMANCE GOALS

Net sales growth, market share gains, margins, cash flow and a strong balance sheet are the principal indicators of the Group's performance.

In 2015, our objectives are to effectively manage our business, achieve market share increases and protect cash generation.

RECENT EVENTS

Not applicable.



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1. CONSOLIDATED INCOME STATEMENT

(in thousand euros)	Notes	Dec. 31, 2013	Dec. 31, 2014
Net sales	2-2	1,887,806	1,979,120
Cost of goods	4	(958,281)	(1,007,977)
Gross profit		**929,525**	**971,143**
Distribution costs	4	(304,004)	(309,833)
Administrative expenses	4	(187,917)	(198,181)
Other operating expenses	4	(110,811)	(123,218)
Other income	5	26,806	40,804
Other expenses	5	(14,387)	(11,444)
Income from operations		**339,212**	**369,271**
Income from cash and cash equivalents	6	7,572	10,507
Net finance income/(net finance costs)	6	(944)	622
Income before tax		**345,840**	**380,400**
Income tax expense	7	(105,919)	(114,239)
Net income from consolidated entities		**239,921**	**266,161**
Income from joint ventures		2,388	-
Net income from continuing operations		242,309	266,161
Net income from discontinued operations		-	-
Consolidated income of which:		**242,309**	**266,161**
Non-controlling interest		820	4,085
NET INCOME GROUP SHARE	**8**	**241,489**	**262,076**
Earnings per share Group share *(in euros)*	8	5,13	5,57
Diluted earnings per share Group share *(in euros)* [(a)]	8	5,07	5,51
Average number of shares outstanding net of treasury shares	8	47,047,710	47,063,465

(a) Dilutive elements considered are stock options.

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousand euros)		Notes	Dec. 31, 2013*	Dec. 31, 2014
GROUP NET INCOME	**A**		**242,309**	**266,161**
OTHER COMPREHENSIVE INCOME		**7-2**		
Actuarial differences on post employment benefits not recyclable to income statement [(b)]			94,985	(44,062)
Deferred tax on actuarial differences on post employment benefits		7-2	(32,449)	15,129
Total actuarial differences not recyclable to income statement - Net of tax	**B**		**62,536**	**(28,933)**
Gain/(Loss) on cash flow hedge		23-4	4,293	(13,884)
Exchange differences arising on translation of overseas operations [(a)]*			(78,520)	81,878
Available for sale investments			4	(3)
Other comprehensive income from joint ventures			(2,514)	-
Deferred tax and current tax recognized on other comprehensive income		7-2	9	981
Other comprehensive income recyclable to income statement - Net of tax	**C**		**(76,729)**	**68,972**
TOTAL COMPREHENSIVE INCOME	**D = A +B + C**		**228,116**	**306,200**
Attributable to:				
• BIC Group			228,258	294,746
• Non-controlling interest			(142)	11,454
TOTAL			**228,116**	**306,200**

(a) The main items impacting the translation reserve variance for the period, by currency, are as follows: U.S. dollar 54.8 million euros, Indian rupee 22.7 million euros, Brazilian real 1.5 million euros, Mexican peso -0.3 million euros, Argentinian peso -1.4 million euros, Venezuelan bolivar -1.6 million euros.

(b) The impact of actuarial differences is mainly due to U.S. and French plans.

** Cello Pens goodwill determination work has been finalized (see Note 1-2 Change in scope of consolidation).*

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in thousand euros)	Notes	Dec. 31, 2013*	Dec. 31, 2014
Property, plant and equipment	9-1, 9-2	438,297	482,473
Investment properties	9-3	2,013	2,116
Net goodwill*	10	285,559	307,395
Intangible assets*	11	98,260	94,841
Other non-current assets	12	22,291	25,092
Deferred tax assets	13	139,950	174,912
Derivative financial instruments	23-4	343	228
Non-current assets		**986,712**	**1,087,057**
Inventories	14	414,195	441,139
Income tax advance payments		13,420	10,011
Trade and other receivables	14	453,835	453,771
Other current assets		16,409	16,434
Derivative instruments	23	11,251	194
Other current financial assets	21-6, CF (f)	67,722	53,139
Cash and cash equivalents	21-4, 21-6, 23-7	243,209	352,154
Assets held for sale	9-4	1,088	15,014
Current assets		**1,221,129**	**1,341,856**
TOTAL ASSETS		**2,207,842**	**2,428,913**

* *Following the valuation of the Cello trademark, the 2013 financial statements have been adjusted (see Note 1-2 Change in scope of consolidation).*

CF : See consolidated cash flow statement.

Equity and liabilities

(in thousand euros)	Notes	Dec. 31, 2013*	Dec. 31, 2014
Share capital	15-1	179,004	179,939
Accumulated profits		1,297,742	1,413,727
Translation reserve		(55,169)	20,609
Cash flow hedge derivatives		11,615	2,792
Group Shareholders' equity		**1,433,192**	**1,617,067**
Non-controlling interest		36,724	28,836
Shareholders' equity	SHEQ	**1,469,916**	**1,645,903**
Non-current borrowings	16, 21-6	62,248	78,890
Other non-current liabilities		-	-
Employee benefits obligation	18-3, 18-7	184,237	238,407
Provisions	17	57,633	55,549
Deferred tax liabilities*	13	43,396	46,488
Non-current hedging contracts	23-4	173	138
Non-current liabilities		**347,687**	**419,472**
Trade and other payables	14	115,386	119,110
Current borrowings	16	51,950	6,246
Current tax due		20,789	17,354
Other current liabilities	19	200,912	217,051
Derivative instruments	23	1,202	3,776
Current liabilities		**390,239**	**363,538**
TOTAL EQUITY AND LIABILITIES		**2,207,842**	**2,428,913**

SHEQ : See consolidated statement of changes in equity.

** Following the valuation of the Cello trademark, the 2013 financial statements have been adjusted (see Note 1-2 Change in scope of consolidation).*

4. CONSOLIDATED CASH FLOW STATEMENT

(in thousand euros)	Notes	Dec. 31, 2013	Dec. 31, 2014
Operating activities			
Net income Group share	IS	241,489	262,076
Income and expense without cash impact:			
Non-controlling interest	IS	820	4,085
Depreciation and amortization of intangible, tangible assets and investment properties	4, 9, 11	74,926	80,704
Impairment loss	4, 5, 9-2, 11	4,450	84
Negative goodwill and goodwill impairment	10	1,258	-
Provision for employee benefits	18-2	21,717	8,112
Other provisions (excluding provisions on current assets)		2,711	(3,030)
Hedging and derivative instruments	23-4	(1,305)	(169)
Option premium expense	23-4	547	871
Recognition of share-based payments	22, SHEQ	10,388	10,750
Deferred tax variation		(2,979)	(7,490)
Income from joint ventures		(2,388)	-
(Gain)/Loss from disposal of fixed assets	5, 9, 11, (a)	(1,829)	(1,481)
Cash flow		**349,805**	**354,512**
(Increase)/Decrease in net working capital	14	(18,969)	9,998
Payments related to employee benefits	18-2	(15,420)	(17,076)
Financial expense/(income)	6	(5,707)	(8,264)
Interest (paid)/received		6,116	9,518
Income tax expense	7-1	107,643	124,976
Income tax paid		(94,948)	(124,670)
NET CASH FROM OPERATING ACTIVITIES	(h)	**328,520**	**348,993**
Investing activities			
Disposal of fixed assets	(b)	4,073	2,713
Purchases of property, plant and equipment	9-1, (i)	(90,973)	(105,444)
Suppliers' fixed asset variation		66	-
Purchases of intangible assets	11	(15,943)	(6,830)
(Increase)/Decrease in other investments		(398)	(759)
(Purchase)/Sale of other current financial assets	(f)	(7,441)	12,979
Business and asset (acquisitions)/divestitures	(c)	(58,252)	8,408
NET CASH FROM INVESTING ACTIVITIES		**(168,868)**	**(88,933)**
Financing activities			
Dividends paid	SHEQ, 20, (d)	(120,804)	(122,410)
Non-controlling interest buy-back		-	(53,464)
Borrowings/(Repayments)	16, (j)	(2,927)	(841)
Repayments of obligations under finance leases		(434)	(139)
Purchase of financial instruments	23-4, (e)	(600)	(874)
Increase in treasury shares and exercise of stock options	15-2, 22, (g)	(67,179)	5,066
NET CASH FROM FINANCING ACTIVITIES		**(191,944)**	**(172,662)**
Net increase/(decrease) in cash and cash equivalents		(32,292)	87,398
Opening cash and cash equivalents net of bank overdrafts	BS, 16, 21-4	282,965	240,515
Exchange difference		(10,158)	20,590
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	BS, 16	**240,515**	**348,503**

IS: See consolidated income statement.

SHEQ: See consolidated statement of changes in equity.

BS: See consolidated balance sheet.

As of December 31, 2014 cash and cash equivalents amount to 352,154 thousand euros and bank overdrafts to 3,651 thousand euros.

(a) The main gain on disposal in 2014, is related to the sale of Sheaffer assets for 1.1 million euros.

The main gains on disposal in 2013 were related to:

- a property located in Milford (U.S.), for 0.5 million euros;
- a land and a building located in Lagarde (France), for 0.8 million euros.

(b) During 2014, there was no disposal of individually significant fixed assets.

The main fixed assets sold during 2013 were:

- a property located in Milford (U.S.), for 0.6 million euros;
- a land and a building located in Lagarde (France), for 1.4 million euros.

(c) During 2014, BIC group disposed of the Sheaffer assets. This amount is net of disbursement related to restructuring costs.

During 2013, BIC Group took control of Cello Pens business in India, for 79.6 million euros, which included cash and cash equivalents at opening of 21.3 million euros.

(d) The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see *Note 20*).

(e) During 2014, SOCIÉTÉ BIC paid option premiums amounting to 0.9 million euros, compared to 0.6 million euros in 2013.

(f) The amount of financial assets classified under "Other current financial assets" refers to investments not eligible for classification as Cash & Cash Equivalents under IAS 7. As of December 31, 2014, these investments consist of units of UCITS and negotiable debt securities, all of which are liquid within five days.

(g) During 2014, 100,000 shares were repurchased by SOCIÉTÉ BIC for 10.2 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 319,268 shares for 31 million euros and sold 318,076 shares for 30.9 million euros. In addition, 324,020 options were exercised in the period for 17.6 million euros, including 1.4 million euros which have not been collected at end of December 2014. Moreover, in early 2014, SOCIÉTÉ BIC received 2.1 million euros related to stock options exercised at the end of 2013.

During 2013, 956,292 shares were repurchased by SOCIÉTÉ BIC for 80.2 million euros. A total of 324,894 shares were also bought under the liquidity agreement for 28.3 million euros and 326,692 shares were sold for 28.4 million euros. In addition, 215,717 options were exercised in the period for 10.4 million euros, including 2.1 million euros which were not collected in 2013. Moreover, in early 2013, SOCIÉTÉ BIC received 4.8 million euros related to stock options exercised at the end of 2012.

(h) 2014 net cash flows from operating activities include 2.5 million euros in payments related to restructuring (5.5 million euros for full year 2013).

(i) Purchases of property, plant and equipment do not include finance leases booked in assets with a financial debt as a counterpart, as these transactions do not have any impact on cash.

(j) As of December 31, 2014, repayments of borrowings amount to 890 thousand euros, and new borrowings to 49 thousand euros.

As of December 31, 2013, repayments of borrowings amounted to 2,937 thousand euros, and new borrowings to 10 thousand euros.

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousand euros)	Notes	Share capital	Accumulated profits	Translation reserve	Cash flow hedge derivatives	Group share-holders' equity	Non-controlling interest	Share-holders' equity
At January 1, 2013		**181,599**	**1,278,087**	**24,903**	**8,872**	**1,493,461**	**-**	**1,493,461**
Dividends paid	*CF, 20*	*-*	*(120,804)*	*-*	*-*	*(120,804)*	*-*	*(120,804)*
Decrease in share capital		*(3,653)*	*(76,568)*	*-*	*-*	*(80,221)*	*-*	*(80,221)*
Increase in share capital		*824*	*9,615*	*-*	*-*	*10,439*	*-*	*10,439*
Treasury shares		*234*	*(329)*	*-*	*-*	*(95)*	*-*	*(95)*
Recognition of share-based payments	*CF, 22*	*-*	*10,388*	*-*	*-*	*10,388*	*-*	*10,388*
Cello Pens- Put on non controlling interests	*16, 21-6*	*-*	*(107,232)*	*-*	*-*	*(107,232)*		*(107,232)*
Non-controlling interests		*-*	*-*	*-*	*-*	*-*	*36,866*	*36,866*
Other movements		*-*	*(1,003)*	*-*	*-*	*(1,003)*	*-*	*(1,003)*
Total transactions with Shareholders		***(2,595)***	***(285,933)***	***-***	***-***	***(288,528)***	***36,866***	***(251,662)***
Net income for the period		-	241,489	-	-	241,489	820	242,309
Other comprehensive income		-	64,099	(80,072)	2,743	(13,230)	(962)	(14,192)
Total comprehensive income		***-***	***305,587***	***(80,072)***	***2,743***	***228,259***	***(142)***	***228,116***
At January 1, 2014*		**179,004**	**1,297,742**	**(55,169)**	**11,615**	**1,433,192**	**36,724**	**1,469,916**
Dividends paid	*CF, 20*	*-*	*(122,410)*	*-*	*-*	*(122,410)*	*-*	*(122,410)*
Decrease in share capital [(a)]		*-*	*-*	*-*	*-*	*-*	*-*	*-*
Increase in share capital [(b)]		*1,238*	*16,353*	*-*	*-*	*17,591*	*-*	*17,591*
Treasury shares		*(303)*	*(12,533)*	*-*	*-*	*(12,836)*	*-*	*(12,836)*
Recognition of share-based payments	*CF, 22*	*-*	*10,750*	*-*	*-*	*10,750*	*-*	*10,750*
Cello Pens- Put on non controlling interests	*16, 21-6*	*-*	*30,161*	*-*	*-*	*30,161*	*-*	*30,161*
Cello Pens - Change in interests	*1-2*	*-*	*(35,390)*	*1,270*	*-*	*(34,120)*	*(19,343)*	*(53,463)*
Others		*-*	*(6)*	*-*	*-*	*(6)*	*-*	*(6)*
Total transactions with Shareholders		***935***	***(113,075)***	***1,270***	*-*	***(110,870)***	***(19,343)***	***(130,213)***
Net income for the period		-	262,076	-	-	262,076	4,085	266,160
Other comprehensive income		-	(33,015)	74,508	(8,823)	32,669	7,370	40,039
Total comprehensive income		***-***	***229,060***	***74,508***	***(8,823)***	***294,745***	***11,454***	***306,199***
At December 31, 2014		**179,939**	**1,413,727**	**20,609**	**2,792**	**1,617,067**	**28,836**	**1,645,903**

* *Cello Pens goodwill determination work has been finalized (see Note 1-2 Change in scope of consolidation).*

(a) No shares were cancelled during 2014.

(b) Following the exercise of stock options, the share capital was increased by 324,020 shares.

CF: See consolidated cash flow statement.

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 MAIN RULES AND ACCOUNTING POLICIES

Approval of the financial statements

The BIC Group's consolidated financial statements for FY 2014 have been approved by the Board of Directors' Meeting of February 10, 2015 and are submitted for approval to the Annual Shareholders' Meeting to be held on May 6, 2015.

The consolidated financial statements for the fiscal year were prepared in the context of an economic environment that remained difficult, especially in respect of the valuation of financial assets, assessment of likely inventory turnover and collection of trade receivables. Assets with values assessed on the basis of longer-term projections, especially intangible assets, were valued according to assumptions taking into account the economic and financial crisis. Particular attention was paid to the potential impact on the discounting of operating cash flows, as the financial parameters used for these valuations are the market ones at the end of the year.

1-1 Accounting policies

1-1-1 General policies

Pursuant to the European regulation CE no. 1606/2002 of July 19, 2002 on international accounting standards, the consolidated financial statements of the BIC Group have been prepared in accordance with accounting principles as defined by the International Accounting Standards Board (IASB) as adopted by the European Union. These standards are available on the European Commission website at http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

At the end of the year, the differences between the reference standards used and the standards adopted by the IASB, whose application is mandatory for the exercise presented, relate only to the IFRIC 21 interpretation whose application is mandatory in 2014 for the IASB.

The financial statements have been prepared on the historical cost basis, except for the valuation of certain financial instruments. The main accounting policies remain unchanged compared to last year, except for the following policies, effective since January 1, 2014.

1-1-2 Adoption of new and revised IFRS, interpretations and amendments

Standards, interpretations and amendments effective in the current period

The following standards and amendments are effective since January 1, 2014 and have been applied to the consolidated financial statement for the period ended December 31, 2014:

- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- Amendments to IFRS 10, IFRS 11, IFRS 12 – Transition Guidance;
- Amendments to IAS 28 – Investments in Associates and Joint Ventures;
- Amendments to IFRS 10, 12 and IAS 27– Investment Entities;
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets;
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting.

The application of these new standards and amendments had no impact on the Group's accounts.

The implementation of standards IFRS 10 and IFRS 11 did not change the assessment of the nature of control over the subsidiaries.

Standards, interpretations and amendments issued with mandatory application after 2014 and adopted by the European Union

As of December 31, 2014, the Group did not elect to early apply any standard, interpretation or amendment approved by the European Union, particularly regarding:

- IFRIC 21 – Levies.

The Group is currently analyzing the practical consequences of this new regulation and the effects of its implementation on the financial statements.

Standards, interpretations and amendments issued with mandatory application after 2014 and not yet adopted by the European Union that may have an impact on the Group's accounts

- IFRS 9 – Financial instruments;
- Amendments to IAS 19 – Defined Benefits Plans: Employee Benefits;
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Annual improvements to IFRSs 2010-2012 cycle;
- Annual improvements to IFRSs 2011-2013 cycle;
- Annual improvements to IFRSs 2012-2014 cycle;
- IFRS 15 – Revenue from Contracts with Customers;
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
- Amendments to IAS 16 - IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization.

Analysis of the practical consequences of these new standards is in progress.

1-1-3 Basis of consolidation

The consolidated financial statements include the financial statements of the parent company, SOCIÉTÉ BIC, and entities controlled by SOCIÉTÉ BIC ("its subsidiaries"). An investor controls an investee if it has the exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

1-1-4 Estimates and judgments

In preparing the consolidated financial statements, the BIC Group has to make estimates and assumptions that impact the consolidated financial statements and information reported in some financial notes. The BIC Group regularly reviews these estimates and assumptions in order to take into account past experience as well as changes in the economic environment. The results of these reviews could lead to the amounts published in future consolidated financial statements differing from those previously disclosed.

The assumptions on which the main estimates are based and the assessment are explained in the following notes:

- Note 1-2: Change in scope of consolidation;
- Note 7: Income tax;
- Note 7-1: Income tax expense;
- Note 9: Property, plant and equipment;
- Note 9-3: Investment property;
- Note 10: Goodwill;
- Note 17: Provisions;
- Note 18: Pensions and other employee benefits;
- Note 21-6: Fair value of financial assets and liabilities;
- Note 23: Derivative financial instruments and hedge accounting.

1-2 Change in scope of consolidation

Accounting policies

In accordance with Revised IFRS 3 "Business Combinations", business combinations completed after January 1, 2010 are accounted by using the purchase method. Identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date and, when appropriate, non-controlling interests in the acquiree are measured at either fair value or at the proportionate part in the fair value of the assets and liabilities of the acquired entity. This option is available on an individual basis for each business combination transaction.

Any share previously held in the acquiree before the takeover, should be reassessed at fair value and the corresponding profit or the loss recorded in the income statement.

Badwill is recorded immediately in the income statement.

When incurred, acquisition costs are recognized immediately as expenses, except those relating to equity instruments.

Any potential price adjustment is estimated at fair value as of the acquisition date and this initial assessment can later be adjusted against goodwill only in the case of new information related to facts and circumstances existing at the date of acquisition and to the extent that the assessment was still described as provisional (assessment period limited to 12 months); any subsequent adjustments that do not meet these criteria are recorded as a liability or debt through the Group income statement.

Put options granted to non-controlling interests of fully consolidated subsidiaries are considered as financial debt. The value of the debt is estimated using the contract formulas or prices. When utilizing formulas based upon multiples of earnings minus debt, the Group uses the actual profit/loss of the period and the debt of the subsidiary at the closing date of the fiscal year.

The Group recorded the put options granted to non-controlling interests as a financial debt at the present value of the put exercise price with Group Shareholders' equity as a counterpart; subsequent changes in debt are treated similarly.

Change in the consolidation scope

Since end-September 2013, the BIC Group, which had previously exercised joint control over the Cello Pens group, had the exclusive control since then with a stake of 55%.

On July 4, 2014, the BIC Group completed the additional acquisition of 20% of Cello Pens in accordance with the Shareholders' agreement, which increased its stake in the capital of the seven Cello Pens entities from 55% to 75%, for 4.3 billion Indian rupees (around 53 million euros at the date of transaction).

The financial liability related to this option was reduced by this amount (see *Note 16*).

A provisional goodwill of 9.7 billion Indian rupees (115 million euros at the date of transaction) had been booked during 2013. The purchase price allocation was finalized during 2014.

The trademark was valued at 3.6 billion rupees (47 million euros at December 31, 2014) and the related deferred tax liability amounts to 1.2 billion rupees (15 million euros at December 31, 2014). The goodwill now amounts to 7.3 billion rupees (96 million euros at December 31, 2014).

The 2013 financial accounts have been adjusted to reflect this final assignment.

NOTE 2 OPERATING SEGMENTS

Accounting policies

Revenue is measured at the fair value of the counterpart received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales-related taxes. Thus, sales of goods are recognized when goods are delivered and titles are transferred.

2-1 General information

BIC operating segments have been determined based on the reports regularly reviewed by the management and used to make strategic decisions.

The management considers the business from a product category perspective, knowing that each category can be reviewed for a specific geographic area if needed.

The categories are the following: Stationery consumer, Lighters, Shavers, Other Consumer and BIC Graphic (Advertising and Promotional Products).

These operating segments receive their revenues from the production and distribution of each product category.

Freight billed to customers, royalties income and financial interest are also included in these category revenues but are insignificant compared to the turnover. As they are not analyzed by category of products, by the Operational Directors, they are not detailed in the note below.

2-2 Information on the income statement and assets by activity

All indicators are determined according to IFRS, except for:

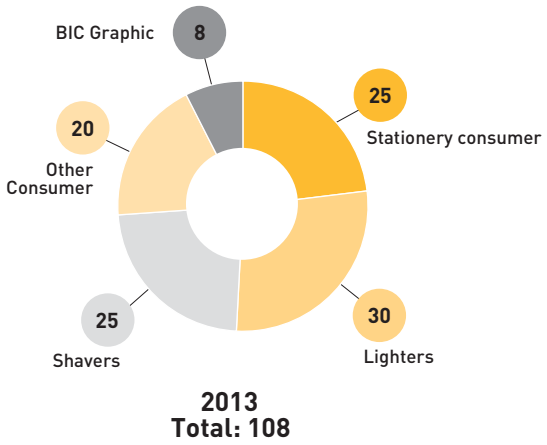
- normalized income from operations which is the income for operations restated from non-recurring items (in particular the real estate gains, the gain or loss on the sale of business and restructuring costs);
- capital additions, which are the purchases and internal generation of property, plant and equipment and intangible fixed assets for the period.

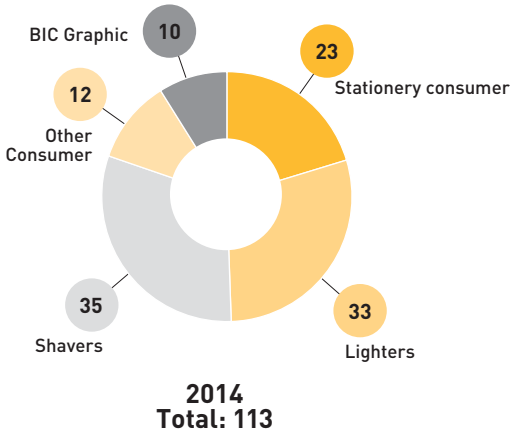
(in million euros)	Dec. 31, 2013						Dec. 31, 2014					
	Stationery consumer	Lighters	Shavers	Other consumer	BIC Graphic	Total	Stationery consumer	Lighters	Shavers	Other consumer	BIC Graphic	Total
Income Statement												
• Net sales	616	558	378	68	268	**1,888**	677	582	380	64	276	**1,979**
• Depreciation and amortization	(20)	(13)	(19)	(14)	(9)	**(75)**	(26)	(15)	(18)	(14)	(8)	**(81)**
• Impairment loss	-	-	-	(2)	(3)	**(5)**	-	-	-	-	-	**-**
• Income from operations	79	207	65	(18)	6	**339**	83	226	65	(15)	10	**369**
Restatements made to obtain the normalized income from operations												
• *Real estate gains* [(a)]						***(1)***						**-**
• *Retiree medical adjustment in the United States*						***(4)***						***(14)***
• *Cello Pens inventory fair value adjustment*						***1***						**-**
• *Goodwill impairment (see Note 10)*						***1***						**-**
• *Impairment loss*						***4***						**-**
• *Restructuring costs*						***4***						**-**
• *Fuel Cell restructuring costs*												***2***
• *Profit and restructuring costs related to Sheaffer assets sale*												***2***
• *Impact of the revaluation of intra-Group payables at SICAD II (Venezuela)*												***7***
• *Other*												***3***
• Normalized income from operations	78	206	64	(16)	12	**344**	84	219	68	(11)	10	**370**
• Income from joint ventures	-	-	-	-	-	**2**	-	-	-	-	-	**-**

(a) In 2013, the real estate gain corresponded to the divestiture of land and a building located in La Garde (Gateff head office) for 0.8 million euros and the sale of building in Milford (U.S.) for 0.5 million euros.

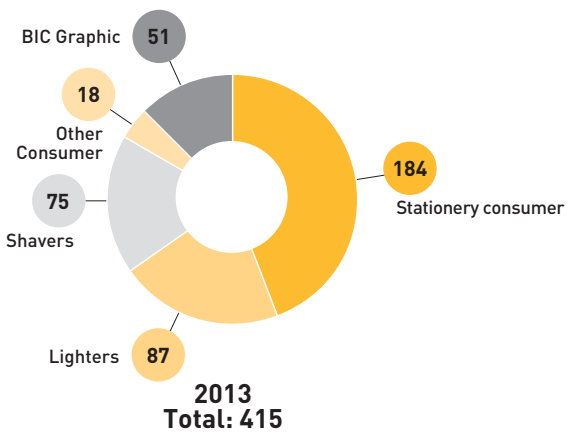
As of December 31, 2014, the BIC Group had not identified any major customer with which it realized more than 10% of its net sales over the period.

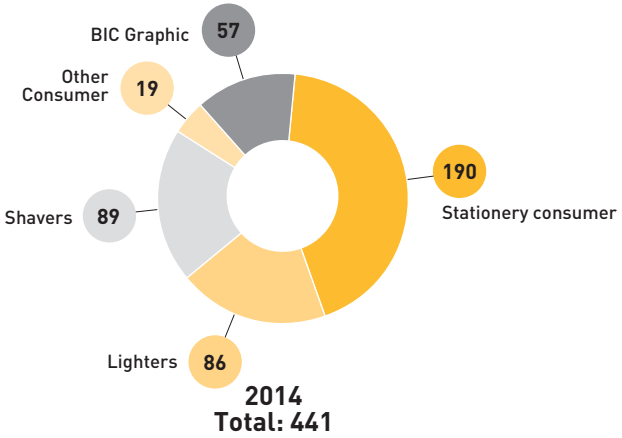
CAPITAL ADDITIONS *(in million euros)*





NET INVENTORIES (in million euros)

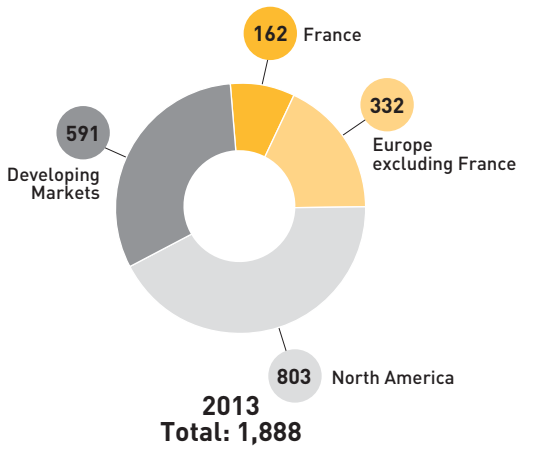


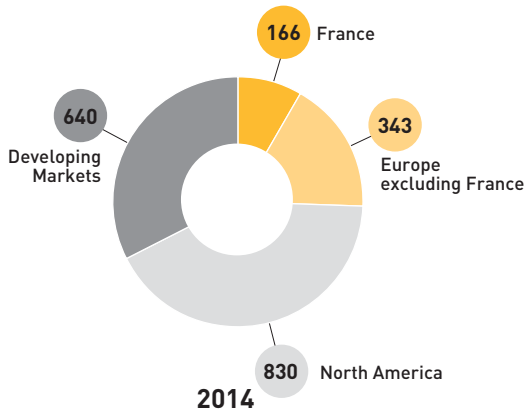


2-3 Information by geography

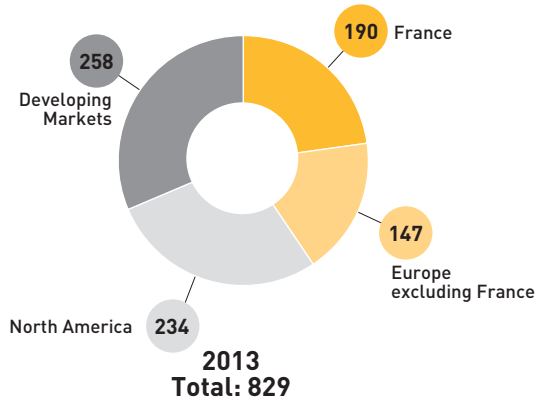
Since 2010, the geographies identified by the management are: France, Europe (excluding France), North America and developing markets.

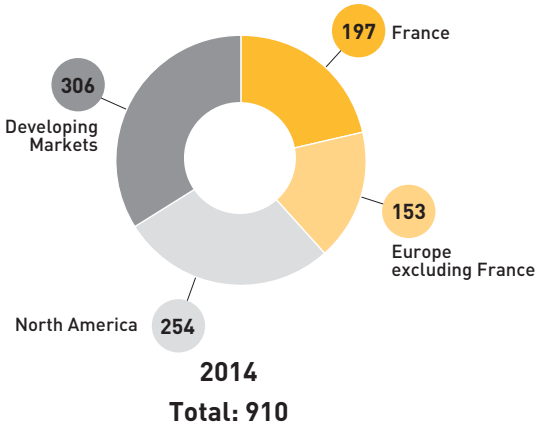
NET SALES *(in million euros)*





NON-CURRENT ASSETS (in million euros)





NOTE 3 EXCHANGE RATES OF FOREIGN CURRENCIES

Accounting policies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the result and financial position of each entity are expressed in a common currency, the Euro, which is the functional currency of SOCIÉTÉ BIC as well as the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each closing date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the transaction date. Non-monetary items that are measured at fair value are translated using the exchange rates prevailing at the date of the measurement.

Exchange differences arising from the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss for the period.

In order to hedge its exposure to certain foreign exchange risk, the Group enters into forward contracts and options (see Note 23 for details of the Group's accounting policies regarding derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in euros using the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rate at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

The following table shows foreign currency equivalents of one euro (for instance: average 2014 is 1 euro = 1.33 U.S. dollars).

Foreign currencies	2013 Average	2014 Average	Dec. 31, 2013	Dec. 31, 2014
	Euro	Euro	Euro	Euro
U.S. dollar - USD	1.33	1.33	1.38	1.21
Australian dollar - AUD	1.38	1.47	1.54	1.48
Canadian dollar - CAD	1.37	1.47	1.47	1.41
Swiss franc - CHF	1.23	1.21	1.23	1.20
Chinese renminbi - CNY	8.16	8.19	8.35	7.54
British pound - GBP	0.86	0.81	0.83	0.78
Hong Kong dollar - HKD	10.30	10.31	10.69	9.42
Indian rupee - INR	77.90	81.08	85.37	76.72
Japanese yen - JPY	129.68	140.39	144.72	145.23
Korean won - KRW	1,453.61	1,400.29	1,450.93	1,324.00
Malaysian ringgit - MYR	4.19	4.35	4.52	4.25
New Zealand dollar - NZD	1.62	1.60	1.68	1.55
Philippine peso - PHP	56.41	59.01	61.29	54.44
Polish zloty - PLN	4.20	4.18	4.15	4.27
Swedish krona - SEK	8.65	9.10	8.86	9.39
Singapore dollar - SGD	1.66	1.68	1.74	1.61
South African rand - ZAR	12.84	14.41	14.57	14.04
Argentinian peso - ARS	7.29	10.79	8.99	10.37
Brazilian real - BRL	2.87	3.12	3.26	3.22
Mexican peso - MXN	16.96	17.58	18.07	17.87
Venezuelan bolivar - VEF	8.14	12.86	8.69	60.69

NOTE 4 OPERATING EXPENSES

Accounting policies

- Government grants are recognized in profit or loss over the periods necessary to match them with related costs and deducted in reporting the related expenses.
- The research and development tax credit is deducted from operating expenses and the tax credit for Competitiveness and Employment is deducted from labor costs.
- Expenditure on research activities is recognized as an expense in the period in which it is incurred.

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Raw materials, consumables used and change in inventory	529,827	557,063
Staff costs	511,120	531,283
Depreciation and amortization expenses	74,926	80,704
Impairment loss	263	(129)
Other operating expenses	439,180	466,175
(Gain)/Loss on operational foreign currency translation	5,697	4,113
TOTAL	**1,561,013**	**1,639,209**

Other operating income and expenses are not included in the total amount and are disclosed in Note 5.

Operating expenses include 9.6 million euros related to portable Fuel Cell technology, versus 11.8 million euros for 2013. The BIC Group decided to significantly reduce its investment in portable Fuel Cell R&D resources and actively explore strategic alternatives to draw value from its Fuel Cell technology (see Note 9-4).

Research and development costs expensed for 2014 amount to 32.4 million euros, versus 33.5 million euros for 2013, and include 7.6 million euros related to Fuel Cell technology (9.9 million euros in 2013).

They include the French research and development tax credit for 1.9 million euros, versus 2.6 million euros for 2013.

The tax credit for Competitiveness and Employment (CICE) amounts to 1.7 million euros in 2014, versus 1.3 million euros in 2013.

The subsidiary in Venezuela holds payables to other Group subsidiaries for a total of 10.3 million dollars. This debt was previously revaluated at the official rate of 6.3 bolivares per dollar. As of December 31, 2014, this debt was revalued at SICAD II rate of 60.69. The revaluation amounts to an expense of 7.2 million as of December 31, 2014.

NOTE 5 OTHER INCOME AND EXPENSES

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Royalties income	15	124
Freight recharged to customers	17,385	18,493
Gain on business divestitures and disposal of fixed assets	1,829	399
U.S. Retiree Medical Plan	4,253	13,691
Other	3,324	8,097
Other income	**26,806**	**40,804**
Impairment loss	(5,446)	(213)
BIC Graphic's integration plan and other cost reduction plans	(3,548)	(1,874)
Fuel Cell cost reduction plan	-	(1,928)
Sheaffer asset divestiture and related costs reduction plan	-	(2,423)
Other	(5,393)	(5,006)
Other expenses	**(14,387)**	**(11,444)**
TOTAL	**12,419**	**29,360**

In addition to freight recharged to customers, other income and expenses related to 2014 mainly include:

- a favorable adjustment related to the change in the U.S. retiree medical plan, which reduced the liability by 13.7 million euros;
- -2.4 million euros related to an Asset Purchase Agreement for the sale of Sheaffer, BIC's Fine Writing Instrument business, to A.T. Cross Company, net of related restructuring expenses;
- -1.9 million euros related to the Fuel Cell cost reduction plan.

In addition to freight recharged to customers, other income and expenses related to 2013 mainly included:

- impairment losses (U.S.):
  - 3.4 million euros on the San Antonio manufacturing site (BIC Graphic facility based in Texas),
  - 1.9 million euros due to discontinuation of Sologear, maker of FlameDisk®;
- gains on business divestitures and disposal of fixed assets:
  - 0.8 million euros on the divestiture, of land and a building located in La Garde (Gateff head office),
  - 0.5 million euros on the sale of a building in Milford (U.S.),
  - 0.5 million euros on various assets disposals;
- BIC Graphic integration plan and other costs reduction plans, mainly:
  - 2.8 million euros relating to the ongoing Norwood Promotional Products' integration plan,
  - restructuring costs in the U.S. for 0.8 million euros;
- other: favorable adjustment related to the change in the U.S. retiree medical plan, which reduced the liability by 4.3 million euros, partly offset by the reversal of Cello Pens inventory fair value adjustment for 1.2 million euros.

NOTE 6 FINANCE INCOME

Accounting policies

Interest income is accrued on a time basis, by reference to the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to the asset's initial value.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Considering the nature of the BIC Group's activities, interest and dividends received are disclosed as financial income in the income statement.

All borrowing costs are recognized as expenses in the period in which they are incurred.

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Interest income from cash and cash equivalents	2,293	5,725
Interest on bank deposits	5,279	4,782
Income from cash and cash equivalents	**7,572**	**10,507**
Interest expense	(1,864)	(2,242)
Hedging instruments revaluation	296	-
Net financial foreign exchange difference	624	2,864
Net finance income/(Net finance costs)	**(944)**	**622**
FINANCE (COSTS)/REVENUE	**6,628**	**11,129**

During 2014, the increase in cash and cash equivalents is due to the consolidation of Cello Pens on a full year basis (compared to one quarter in 2013).

In addition, the significant increase of the USD against most currencies during the year has generated a favorable impact on the valuation of financial assets denominated in that currency.

NOTE 7 INCOME TAX

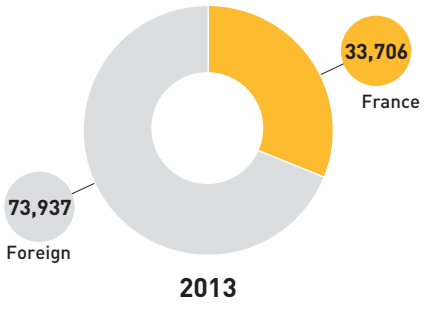
Accounting policies

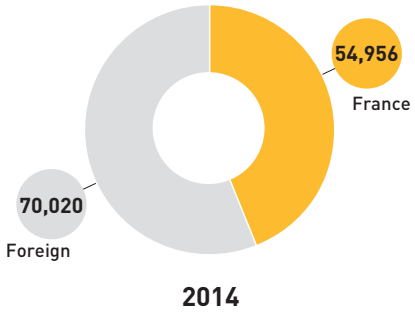
Income tax expense represents the sum of the tax currently payable and deferred tax included in the determination of the net income of the period.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

BIC Sport, BIMA 83, BIC Écriture 2000, BIC Services, Conté, Société Immobilière BIC Clichy, Société Immobilière Valiton Gesnouin, BIC Rasoirs, Société du Briquet Jetable 75, BIC Graphic France, BIC Assemblage, BIC Technologies, BIC International Développement, DAPE 74 Distribution, Stypen, Electro-Centre, BIC Education and BIC Clichy are part of the SOCIÉTÉ BIC tax Group.

7-1 Income tax expense





(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Current tax:	107,643	124,976
• *France*	*33,706*	*54,956*
• *Foreign*	*73,937*	*70,020*
Deferred tax	(1,724)	(10,737)
INCOME TAX EXPENSE	**105,919**	**114,239**

The normal income tax rate in France is 38.00% (including social and exceptional contributions) for the fiscal year 2014, as in 2013.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective countries.

The Group uses the French tax rate as the theoretical base. Thus one of the main elements of reconciliation is the effect of differences in tax rates.

As of December 31, 2014, the main contributors are the U.S., Greece, Brazil and Mexico. (As of December 31, 2013, the main contributors were the same countries).

Reconciliation between theoretical tax charge and effective income tax expense:

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Income before tax	345,840	380,399
Tax rate	38,00%	38,00%
Theoretical tax charge	**131,419**	**144,552**
Effects of:		
• differences in tax rates	(16,571)	(13,623)
• income taxed at reduced rate	(4,023)	(8,485)
• permanent differences	9,658	8,071
• intra-Group accruals eliminations	(1,357)	(2,776)
• tax assets not activated on tax losses	1,653	3,596
• tax assets activated on prior year losses	(857)	(2,099)
• tax credits	(12,691)	(16,061)
• foreign exchange differences	(1,312)	1,064
Income tax expense	**105,919**	**114,239**
EFFECTIVE TAX RATE	**30.64%**	**30.03%**

In addition, as of December 31, 2014, the BIC Group has 22.7 million euros of unrecognized deferred tax assets relating to unused tax losses, versus 21.6 million euros in 2013.

7-2 Deferred and current tax recognized on other comprehensive income

Accounting policies

See: Note 13.

Deferred and current taxes recognized on other comprehensive income result from the following items:

At December 31, 2014

(in thousand euros)	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	(44,062)	15,129
Cash flow hedge	*(13,884)*	*5,060*
Foreign exchange impact	*81,878*	*(4,080)*
Other	-	*1*
Total other comprehensive income (2)	67,994	981
TOTAL (1) + (2)	**23,932**	**16,110**

At December 31, 2013

(in thousand euros)	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	94,986	(32,449)
Cash flow hedge	*4,293*	*(1,550)*
Foreign exchange impact	*(81,034)*	*1,561*
Other	*4*	*(2)*
Total other comprehensive income (2)	(76,737)	9
TOTAL (1) + (2)	**18,248**	**(32,440)**

NOTE 8 EARNINGS PER SHARE GROUP SHARE

Earnings per share Group share and diluted earnings per share Group share correspond to the Group net income divided by the relevant number of shares.

The number of shares used to calculate the earnings per share Group share is the weighted average number of ordinary shares outstanding during the year less the weighted average number of shares held in treasury stock by SOCIÉTÉ BIC and BIC CORPORATION and presented as a deduction from equity.

The number of shares used to calculate the diluted earnings per share Group share is the weighted average number of ordinary shares potentially in circulation during the period, which corresponds to the number of shares used for the basic earnings per share Group share, adjusted for the dilutive effect of stock options.

As of December 31, 2014, there are no shares with relutive impact and the maximum dilutive effect from stock options not exercised is around 1% of the share capital.

	Dec. 31, 2013	Dec. 31, 2014
Numerator *(in thousand euros)*		
Net income Group share	241,489	262,076
Denominator *(in number of shares)*		
Weighted average number of ordinary shares in circulation	47,047,710	47,063,465
Dilutive effect of stock options	549,585	543,277
Diluted weighted average number of ordinary shares in circulation	47,597,295	47,606,742
Earnings per share Group share *(in euros)*		
Earnings per share Group share	5.13	5.57
Diluted earnings per share Group share	5.07	5.51

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

Accounting policies

Land and buildings held by the Group for use in the production or supply of goods or services, or for administrative purposes, are recognized in the balance sheet at their historical cost, less any subsequent accumulated depreciation and impairment losses. Certain property, plant and equipment were revalued upon first-time adoption of IFRS (IFRS 1).

Depreciation is booked to profit or loss. Property, plant and equipment in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property, plant and equipment assets, starts when the assets are ready for their intended use.

Fixtures and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is booked to profit or loss so as to reduce the carrying amount of assets, other than land and properties under construction, over their estimated useful life, using the straight-line method.

Leases transferring risks and rewards linked to ownership (finance leases) are booked in assets with a financial debt as a counterpart. They are depreciated over their expected useful life on the same basis as owned assets or, where shorter, on the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The depreciation method is the straight-line method, on the following basis:

• Buildings:	25 years
• Fixtures, machinery and equipment:	5 to 8 years
• Vehicles:	3 to 5 years

9-1 Property, plant and equipment - Gross value

(in thousand euros)	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Total
At january 1, 2014	**354,960**	**1,027,870**	**81,110**	**28,996**	**1,492,936**
Acquisitions	2,316	26,882	75,010	2,075	106,283
Disposals/Write-offs	(1,978)	(26,167)	(230)	(1,547)	(29,922)
Transfers to non-current assets held for sale (see *Note 9-4*)	(1,770)	(2,661)	(858)	-	(5,289)
Other transfers	23,728	47,933	(71,864)	203	-
Exchange differences	11,504	27,674	2,348	(395)	41,131
At December 31, 2014	**388,760**	**1,101,531**	**85,516**	**29,332**	**1,605,139**

The gross value of property, plant and equipment includes 7.1 million euros of finance lease assets as of December 31, 2014 (5.1 million euros as of December 31, 2013).

9-2 Property, plant and equipment- Depreciation and impairment loss

Accounting policies

At each balance sheet date, the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine, if applicable, the amount of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. However, the increased carrying amount should not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.

(in thousand euros)	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Total
At January 1, 2014	**201,187**	**829,219**	**3,869**	**20,364**	**1,054,639**
Depreciation for the period	12,148	56,610	-	2,378	71,136
Impairment loss	-	75	9	-	84
Disposals/Write-offs	(1,987)	(24,507)	-	(1,294)	(27,788)
Transfers to assets held for sale (see *Note 9-4*)	(774)	(2,239)	-	-	(3,013)
Other transfers	1,191	(803)	-	(388)	-
Exchange differences	4,876	22,791	10	(69)	27,608
At December 31, 2014	**216,641**	**881,146**	**3,888**	**20,991**	**1,122,666**
NET VALUE					
At December 31, 2014	**172,119**	**220,385**	**81,628**	**8,341**	**482,473**
At December 31, 2013	**153,773**	**198,651**	**77,241**	**8,632**	**438,297**

The net value of property, plant and equipment includes 4.0 million euros of finance lease assets as of December 31, 2014 (2.7 million euros as of December 31, 2013).

9-3 Investment property

Accounting policies

Investment property (land or buildings), which is held to earn rentals or for capital appreciation, is stated at its acquisition cost, less depreciation and impairment losses at the balance sheet date if any.

Investment property is depreciated according to the same method as property, plant and equipment.

(in thousand euros)	Gross value	Depreciation and impairment loss	Net value
At January 1, 2014	**2,757**	**(744)**	**2,013**
Depreciation for the period	-	(93)	(93)
Exchange differences	306	(110)	196
At December 31, 2014	**3,063**	**(947)**	**2,116**

The main investment properties as of December 31, 2014 are located in the U.S. for 1.6 million euros.

The fair value of the Group's investment property is based on an internal valuation based on surface areas and transaction prices for similar properties on the real estate market or on the market price. For each investment property, fair value exceeds or is equal to the net booked value. Total fair value amounts to 2.8 million euros.

None of the Group's investment property is the subject of an off-balance sheet commitment (guarantee, mortgage, etc.).

Property rental income earned by the Group from its investment properties for 2014 amounts to 0.7 million euros (0.6 million euros for 2013).

Rental payments to be received for the coming years are as follows:

- 0.5 million euros within 1 year;
- 0.5 million euros between 2 and 5 years;
- no rent is expected beyond 5 years.

The main direct operating expenses arising on the investment properties in the period, except depreciation, correspond to insurance, maintenance and security costs and amount to 0.4 million euros (as for 2013).

9-4 Assets held for sale

Accounting policies

Non-current assets and disposal groups are classified as held for sale if their carrying amount is recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets, previous carrying amount and fair value less costs to sell.

(in thousand euros)	Gross value	Depreciation and impairment loss	Net value
At January 1, 2014	**6,376**	**(5,288)**	**1,088**
Transfers from property, plant and equipment (see Notes 9-1 and 9-2)	1,770	(774)	996
Assets related to Fuel Cell activity	16,955	(4,216)	12,739
Exchange differences	943	(752)	191
At December 31, 2014	**26,044**	**(11,030)**	**15,014**

As of December 31, 2014, the assets held for sale correspond to:

- the assets related to the Fuel Cell activity;
- the San Antonio manufacturing site in Texas, U.S. (due to the BIC Graphic integration plan);
- a property in New Zealand.

The Group is actively marketing the San Antonio site via realtors. However, as the market activity is slow, the selling processes are extended.

Fuel Cell assets have been reclassified as assets held for sale, following the BIC Group's November 2014 announcement of its decision to explore strategic alternatives to draw value from the Fuel Cell technology. The BIC Group has determined that there is no need to impair the technology. Assets reclassified are primarily intangible assets.

NOTE 10 GOODWILL

Accounting policies

Goodwill arising from the acquisition of a subsidiary represents the excess of the acquisition cost over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Goodwill is calculated in the currency of the acquired subsidiary. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGU") representing the smallest level at which the goodwill is monitored at Group level. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to the reduction in the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit prorated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

(in thousand euros)	Notes	Gross value	Impairment loss	Net value
At January 1, 2013		**224,152**	**(15,345)**	**208,807**
Cello Pens	1-2, 11	87,061	-	87,061
Impairment loss		-	(1,258)	(1,258)
Exchange differences		(8,829)	(221)	(9,050)
At January 1, 2014*		**302,384**	**(16,824)**	**285,560**
Transfers to assets held for sale (see Note 9-4)		(2,530)	-	(2,530)
Exchange differences		24,118	247	24,365
At December 31, 2014		**323,972**	**(16,577)**	**307,395**

* *Cello Pens goodwill determination work has been finalized (see Note 1-2 Change in scope of consolidation).*

The balance, as of December 31, 2014, includes the following main net goodwill:

(in thousand euros)	Dec. 31, 2013*	Dec. 31, 2014
BIC CORPORATION[(b)]	98,365	109,063
Cello Pens	86,128	95,767
BIC Violex	49,174	49,174
Norwood North America [(a)(b)]	25,941	29,467
PIMACO[(b)]	7,420	7,505
Others[(b)]	18,532	16,419
TOTAL	**285,560**	**307,395**

(a) Following the reorganization of the BIC Graphic activity, the goodwill of Norwood North America includes the goodwill of Norwood Promotional Products and Atchison.

(b) These goodwill amounts are linked to cash-generating units represented by distribution subsidiaries.

* *Cello Pens goodwill determination work has been finalized (see Note 1-2 Change in scope of consolidation).*

To perform the impairment tests, the Group used the following discounted and infinite growth rates:

	Weighted average cost of capital (WACC) before tax		Infinite growth rate	
	2013	2014	2013	2014
BIC CORPORATION	11.6%	10.1%	1.5%	1.5%
Cello Pens	-	17.6%	-	5.5%
BIC Violex	11.4%	10.3%	3.0%	3.0%
Norwood North America	11.9%	8.7%	1.5%	1.5%
PIMACO	11.0%	11.7%	2.4%	1.7%

Each goodwill amount has been applied to a cash-generating units ("CGU") representing the smallest level at which goodwill is monitored by the Group.

The goodwill on BIC CORPORATION is thus mainly allocated to cash-generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The goodwill on Cello Pens is allocated to cash-generating units linked to the production and distribution by Cello Pens of stationery products.

The remaining goodwill on BIC Violex is limited to the cash-generating unit linked to shavers developed and/or produced by BIC Violex and sold all over the world. This cash-generating unit also includes the portion of BIC CORPORATION goodwill allocated to shavers.

As every year, as of June 30, 2014, the Group performed impairment tests on these goodwill amounts (except for Norwood, where testing was performed as of December 31, 2014).

The impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash-generating units with corresponding assets' net booked value (including goodwill).

Such recoverable amounts correspond to the value in use and are determined using discounted future cash flow projections over three years and a discounted residual value using the perpetual growth method, including notably the following:

- the discount rate before tax used is the Group weighted average cost of capital. Particular attention has been paid to the analysis of main market items used for the calculation of the discount rate. Country risk has then been added for the countries most affected by the economic crisis;
- the infinite growth rates were determined based on external (inflation rate) and internal (business growth) sources. Infinity growth rates above 2% take into account market specificities.

For each CGU having significant goodwill, key assumptions used in terms of sales growth and margin over the future 3-year period and in the terminal value are consistent with past performance.

Regarding the test performed on Norwood as of December 31, 2014, sensitivity to the assumptions used in the calculation indicates in order to cover the asset, and for each factor taken independently:

- the discount rate before tax should not exceed 10.2%;
- the infinity growth rate may not be less than 0.8%;
- sales at constant margin over the future 3-year period should not be more than 18.5% less than the amount retained;
- the margin on the future 3-year period may not be less than 9% of the amount retained.

Regarding the test performed on Cello Pens, following its recently acquisition, sensitivity to the assumptions used in the calculation indicates in order to cover the asset, and for each factor taken independently:

- the discount rate before tax should not exceed 18.7%;
- the infinity growth rate may not be less than 4%;
- sales at constant margin over the future 3-year period should not be more than 7% less than the amount retained;
- the margin on the future 3-year period may not be less than 7% of the amount retained.

The sensitivity of the other impairment tests to changes in the key assumptions indicates that no reasonably likely change would lead to an impairment, taking into account the observed margin on tests conducted.

NOTE 11 INTANGIBLE ASSETS

Accounting policies

Internally-generated intangible assets - research and development expenditure

An internally-generated intangible asset arising from the development or a development phase of an internal project is only recognized if all of the following conditions are met:

- the asset created is identifiable;
- it is probable that the asset created will generate future economic benefits for the Group;
- the development cost attributable to the asset can be measured reliably.

Internally-generated intangible assets are amortized on a straight-line basis over their estimated useful life.

Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Patents, trademarks, licenses and software

Patents, trademarks, licenses and software are measured initially at purchase cost less accumulated amortization and impairment loss, if any amortization is booked to profit or loss so as to reduce the carrying amount of assets over their estimated useful life, using the straight-line method.

Patents, trademarks, licenses and software (excluding goodwill)

See Note 9-2.

(in thousand euros)	Software	Trademarks & patents	Research & development	Intangible assets in progress	Other	Total
GROSS VALUE						
At January 1, 2013	**96,390**	**54,331**	**3,744**	**4,833**	**3,860**	**163,158**
Acquisitions	6,560	742	-	5,879	207	13,388
Acquisition of subsidiaries - Cello Pens	-	42,255	-	-	-	42,255
Internally-generated	-	-	-	2,551	-	2,551
Disposals/Write-offs	(21,078)	(16)	-	(278)	-	(21,372)
Transfers	7,297	869	2,251	(7,465)	468	3,420
Exchange differences	(6,035)	(3,189)	(92)	(1,002)	(358)	(10,676)
At January 1, 2014*	**83,134**	**94,993**	**5,903**	**4,518**	**4,177**	**192,725**
Acquisitions	340	573	-	3,615	-	4,528
Internally-generated	14	-	-	2,288	-	2,302
Disposals/Write-offs	(21)	(392)	-	(122)	(9)	(544)
Transfers to non-current assets held for sale (see *Note 9-4*)	-	(10,340)	-	-	(566)	(10,906)
Other transfers	5,424	478	-	(5,424)	(478)	-
Exchange differences	4,858	9,733	276	63	23	14,953
At December 31, 2014	**93,749**	**95,045**	**6,179**	**4,938**	**3,147**	**203,058**

(in thousand euros)	Software	Trademarks & patents	Research & development	Intangible assets in progress	Other	Total
AMORTIZATION AND IMPAIRMENT LOSS						
At January 1, 2013	**65,189**	**35,798**	**3,714**	**-**	**888**	**105,589**
Amortization for the period	7,313	1,623	10	18	113	9,077
Impairment loss	(185)	-	-	-	-	(185)
Disposals/Write-offs	(20,439)	(16)	-	-	-	(20,455)
Transfers	99	1,474	2,251	-	(411)	3,413
Exchange differences	(1,257)	(1,556)	(92)	-	(70)	(2,975)
At January 1, 2014*	**50,720**	**37,323**	**5,883**	**18**	**520**	**94,464**
Amortization for the period	7,832	1,495	9	60	78	9,474
Disposals/Write-offs	(20)	(324)	-	-	(9)	(353)
Transfers to non-current assets held for sale (see *Note 9-4*)	-	(1,977)	-	-	-	(1,977)
Exchange differences	1,870	4,466	276	-	(3)	6,609
At December 31, 2014	**60,402**	**40,983**	**6,168**	**78**	**586**	**108,217**
NET VALUE						
At December 31, 2014	**33,347**	**54,062**	**11**	**4,860**	**2,561**	**94,841**
At December 31, 2013*	**32,414**	**57,669**	**20**	**4,500**	**3,657**	**98,260**

* *Following the valuation of the Cello trademark, the 2013 financial statements have been adjusted.*

Software

Internally-generated software is principally related to investments linked to the upgrade of information systems.

Trademarks and patents

The main trademarks booked in the balance sheet as of December 31, 2014 are the Pimaco® trademark for 5.3 million euros, acquired in 2006 and the Cello trademark for an amount of 3.6 billion rupees (46.5 million euros at December 31, 2014) (see *Note 1-2*).

These trademarks have an infinite lifetime. For impairment test purposes, they are linked to the Pimaco and Cello Pens subsidiaries, cash-generating units. Given the indefinite nature of the life of the trademark, no impact was recognized in the income statement.

NOTE 12 OTHER NON-CURRENT ASSETS

(in thousand euros)	Notes	Dec. 31, 2013	Dec. 31, 2014
Other investments		50	49
Guarantee deposits		4,147	4,925
Deferred pensions		3,737	2,229
Other non-current assets		14,357	17,888
TOTAL		**22,291**	**25,092**

NOTE 13 DEFERRED TAX

Accounting policies

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases, for using the balance sheet liability method and tax rates enacted or nearly enacted at the balance sheet date.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the profits will be available against which deductible temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures and branches, except when the Group is able to control the reversals of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred taxes is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the periods when the liability is settled or the asset realized.

Deferred tax is charged or credited to profit or loss in the period, except when it relates to a transaction or an event directly credited or charged to equity, in which case the deferred tax is also recognized in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(in thousand euros)	Dec. 31, 2013*	Dec. 31, 2014
Deferred tax assets	139,950	174,912
Deferred tax liabilities	(43,396)	(46,488)
NET POSITION	**96,554**	**128,424**

The movement for the year in the Group's deferred tax position was as follows:

(in thousand euros)	Notes	Dec. 31, 2014
At January 1, 2014*		**96,554**
Deferred tax income/(expense) for the period [(a)]	CF	7,490
Booked in Shareholders' equity		16,517
Exchange differences		7,863
At December 31, 2014		**128,424**

(a) Excluding amounts booked to provision for risks and charges.

* *Following the valuation of the Cello trademark, the 2013 financial statements have been adjusted.*

CF: Cash flow

Origin of deferred tax :

(in thousand euros)	Dec. 31, 2014
Pension and other employee benefits	79,728
Intra-Group profit elimination	22,432
Tax losses carried forward	3,096
Cello trademark	(15,166)
Other temporary differences	38,334
NET DEFERRED TAX	**128,424**

NOTE 14 CHANGE IN NET WORKING CAPITAL

Accounting policies

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct raw material costs and, where applicable, direct labor costs, as well as those overheads that have been directly incurred in bringing the inventories to their present location and condition. Cost is generally calculated using the weighted average cost method. Net realizable value represents the estimated selling price in the normal course of business less all estimated costs of completion and costs to be incurred in the sale (marketing, selling and distribution).

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated unrecoverable amounts are recognized in profit or loss when there is an indication of impairment. The allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate calculated at initial recognition of the receivables.

Trade payables are initially measured at fair value, and subsequently measured at amortized cost, using the effective interest rate method.

(in thousand euros)	Note	Dec. 31, 2013	Cash flows impact	Foreign exchange and others	Dec. 31, 2014
Net inventory		414,195	16,322	10,622	441,139
• Inventory - Gross value		*431,913*	*17,009*	*11,000*	*459,923*
• Inventory - Impairment		*(17,718)*	*(687)*	*(380)*	*(18,785)*
Trade and other receivables		453,835	(18,043)	17,979	453,771
Trade and other payables		(115,386)	(453)	(3,271)	(119,110)
Other assets and liabilities		(170,172)	(7,824)	(4,757)	(182,753)
NET WORKING CAPITAL [(1)]	**CF**	**582,472**	**(9,998)**	**20,573**	**593,047**

CF: See consolidated cash flow statement.

(1) The net working capital excludes the cash flow impact of the Sheaffer assets disposal. This impact breakdowns as follows, in thousand euros:

Net inventory: -7,153.

Trade and other receivables: +504.

Other assets and liabilities: -514.

NOTE 15 SHARE CAPITAL

15-1 Share capital

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Authorized, issued and fully paid	181,976	183,214
Repurchase of shares of the Company	(2,972)	(3,275)
SHARE CAPITAL	**179,004**	**179,939**

As of December 31, 2014, the registered share capital of SOCIÉTÉ BIC is 183,213,854 euros divided into 47,961,742 shares of 3.82 euros each, the par value. The registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC held 857,305 of these shares, acquired at an average price of 68.13 euros in accordance with the Article L. 225-209 of the French Commercial Code, which represent 1.79% of the share capital.

The share capital breakdown is shown in Chapter 6-3.

15-2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of December 31, 2014

Purpose of the repurchase	Number of shares	Average acquisition price *(in euros)*	% capital
Liquidity agreement [(a)]	2,238	109.28	0.00%
Free share grants [(a)]	855,067	68.03	1.79%
TOTAL	**857,305**	**68.13**	**1.79%**

(a) Article L. 225-209 of the French Commercial Code.

In accordance with the liquidity agreement with NATIXIS in respect of BIC shares, as of December 31, 2014, the liquidity account contained the following:

- 2,238 BIC shares;
- 856,721.54 euros.

At initial set-up, the liquidity account contained the following:

- 2,312 BIC shares;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization from the Annual Shareholders' Meeting on May 14, 2014, to renew its share repurchase program.

Number of shares purchased in 2014 [(a)]	
• share repurchase program authorized by the Annual Shareholders' Meeting held on May 14, 2014	100,000
Average share repurchase price for the purchases during 2014 *(in euros)*	102.00

(a) Excluding the liquidity contract.

During the 2014 fiscal year, SOCIÉTÉ BIC did not cancel any shares.

To the best of the Company's knowledge as of December 31, 2014, Shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	At December 31, 2014	
	% of shares (approx.)	% of voting rights (approx.)
M.B.D.	26.36%	36.45%
Bich family	16.49%	22.32%

NOTE 16 BORROWINGS AND FINANCIAL LIABILITIES

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Bank overdrafts	2,694	3,651
Bank loans and non-current financial liabilities (see detail below)	110,036	79,179
Obligations under finance leases	1,468	2,306
BANK BORROWINGS AND OVERDRAFTS	**114,198**	**85,136**

Bank overdrafts are due within one year.

The long-term part of obligations under finance leases is not significant.

As of December 31, 2014, the put options held by the Shareholders of Cello Pens have been revaluated and amount to 77.1 million euros for the non-currents borrowings. Changes in fair value are recognized in retained earnings and do not impact the Group's results.

Bank loans and financial liabilities have the following maturities:

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
On demand or within one year	48,567	2,109
In the second year	144	-
In the third year	61,325	77,071
TOTAL	**110,036**	**79,179**

Main bank loans/credit lines and financial liabilities are as follows:

Borrowing country	Currency	Euro equivalents	
(in thousand euros)		Dec. 31, 2013	Dec. 31, 2014
• France	EUR	283	-
• Brazil	BRL	-	-
• Malaysia	MYR	703	765
• Russia	USD/RUB	662	-
• Peru	PER	-	-
• South Korea	KRW	1,034	1,133
• Other	Misc.	122	210
Sub-total		**2,804**	**2,109**
• Cello Pens		107,232	77,071
TOTAL		**110,036**	**79,179**

Information on interest rates

As of December 31, 2014, loans and credit lines were contracted with a floating rate ranging between 4.31% and 4.39%.

Relative exposure, estimated not to be significant, has not been hedged.

Information on covenants

None of the loans contain any covenant that could advance the repayment date of the debt.

NOTE 17 PROVISIONS

Accounting policies

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(in thousand euros)	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
At January 1, 2014	**48,029**	**4,917**	**1,964**	**2,723**	**57,633**
Additional provisions	9,839	2,746	183	1,123	13,891
Utilized during the period	(2,222)	(195)	(201)	(842)	(3,459)
Unused amounts reversed	(11,689)	(1,139)	(431)	(203)	(13,462)
Exchange differences	351	141	255	198	945
At December 31, 2014	44,308	6,471	1,770	3,000	55,549

As of December 31, 2014, it was not considered necessary to book provisions for the risks described in the Part 1 "*Group Presentation*" that could affect:

- the Company's personnel, assets, environment or reputation;
- the Group's ability to reach its objectives and abide by its values, ethics or the laws and regulations.

As of December 31, 2014, the litigation provision mainly represents distributor and commercial agent risks for 2.4 million euros (as reported at December 31, 2013).

Tax and social risks and litigation are mainly tax risks and U.S. workers' compensation.

Product liability mainly relates to the U.S.

NOTE 18 PENSION AND OTHER EMPLOYEE BENEFITS

Accounting policies

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit plans are dealt with as payments to defined contribution plans where the Group's obligation under these plans are equivalent to those arising in defined contribution retirement benefits plan.

For defined benefit retirement plans, the cost of provision is determined using the Projected Unit Credit Method, with actuarial valuations being carried out for each balance sheet date. All actuarial differences are recognized in other comprehensive income in the period in which they occur. Past service costs are recognized for their full amount as a component of cost of services (in the income statement) whether benefits are vested definitively to their beneficiaries or are being acquired.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation reduced by the fair value of plan assets. Any net asset resulting from this calculation is limited to the present value of available refunds and reduction in future contributions to the plan.

18-1 Plan characteristics

Types of post-employment benefits and other long-term benefits

Pursuant to the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits, in particular post-employment benefits:

- **In the United States**

  Two pension plans ("Salaried Pension Plan" and "Local 134L Pension Plan") are effective (depending on the site) and are funded by their respective pension funds. In addition to these plans, a medical plan exists ("Salaried Retiree Medical Plan"):

a) *Salaried Pension Plan*

Beneficiaries hired prior to 2007 accrue retirement benefits under a final average pay formula that reflects years of service and is integrated with Social Security retirement benefits. The formula provides for a life annuity, payable at normal retirement age (65) equal to 1.1% of the Social Security Covered Compensation plus 1.5% of average pay in excess of the Social Security Covered Compensation, multiplied by the number of years of service, which may not exceed 35 years, plus 1.4% of average pay per year of service in excess of 35 years. In addition,

the Plan provides reduced early retirement benefits for beneficiaries from age 55 and with 10 years of service.

Employees hired after 2006 accrue benefits under a Cash Balance Arrangement. These participants receive annual credits of 5% of their year's pay, which are accumulated with interest at least equal to 30-year Treasury rates, to retirement. Participation in this plan is closed for BIC Graphic employees hired after January 1, 2010.
The Plan is subject to minimum funding requirements under U.S. law.

The long-term objective of the Plan's investment policy is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk. The Plan's assets are invested in the BIC Corporation Master Trust-with a target asset allocation of 35% U.S. equity, 5% global low volatility equity, 10% non-U.S. equity, and 50% bonds.

b) *Local 134L Pension Plan*

For beneficiaries hired before December 4, 2007, benefits under the Plan are based on a participant's years of service multiplied by a fixed set amount (40.75 U.S. dollars for 2013 increasing by 1 U.S. dollar each year until 2016).

Employees hired after December 4, 2007 accrue benefits under a Cash Balance Arrangement. These participants receive annual credits equal to 3.75% of their year's pay which are accumulated with interest, at least equal to 30-year Treasury rates, to retirement.

The Plan is subject to minimum funding requirements under U.S. law.

The long-term objective of the Plan's investment policy is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk. The Plan's assets are invested in the BIC Corporation Master Trust-with a target asset allocation of 21% U.S. equity, 3% global low volatility equity, 6% non-U.S. equity, and 70% bonds.

c) *Salaried Retiree Medical Plan*

This medical plan exists for employees hired prior to 2007 and who are eligible to receive medical and coverage for the full period of their retirement, from age 55 and at least 20 years of service. The Plan is closed to new employees. Effective October 1, 2013, as part of an exchange, certain covered retirees and future retirees will receive a fixed payment of 3,500 U.S. dollars annually to purchase their own retiree medical coverage. This amount is expected to increase in the future to reflect the upward trends in healthcare costs.

The Plan does not have any assets.

- **In the United Kingdom**

There is a closed defined benefit plan for a specified list of beneficiaries (plan closed to new entrants) and closed to the acquisition of further rights. An independent professional "Trustee", an employer-representative Trustee and an employee-representative Trustee oversee the governance of the scheme. Plan assets are currently invested in a portfolio of stocks, bonds and real estate. Asset allocation is reviewed regularly to ensure that the assets held are still appropriate and sufficient to cover future pension obligations.

Both schemes are subject to the same risks as the majority of final salary occupational pension schemes, i.e. inflation risks, investment risks, life expectancy risks, etc.. The strategic asset allocation must comply with the investment guidelines laid out in the "Statement of Investment Principles" set up by the "Trustee" to limit the risks.

- **In France**

Retirement indemnities are mandatory in France. The rights granted (expressed in months of salary) are determined by the national collective agreement for companies and on the employee's seniority at retirement date. The benefit payment is subject to the employee working for the Company when he/she retires.

The defined benefit supplementary pension plan provides a percentage of the final salary for each year of service to senior managers working for BIC's French companies. There is a ceiling applied to the pension benefits. The benefits are vested only if the beneficiary is working for the Company when he/she retires.

- **In Canada**

The Plan is funded chiefly through employer contributions and investment earnings on Plan assets. Prior to 1992, beneficiaries were required to contribute to the Plan, however since January 1, 1992; they are no longer required or permitted to make contributions to the Plan. BIC Inc. contributions to the Plan comply with the minimum funding requirements of the "Pensions Benefits Act of Ontario".

The Pension fund set up to finance the retirement scheme for employees of BIC Inc is held by an Independent Trust in the interests of beneficiaries. This fund is not part of the income or assets of BIC Inc.

This Plan is closed to new employees hired after November 14, 2011.

For hourly paid employees, the retirement benefit is defined as a fixed amount per year of service, whose value varies according to the date on which the beneficiary retires (400 U.S. dollars per year for retirement after January 1, 2010). For employees receiving a regular salary, the formula for calculating the retirement benefit is 1.5% of final average salary per year of service (the calculation of the final average salary may be over the 10 years preceeding retirement). The total benefit under the Plan is capped by the limits imposed by the Income Tax Act in Canada. The normal retirement age is 65, however beneficiaries can retire from age 55, with a reduced benefit for early retirement.

To monitor and control the performance of the Fund, BIC Inc. and the Investment Manager must comply with the objectives set out in the "Statement of Investment Policy and Objectives. The basic goal underlying the establishment of these guidelines is to ensure that the Fund asset, together with the expected contributions and investment returns are invested in a prudent manner so that the Fund will be sufficient to meet the obligations of the Plan as they come due. The long-term investment strategy is to invest approximately about 36% in bonds, 35% in Canadian equities, 27% in foreign equities and 2% in cash and cash equivalents.

- **For other countries,** the plans depend on local legislation, the activity and other historical practices of the subsidiary.

18-2 Change in the net obligation of defined benefit plans

(in thousand euros)		Pension	Other employee benefits	Total employee benefits
PRESENT VALUE OF OBLIGATION				
At January 1, 2014		**452,792**	**89,393**	**542,184**
Period costs:		33,370	(7,486)	25,884
• *Current service costs*		*11,964*	*2,286*	*14,250*
• *Past service costs (including curtailment (gain)/loss)*		*(237)*	*(13,708)*	*(13,945)*
• *Settlement*		*169*	-	*169*
• *Interest costs*		*21,474*	3,937	25,411
Benefits paid		(22,233)	(2,803)	(25,035)
Actuarial difference on obligation		62,004	11,228	73,232
• *Financial assumptions*		*61,049*	12,372	73,421
• *Demographic assumptions*		*955*	(1,144)	(189)
Taxes paid included in DBO		(196)	-	(196)
Participant contributions		59	-	59
Administrative expenses		(12)	-	(12)
Exchange differences		54,702	11,898	66,600
At December 31, 2014	**A**	**580,486**	**102,231**	**682,716**
FAIR VALUE OF PLAN ASSETS				
At January 1, 2014		**361,685**	**-**	**361,684**
Total period income:		17,769	-	17,769
• *Interest income*		*17,769*	-	*17,769*
• *Curtailment and settlement*		-	-	-
Benefits paid		(20,582)	(2,492)	(23,074)
Contributions paid by participants		59	-	59
Contributions paid by employer		13,973	2,492	16,465
Taxes paid from plan assets		(196)	-	(196)
Administratives expense		(1,362)	-	(1,362)
Return on assets (excluding interest income)		29,165	-	29,165
Exchange differences		46,029	-	46,029
At December 31, 2014	**B**	**446,540**	**-**	**446,539**
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2014	**C = A - B**	**133,946**	**102,231**	**236,177**
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2013		**91,107**	**89,393**	**180,500**

18-3 Funded/unfunded obligations

(in thousand euros)	Notes	Pension	Other employee benefits	Total
At December 31, 2014				
Fair value of funded obligations		488,914	-	488,914
Fair value of plan assets		(446,540)	-	(446,540)
Surplus of obligation over assets		**42,374**	**-**	**42,374**
Fair value of unfunded obligations		91,572	102,231	193,803
Net value in the balance sheet		**133,946**	**102,231**	**236,177**
• **Asset**	**12,18-7**			**2,229**
• **Liability**				**238,407**

(in thousand euros)	Pension	Other employee benefits	Total
At December 31, 2013			
Fair value of funded obligations	407,745	-	407,745
Fair value of plan assets	(361,685)	-	(361,685)
Surplus of obligation over assets	**46,061**	**-**	**46,061**
Fair value of unfunded obligations	45,046	89,393	134,438
Net value in the balance sheet	**91,106**	**89,393**	**180,500**
• **Asset**			**3,737**
• **Liability**			**184,237**

18-4 Period costs

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Current service costs	14,424	14,250
Past service costs (including curtailment (gain)/loss)	(3,387)	(13,945)
Settlement	-	169
Net interest costs	10,359	7,643
Administrative expenses and taxes	1,371	1,350
TOTAL PERIOD COSTS	**22,767**	**9,465**

18-5 Additional information

Nature of plan assets

At December 31, 2014 *(in thousand euros)*	Fair value of plan assets		Including Fair value of plan assets with a quoted market price	
Equity	62,334	14.0%	62,334	14.0%
Bond and other fixed income	40,189	9.0%	40,189	9.0%
Cash and cash equivalents	4,150	0.9%	4,150	0.9%
Real Estate	2,813	0.6%	2,813	0.6%
Investment Funds	334,645	74.9%	334,645	75.2%
Assets held by insurance companies	1,756	0.4%	408	0.1%
Other	652	0.1%	454	0.1%
TOTAL	**446,539**	**100%**	**444,993**	**100.0%**

18-6 Actuarial assumptions for main countries

Actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located. They have been adjusted according to the actual interest rate and the mortality table. Assumptions for plans representing the main obligations are set out below:

At December 31, 2014	United States	United Kingdom	France
Discount rate	4.00%	3.60%	1.71%
Inflation rate	2.75%	3.50%	2.20%
Expected rate of salary increases	3.60%	N/A	2.24%
Average plan duration (years)	15.70	17.89	15.70

At December 31, 2013	United States	United Kingdom	France
Discount rate	4.87%	4.60%	3.00%
Inflation rate	2.75%	3.05%	2.00%
Expected rate of salary increases	4.00%	N/A	3.00%
Average plan duration (years)	15.96	17.00	15.00

The discount rates for our U.S. and UK retirement programs were developed using the Mercer Pension Discount Yield Curve, which is built from the yields of high quality (AA) corporate bonds. For our other international plans, the discount rates were set by benchmarking against corporate bonds rated AA or better on the various market.

The discount rate for the French obligation is based on the IBOXX AA 10+ index. The rate shown for France is that of the main plan (retirement indemnities).

The rate shown for the U.S is for the main plan, each U.S. plan being valuated with a specific discount rate (from 2.95% to 4.08%).

Sensitivity of the obligation to a change in discount rate

According to the Group's estimates, a +/-1% change in the discount rate would result in a change of, respectively, -14.2% and +16.8% in the obligations. This change would not, however, fully impact the Group net liability on employee benefits, as a change in plan assets may partly offset the impact.

Sensitivity of the obligation to a change in inflation rate

According to the Group's estimates, a +/-0.5% change in the inflation rate would result in a change in the obligations for the following countries of respectively:

- +0.3% and -0.3% for the U.S.;
- +7.1% and -6.6% for the UK;
- +8.4% and -7.5% for France.

This change would not, however, fully impact the Group net liability on employee benefits, as a change in plan assets fair value may partly offset the impact.

Cash Flows for future years

The Group is expected to pay 20.7 million euros in employer contributions for 2015.

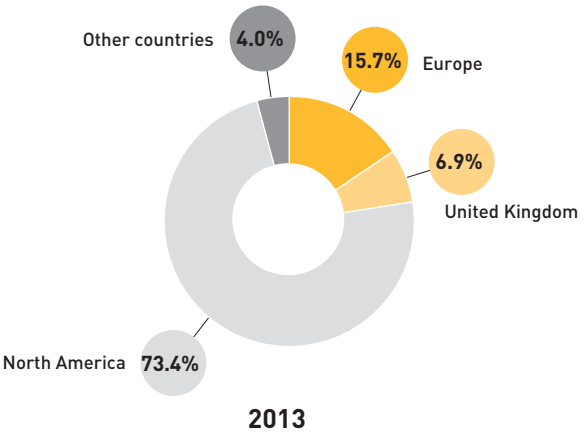
The expected total benefit payments, in million euros, is:

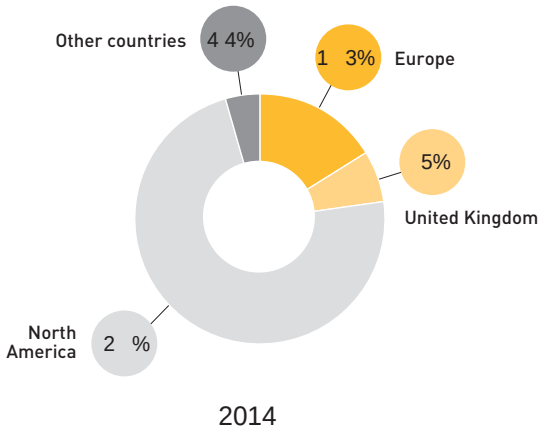
2015	34
2016	37
2017	30
2018	32
2019	34
After 2019	208

18-7 Information by geography

At December 31, 2014 *(in thousand euros)*	Obligation		Plan asset		Net liability	
Europe	54,950	8.0%	16,354	3.7%	38,597	16.3%
United Kingdom	62,085	9.1%	46,813	10.5%	15,272	6.5%
North America	553,019	81.0%	381,182	85.4%	171,836	72.8%
Other countries	12,662	1.9%	2,190	0.5%	10,473	4.4%
TOTAL	**682,716**	**100%**	**446,539**	**100%**	**236,177**	**100%**

At December 31, 2013 *(in thousand euros)*	Obligation		Plan asset		Net liability	
Europe	44,038	8.1%	15,814	4.4%	28,224	15.6%
United Kingdom	52,052	9.6%	39,587	10.9%	12,465	6.9%
North America	436,725	80.5%	304,208	84.1%	132,515	73.4%
Other countries	9,369	1.7%	2,074	0.6%	7,295	4.0%
TOTAL	**542,184**	**100%**	**361,684**	**100%**	**180,500**	**100%**





For plans located in North America and Europe (mainly the United Kingdom), plan assets levels as of December 31, 2014 comply with minimum funding obligations, as legally or contractually defined.

NOTE 19 OTHER CURRENT LIABILITIES

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Social liabilities	87,357	93,910
Other tax liabilities	10,834	8,596
Other current liabilities	102,721	114,547
TOTAL OTHER CURRENT LIABILITIES	**200,912**	**217,052**

NOTE 20 DIVIDENDS

For 2013 fiscal year, an ordinary dividend of 2.60 euros per share was distributed to the Shareholders on May 28, 2014.

For 2012 fiscal year, an ordinary dividend of 2.56 euros per share was distributed to the Shareholders on May 29, 2013.

NOTE 21 EXPOSURE TO MARKET RISKS

21-1 Counterparty risk

All financial instruments are set up with top-ranking international banking institutions, making counterparty risk very low. The minimum Long Term Standard & Poor's long-term rating of the main banking counterparties is A-, the rating range being from AA- to A-.

Cash investment decisions are subject to strict counterparty risk assessment (both depositories and custodians). The main part of the portfolio as of December 31, 2014 is on investment grade rated supports. Counterparty risk is estimated not significant as of December 31, 2014.

21-2 Foreign exchange risk

See *Note 23-2.*

21-3 Interest rate risk

See *Note 23-3.*

21-4 Liquidity risk

The BIC Group manages its equity in order to keep a positive and available as cash position, so as to be able to achieve its development and/or external growth strategy.

The excess cash and the funding needs of the Group are managed by the Group Treasury, following prudent policy guidelines, that aims for capital security and liquidity.

Excess cash is mainly invested in money market UCITS, negotiable debt securities and cash equivalents whose volatility is below 0.5, with a recommended holding period of less than three months.

The more structural portion of the cash can be invested in money market funds qualified as "dynamics", with a holding period that can be in excess of six months.

All the investments are valuated mark-to-market twice a month by the Group Treasury and the target is to reach an average annual performance above the Eonia capitalized rate.

At parity, the two largest positions in the portfolio at year-end each represent 14.1% of the total assets under Group Treasury management.

As of December 31, 2014, the portfolio structure comprises 51.8% "UCITS with daily liquidity", 33.05% term deposits or remunerated accounts, of 11.3% of products such as short term negotiable debt securities (less than 3 months) and 3.9% of bonds.

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Cash equivalents: marketable securities	87,519	162,674
Cash	155,390	189,480
CASH AND CASH EQUIVALENTS, EXCLUDING BANK OVERDRAFTS	**243,209**	**352,154**

21-5 Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Trade and other receivables comprise:

- gross amounts receivable for the sale of goods as well as other receivables, mainly related to VAT credits. These trade and other receivables are short-term assets, with maturity dates within 12 months;
- an allowance for estimated unrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default experience and based on the current economic environment. It is booked in a separate account.

The BIC Group considers that the carrying amount of trade and other receivables is close to their fair value. Receivables past due but not impaired are not significant at Group level as of December 31, 2014.

Maximum exposure to credit risk corresponds to the net booked value of financial assets in the balance sheet, including derivatives with positive market values (see table below):

(in thousand euros)	Note	Dec. 31, 2013	Dec. 31, 2014
Gross receivables			
• Not yet due or past due for less than 60 days		398,666	412,516
• Past due for 60 to 90 days		8,438	6,562
• Past due for 90 to 120 days		5,648	3,750
• Past due for more than 120 days		5,383	4,844
Total gross receivables		**418,136**	**427,673**
Doubtful receivables		15,147	14,250
TOTAL BEFORE ALLOWANCE		**433,283**	**441,923**
Allowance on specific trade receivables		(18,839)	(17,191)
Allowance on statistically calculated trade receivables		(3,697)	(3,379)
Other receivables		43,188	32,419
TRADE AND OTHER RECEIVABLES - NET	**14**	**453,835**	**453,771**

21-6 Fair value of financial assets and liabilities

Accounting categories and fair value of financial instruments

December 31, 2014				Breakdown by category of instruments						
Balance sheet items *(in thousand euros)*	Note	Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Held-to-maturity investments	Loans and receivables (including cash)	Available for sale	At amortized cost	At fair value through equity
Financial assets		**859,535**	**859,489**	**208,951**	**422**	**6,862**	**643,251**	**49**	**-**	**-**
Non-current										
• Derivatives financial instruments	23	228	228	-	228	-	-	-	-	-
• Other investments		49	49	-	-	-	-	49	-	-
Current										
• Trade and other receivables	14	453,771	453,771	-	-	-	453,771	-	-	-
• Derivative financial instruments	23	194	194	-	194	-	-	-	-	-
• Other current financial assets		53,139	53,093	46,277	-	6,862	-	-	-	-
• Cash and cash equivalents		352,154	352,154	162,674	-	189,480	-	-	-	-
Financial liabilities		**208,159**	**208,159**	**-**	**3,914**	**-**	**-**	**-**	**127,175**	**77,071**
Non-current										
• Borrowings	16	78,890	78,890	-	-	-	-	-	1,819	77,071
• Derivative instruments	23	138	138	-	138	-	-	-	-	-
Current										
• Borrowings	16	6,246	6,246	-	-	-	-	-	6,246	-
• Derivative instruments	23	3,776	3,776	-	3,776	-	-	-	-	-
• Trade and other payables	14	119,110	119,110	-	-	-	-	-	119,110	-

December 31, 2013				Breakdown by category of instruments						
Balance sheet items *(in thousand euros)*	**Note**	**Balance sheet value**	**Fair value**	**At fair value through the income statement**	**Derivative hedging instruments**	**Held-to-maturity investments**	**Loans and receivables (including cash)**	**Available for sale**	**At amortized cost**	**At fair value through equity**
Financial assets		**776,410**	**768,270**	**144,161**	**11,594**	**2,941**	**609,525**	**50**	**-**	**-**
Non-current										
• Derivatives financial instruments	23	343	343	-	343	-	-	-	-	-
• Other investments		50	50	-	-	-	-	50	-	-
Current										
• Trade and other receivables	14	453,835	453,835	-	-	-	453,835	-	-	-
• Derivative financial instruments	23	11,251	11,251	-	11,251	-	-	-	-	-
• Other current financial assets		67,722	67,716	64,781	-	2,941	-	-	-	-
• Cash and cash equivalents		243,209	243,209	87,519	-	-	155,690	-	-	-
Financial liabilities		**230,959**	**230,959**	**-**	**1,375**	**-**	**-**	**-**	**122,441**	**107,232**
Non-current										
• Borrowings	16	62,248	62,248	-	-	-	-	-	1,013	61,325
• Derivative instruments	23	173	173	-	173	-	-	-	-	-
Current										
• Borrowings	16	51,950	51,950	-	-	-	-	-	6,043	45,907
• Derivative instruments	23	1,202	1,202	-	1,202	-	-	-	-	-
• Trade and other payables	14	115,386	115,386	-	-	-	-	-	115,386	-

The valuation methods adopted for financial instruments are as follows:

- Financial instruments other than derivatives recorded in the balance sheet:

  The book values used are reasonable estimates of their market value except for marketable securities whose carrying values used are determined based on the last known net asset values as of December 31, 2014.

  These put options were recorded at their fair values, in non-current liabilities and have been determined on the basis of an estimate of Cello Pens future results. The Group has opted for the recognition of the changes in fair value through equity, presented in the column "Fair value through equity".

- Derivative financial instruments:

Market values have been calculated on the basis of internal last-known closing prices as of December 31, 2014. They are consistent with valuation reports provided by financial institutions.

Fair value valuation method

The tables below set out the fair value method for valuing financial instruments, using the following three levels:

- level 1 (quoted prices in active markets): money market UCITS and other current financial assets;
- level 2 (observable inputs): derivatives - hedge accounting;
- level 3 (non-observable inputs for the asset or liability that are not based on observable market data): no such instruments are held as of December 31, 2014.

	Dec. 31, 2014			
Category of instruments *(in thousand euros)*	**Total**	**Level 1**	**Level 2**	**Level 3**
At fair value through the income statement - Assets	**208,951**	208,951	-	-
Derivative hedges - Assets	**422**	-	422	-
Derivative hedges - Liabilities	**3,914**	-	3,914	-
At fair value through equity - Liabilities	**77,071**	-	77,071	-

21-7 Net income impact by category of instruments

Net income related to the different categories of financial assets and liabilities are as follows:

At Dec. 31, 2014		Breakdown by category of instruments					
Nature of impact *(in thousand euros)*	Total	At fair value through the income statement	Derivative hedging instruments [a]	Held-to-maturity investments	Loans and receivables (including cash)	Available for sale	At amortized cost
Interests income/(expense)	8,264	3,415	-	-	7,091	-	(2,242)
Revaluation at fair value	-	-	-	-	-	-	-
Translation	9,377	-	-	-	22,927	-	(13,550)
Net depreciation	2,065	-	-	-	2,065	-	-
TOTAL	**19,706**	**3,415**	**-**	**-**	**32,083**	**-**	**(15,791)**

(a) Including 2,099 thousand euros transferred from equity to operating income.

At Dec. 31, 2013		Breakdown by category of instruments					
Type of impact *(in thousand euros)*	Total	At fair value through the income statement	Derivative hedging instruments [a]	Held-to-maturity investments	Loans and receivables (including cash)	Available for sale	At amortized cost
Interests income/(expense)	5,707	2,292	-	-	5,279	-	(1,864)
Revaluation at fair value	296	-	296	-	-	-	-
Translation	(2,675)	-	-	-	5,824	-	(8,499)
Net depreciation	-	-	-	-	-	-	-
TOTAL	**3,327**	**2,292**	**296**	**-**	**11,103**	**-**	**(10,364)**

(a) Including 3,225 thousand euros transferred from equity to operating income.

NOTE 22 SHARE BASED PAYMENTS

The Group issues equity-settled share-based payment to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. This fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually be vested and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the method given below. The expected life used in the model has been adjusted, based on management's best estimates, for the effect of non-transferability, exercise restrictions and behavioral considerations.

Share-based payments are booked in staff costs (see *Note 4 "Operating expenses"*, line "staff costs" and in the lines of the income statement presented by functions).

22-1 Grant of share option plans

All granted plans are equity settled plans.

Group stock option plans

As part of a policy recommended by the Compensation and Nomination Committee, in 2011, the Board of Directors decided not to award stock options with effect from 2011 and to set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company (eligible managers) received 3-year performance-based free share grants. To replace the stock option programs rewarding staff selected by Management and key contributors during the year, free share grants without performance conditions will be awarded.

BREAKDOWN BY PLAN	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13
Annual Shareholders' Meeting date	May 28, 2003	May 28, 2003	May 24, 2006	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 15, 2004	Dec. 14, 2005	Dec. 13, 2006	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	563	575	567	633	613	602	643
Number of subscription options	370,450	427,850	398,500	440,500	371,400	360,000	382,950
Date from which options may be exercised	Dec. 16, 2007	Dec. 15, 2008	Dec. 14, 2009	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiry date	Dec. 14, 2014	Dec. 13, 2015	Dec. 12, 2014	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price *(in euros)* [(a)]	36.76	50.01	52.35	49.62	40.18	47.99	63.71
Number of options exercised as of December 31, 2014	296,033	314,200	332,800	352,096	282,900	233,281	161,641
Number of void options as of December 31, 2014	74,417	84,300	65,700	40,800	30,300	31,900	38,800
Number of remaining options as of December 31, 2014	-	29,350	-	47,604	58,200	94,819	182,509

(a) No discount on the exercise price.

The plans no. 3, no. 4, no. 5, no. 6, no.7 and no.9 (subscription plans) respectively expired on December 17, 2010, December 12, 2011, December 9, 2012, December 16, 2013, December 14, 2014 and December 12, 2014.

Estimated fair value of options granted and impact on the income statement as of December 31, 2014

PLAN - AWARD DATE	Plans' unit fair value - binomial model *(in euros)*		Expense booked in income statement *(in thousand euros)*	
	French beneficiaries	Other beneficiaries	Dec. 31, 2013	Dec. 31, 2014
Plan n° 13 - 2010	15.71	15.36	1.772	-
TOTAL			**1.772**	**-**

Assumptions for fair value calculation of share options plans according to binomial model

	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13
Expected volatility	25.00%	29.00%	26.00%	26.00%
Risk-free rate	4.16%	3.56%	2.95%	3.31%
Expected dividend yield	2.50%	2.50%	2.75%	2.9%
Expected life in years [(a)]	6.29 & 5.89	6.18 & 5.70	6.36 & 5.94	6.32 & 5.87

(a) The first figure applies French tax residents, the second figure for foreign tax resident.

22-2 Free share allocations with performance conditions

From 2005, exercising the power placed at its disposal by successive Annual Shareholders' Meetings, the Board of Directors resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of three-year performance-based free shared grants.

Current plans provide for the allocation of existing shares.

For plans number 1 to 5, shares are granted either by SOCIÉTÉ BIC or BIC CORPORATION. Shares granted by SOCIÉTÉ BIC are delivered to the beneficiaries at the definitive grant date.

For U.S tax reasons, the shares granted by BIC CORPORATION will only be delivered at the conclusion of a 3-year period following the definitive grant date. As a compensation for dividends not received between the conclusion of the acquisition period and the actual date of delivery, additional shares will be delivered at that time.

For plans number 6 to 10, shares are only granted by SOCIÉTÉ BIC. For French beneficiaries, shares are delivered at the definitive grant date.

For foreign beneficiaries, shares are delivered at the conclusion of a 3-year period following the definitive grant date. As compensation for dividends not received between the conclusion of the acquisition period and the actual date of delivery, additional shares are delivered at that time.

	Plan no 1		Plan no 2		Plan no 3		Plan no 4		Plan no 5		Plan no 6	Plan no 7	Plan no 8	Plan no 9	Plan no 10
Annual Shareholders' Meeting date	May 19, 2005		May 19, 2005		May 19, 2005		May 23, 2007		May 23, 2007		May 23, 2007	May 12, 2010	May 12, 2010	May 12, 2010	May 15, 2013
Board of Directors' Meeting date	May 19, 2005		Dec. 14, 2005		Dec. 13, 2006		Dec. 11, 2007		Feb. 10, 2009		Feb. 16, 2010	Feb. 15, 2011	Feb. 14, 2012	Feb. 12, 2013	Feb. 11, 2014
Grant	M	S	M	S	M	S	M	S	M	S	M	M	M	M	M
Number of beneficiaries	12	11	12	11	9	8	11	10	17	16	27	28	535	525	536
Number of free shares granted	31,800	2,618	31,800	2,618	33,450	2,352	37,550	2,644	57,500	2,643	83,475	87,650	159,940	161,010	159,660
Definitive grant date	May 19, 2008	May 19, 2012	Mar 14, 2009	Mar 14, 2013	Mar. 13, 2010	Mar. 13, 2014	Mar. 11, 2011	Mar. 11, 2015	Mar. 10, 2012	Mar. 10, 2016	Mar. 16, 2013	Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016	Mar. 11, 2017
Number of shares grants definitively acquired at December 31, 2014	20,405	1,162	15,741	640	32,547	-	37,550	-	57,500	-	76,797	57,551	-	-	-
o/w number of shares transferred or to be transferred to beneficiaries by:															
• SOCIÉTÉ BIC	7,420	498	5,724	128	7,473	-	9,950	-	25,250	-	76,797	55,551	-	-	-
• BIC CORPORATION	12,985	664	10,017	512	25,074	-	27,600	-	32,250	-	N/A	57,551	N/A	N/A	N/A
Delivery date of the shares by:															
• SOCIÉTÉ BIC	May 19, 2008	May 19, 2012	Mar. 14, 2009	Mar. 14, 2013	Mar. 13, 2010	Mar. 13, 2014	Mar. 11, 2011	Mar. 11, 2015	Mar. 10, 2012	Mar. 10, 2016	-	-	-	-	-
• *French beneficiaries*	-	-	-	-	-	-	-	-	-	-	*Mar. 16, 2013*	*Mar. 15, 2014*	*Mar. 14, 2015*	*Mar. 12, 2016*	*Mar. 11, 2017*
• *Foreign beneficiaries*	-	-	-	-	-	-	-	-	-	-	*Mar. 16, 2016*	*Mar. 15, 2017*	*Mar. 14, 2018*	*Mar. 12, 2019*	*Mar. 11, 2020*
• BIC CORPORATION	May 19, 2011	May 19, 2014	Mar. 14, 2012	Mar. 14, 2015	Mar. 13, 2013	Mar. 13, 2016	Mar. 11, 2014	Mar. 11, 2017	Mar. 10, 2015	Mar. 10, 2018	N/A	N/A	N/A	N/A	N/A
Shares delivered by BIC CORPORATION as compensation for dividends not received	1,665	-	1,139	-	-	-	-	-	-	-	-	-	-	-	-
Shares to be delivered by BIC CORPORATION as compensation for dividends not received	-	-	-	-	3,148	-	3,231	-	2,730	-	1,285	-	-	-	-
Total number of void free share grants as of December 31, 2014 [(a)]	11,395	1,456	16,059	1,978	903	2,352	-	1,208	-	487	6,678	30,099	11,410	5,970	1,590
Total number of free share grants still under acquisition period as of December 31, 2014	-	-	-	-	-	-	-	1,436	-	2,156	-	-	148,530	155,040	158,070

(a) These free share grants are void due to beneficiaries leaving the Company or to a part of the performance conditions not being achieved.

M=Main.

S= Secondary.

Estimated fair value of shares granted and impact on the income statement

	Plans' unit fair value *(in euros)*		Expense/(income) booked in income statement *(in thousand euros)*	
GRANT DATE	**Main grant**	**Secondary grant**	**Dec. 31, 2013**	**Dec. 31, 2014**
May. 19, 2005	40.51	38.00	-	-
Dec. 14, 2005	48.09	45.10	-	-
Dec. 13, 2006	50.67	46.77	7	-
Dec. 11, 2007	44.99	40.71	8	8
Feb. 10, 2009	36.10	32.34	10	8
Feb. 16, 2010	47.17	N/A	(140)	-
Feb. 15, 2011	58.83	N/A	1,474	(840)
Feb. 14, 2012	64.81	N/A	3,113	3,228
Feb. 12, 2013	87.99	N/A	3,548	4,279
Feb. 11, 2014	77.82	N/A	-	3,143
Dividend equivalents			-	-
TOTAL			**8,020**	**9,826**

The fair value of the free shares is the share price at the grant date discounted by potential future the dividend yield.

22-3 Free share allocations without performance conditions

From 2012, as recommended by the Compensation and Nomination Committee, the Board has decided to set up a policy of free share grants without performance conditions to replace the stock option programs rewarding staff selected by Management and key contributors during the year.

For the plans no F1, F2 and F3, the shares are delivered by SOCIÉTÉ BIC at the definitive grant date, whether the beneficiaries are French or foreign.

These plans provide for the allocation of existing shares.

	Plan n° F1	**Plan n° F2**	**Plan n° F3**
Annual Shareholders' Meeting date	May 12, 2010	May 12, 2010	May 15, 2013
Board of Directors' Meeting date	Feb.14, 2012	Feb.12, 2013	Feb.11, 2014
Number of beneficiaries	222	233	243
Number of free shares granted	20,050	19,950	19,700
Definitive grant date	Mar. 14, 2016	Mar. 12, 2017	Mar. 11, 2018
Number of free share grants definitively acquired at December 31, 2014	-	-	-
Total number of void free share grants at December 31, 2014 [(a)]	1,600	1,050	100
Total number of free share grants still under acquisition period at December 31, 2014	18,450	18,900	19,600

(a) These free share grants are void due to beneficiaries leaving the Company.

Estimated fair value of shares granted and impact on the income statement

	Plans' unit fair value - binomial model *(in euros)*	Booked in income statement *(in thousand euros)*	
GRANT DATE		**Dec. 31, 2013**	**Dec. 31, 2014**
Feb. 14, 2012	62.90	284	277
Feb. 12, 2013	85.39	312	369
Feb. 11, 2014	75.70	-	278
TOTAL		**596**	**924**

NOTE 23 FINANCIAL INSTRUMENTS

Accounting policies

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a) Trade receivables

See Note 14.

b) Investments

Investments are recognized and derecognized on a transaction date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable costs.

After initial recognition, investments for which the Group has the positive intention and ability to hold to maturity (Held-to-maturity investments) are measured at amortized cost using the effective interest method, less any impairment loss booked to reflect unrecoverable amounts.

An impairment loss is recognized in the income statement when there is objective evidence that the financial asset is impaired and the amount of the loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The previously recognized impairment loss is reversed in a subsequent period if the amount of the impairment loss decreases and the reversal will not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been if the impairment had not been recognized at the date the impairment was reversed. The amount of the reversal is recognized in profit or loss for the period.

Investments other than those held to maturity are classified as either investments held for trading (marketable securities) or as available-for-sale (equity investments), and are measured at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period.

For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity (shares) is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments (shares) classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments (bonds), are subsequently reversed if an increase in the fair value of the instrument can be objectively observed.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term(less than 3-months) highly liquid money market investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The implementation of IAS 7 has resulted in money market UCITS with a historical volatility over the last twelve months of above 0.5% being considered non-eligible as "cash equivalents." These items are now classified as "Other current financial assets."

d) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deduction of all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

e) Bank borrowings

Interesting-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement of redemption of borrowing is recognized in profit or loss over the term of the borrowing in accordance with the Group's accounting policy for borrowing costs.

f) Trade payables

See Note 14.

g) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

h) Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risk of changes in foreign exchange and interest rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts and currency options) to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Group designates these as cash flow hedges of foreign currency.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written guidelines on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Measurement and presentation

Derivatives are initially recognized at fair value of received counterpart on the contract date and are remeasured to fair value at subsequent reporting dates. They are disclosed in the balance sheet in current assets for the part within one year and in non-current assets for the part beyond one year.

The fair value of forward exchange contracts and currency swaps is determined by discounting future cash flows, using closing-date market rates (exchange and interest rates).

The fair value of foreign exchange options is determined in the same way, using interest rate curves, exchange rates, as well as the volatility of each related currency.

Counterparty risk was measured under IFRS 13 and is not significant.

Hedge accounting

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- cash flow hedge;
- hedge of a net investment in a foreign operation.

The Group clearly identifies the hedging instrument and the hedged item as soon as the hedge is set up, and formally documents the hedging relationship stating the hedging strategy, the risk hedged and the method used to determine the effectiveness of the hedge. This documentation is subsequently updated, such that the effectiveness of the designated hedge can be demonstrated.

Hedge accounting uses specific measurement and recognition methods for each category of hedge:

- **cash flow hedges**: no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged risk is recorded, net of taxes, in equity, while the ineffective portion is included in the income statement. The cumulative amount included in equity is transferred to the income statement when the hedged item has an impact on net income.

If the cash flow hedge of a commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in the income statement in the same period in which the hedged item affects the net income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period;

- **hedge of net investment in a foreign operation**: the hedging instrument is adjusted to fair value. Following this adjustment, the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in equity. The cumulative amount included in equity is transferred to the income statement at the date of liquidation or sale of the net investment.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and financial characteristics are not closely related to those of the host contract is not carried at fair value with gains or losses reported in profit or loss. The BIC Group did not carry out any such transactions over the past three years.

i) Fair value hierarchy

Financial instruments measured at fair value are classified within three fair value levels (IFRS 13):

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: observable inputs other than quoted prices included within level 1;
- level 3: non-observable inputs.

23-1 Derivatives and hedge accounting

The financial risk management is mainly concentrated at the SOCIÉTÉ BIC level and managed and/or coordinated by the Group Treasury.

This department is not a profit center.

Group Treasury has ongoing contact with subsidiaries and collects information throughout the year to identify, follow and lead risk management.

Regarding foreign exchange risk, the Group policy is to hedge the net position currency by currency on a yearly basis. Buyer and seller positions are aggregated and the determined net nominal is hedged on the market.

Depending on the fluctuation of the foreign exchange market, Group Treasury can speed up the hedging pace in order to benefit from favorable trends or slow it down so as not to fix too early a rate and remain flexible. All the positions are constantly monitored in real-time by the Group Treasury, which has the necessary information and analytical tools. An update of all the positions is transmitted to management each month and detailed by currency, product (forward, option, etc.), and purpose (commercial flows or net investments).

In case of local constraints that would not permit the centralization at optimum conditions, the hedges are performed locally under the strict control of Group Treasury.

23-2 Foreign exchange risk

To manage its exchange rate exposure, the Group uses forward foreign currency contracts, currency swaps and currency options. Forward foreign currency contracts are recognized as hedges insofar as they are designated as such. These hedges may cover the net investment of the Group in certain foreign entities, foreign currency receivables or debts, or budgets in foreign currency.

As Group Treasury is centralized, SOCIÉTÉ BIC has current accounts with its main subsidiaries. Credit balances in foreign currencies are swapped against the euro for a very short term and the euro is invested in money market UCITS and other short-term investments.

Every day, Group Treasury adjusts the liquidity situation of the current accounts as a result of currency swaps realized on the market. This strategy, even though it uses exchange instruments, cannot be considered as a full foreign exchange risk management hedging program, as there is no definitive translation of bank accounts. It only relates to optimization of funding by SOCIÉTÉ BIC through foreign liquidity management.

23-3 Interest rate risk

As of December 31, 2014 BIC Group has no significant debt or related hedging instrument.

The exposure to interest rate fluctuations on borrowings is very limited. All local funding needs are directly indexed on a variable rate. Borrowers' positions are insignificant at Group level and are of too limited a time scale to require any relevant hedging.

23-4 Impact of interest rate and foreign exchange risks' hedging on the consolidated financial statements as of December 31, 2014

The following amounts have been booked as the fair value of derivatives at the end of December 31, 2014 (in thousand euros):

Derivative items and revaluation	Hedge qualification/ hedged risk	Financial net income/(expense) before tax [(a)] - Note 6	Other comprehensive income before tax [(a)]	Current assets [(b)]	Non-current assets	Current liabilities	Non-current liabilities
Hedging revaluation impact							
Commercial flows	Cash flow hedge/Foreign exchange risk	-	(13,906)	-	228	(3,776)	(137)
Dividends	Net investment/ Foreign exchange risk	-	22	-	-	-	-
Subtotal (1)		**-**	**(13,884)**	**-**	**228**	**(3,776)**	**(137)**
Revaluation of cross- currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk						
Subtotal (2)		**171**	**-**	**100**		**-**	**-**
TOTAL 1 + 2		**171**	**(13,884)**	**100**	**228**	**(3,776)**	**(137)**

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2014, restated with the reverse of the mark-to-market of the portfolio of hedging instruments as of December 31, 2013.

(b) In addition, SOCIÉTÉ BIC holds options not yet exercised representing current assets of 94 thousand euros.

23-5 Impact of interest rate and foreign exchange risks' hedging on the consolidated financial statements as of December 31, 2013

The following amounts have been booked as the fair value of derivatives at the end of December 2013 (in thousand euros):

Derivative items and revaluation	Hedge qualification/ hedged risk	Financial net income/(expense) before tax [(a)] - Note 6	Other comprehensive income before tax [(a)]	Current assets [(b)]	Non- current assets	Current liabilities	Non- current liabilities
Hedging revaluation impact							
Commercial flows	Cash flow hedge/Foreign exchange risk	296	4,315	11,160	343	(1,133)	(173)
Dividends	Net investment/ Foreign exchange risk	-	(22)	-	-	-	-
Subtotal (1)		**296**	**4,293**	**11,160**	**343**	**(1,133)**	**(173)**
Revaluation of cross-currency swaps related to cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk						
Subtotal (2)		**(266)**	**-**	**-**	**-**	**(70)**	**-**
TOTAL 1 + 2		**30**	**4,293**	**11,160**	**343**	**(1,203)**	**(173)**

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2013, restated with the reverse of the mark-to-market of the portfolio of hedging instruments as of December 31, 2012.

(b) In addition, SOCIÉTÉ BIC holds options not yet exercised representing a current asset of 90 thousand euros.

23-6 Portfolio of foreign exchange risk hedges as of December 31, 2014

To cover its future cash flows, the BIC Group had the following hedges as of December 31, 2014.

Maturity	Hedge	Forward	Currency	Options	Currency
2015	USD/EUR	244,000,000	USD	112,500,000	USD
	USD/CAD	33,500,000	USD	10,000,000	USD
	USD/AUD	9,000,000	USD	6,000,000	USD
	USD/JPY	6,000,000	USD	21,000,000	USD
	GBP/EUR	18,000,000	GBP	6,000,000	GBP
	AUD/EUR	29,200,000	AUD	4,000,000	AUD
	CHF/EUR	5,600,000	CHF		
	EUR/MXN	5,000,000	EUR		
	EUR/SGD	450,000	EUR		
	JPY/EUR	1,250,000,000	JPY		
	JPY/NZD	500,000	JPY		
	CAD/EUR	13,000,000	CAD	8,000,000	CAD
	NZD/EUR	2,500,000	NZD	10,500,000	NZD
	PLN/EUR	23,400,000	PLN	23,000,000	PLN
	RON/EUR	2,000,000	RON	15,000,000	RON
	SEK/EUR	19,600,000	SEK		
	USD/NZD		USD	6,000,000	USD
	USD/CLP	3,850,000	USD		
2016	AUD/EUR		AUD	4,000,000	AUD
	CHF/EUR	2,000,000	CHF	3,000,000	CHF
	GBP/EUR		GBP	9,500,000	GBP
	JPY/EUR	200,000,000	JPY		
	USD/CAD	2,000,000	USD	10,000,000	USD

As of December 31, 2014, the main significant exchange exposure related to EUR/USD for 311 million U.S. dollars. This exposure was 88% hedged as of December 31, 2014 and related cash flows will occur in 2015.

Net income and equity sensitivity to a variance of +/- 1% EUR/USD on balance sheet items as of December 31, 2014, as defined in IFRS 7, is not considered as significant for the Group.

As of December 31, 2013, the main significant exchange exposure related to EUR/USD for 310 million U.S. dollars. This exposure was 70% hedged as of December 31, 2013 and related cash flows occurred in 2014.

23-7 Main balance sheet items deriving from foreign currencies

Regarding the balance sheet items, the weight of the different currencies is as follows as of December 31, 2014 for the main non-current items :

(in thousand euros)	Total	EUR	Translated from USD	Translated from BRL	Translated from MXN	Translated from INR	Others
Property, plant and equipment	483,754	264,542	83,083	40,414	38,014	26,351	31,350
Net goodwill	309,925	77,541	118,878	8,953	-	95,158	9,395
Cash and cash equivalents (excluding bank overdrafts)	349,098	167,316	33,020	39,145	6,182	50,809	52,626
Employee benefits obligation	(238,407)	(38,558)	(175,680)	-	(4,340)	(521)	(19,308)

NOTE 24 RELATED PARTIES

Pursuant to IAS 24, BIC Group considers the following to be related parties:

- all consolidated subsidiaries (see *Note 29*);
- all members of the Board of Directors (see Corporate Governance - section 3.4. Mandates of the Directors and the Corporate officers as of December 31, 2014) as well as their close relatives;
- all companies in which a member of the Board of Directors or of the Leadership Team has a significant voting right.

24-1 Consolidated subsidiaries

Transactions between the parent company and its subsidiaries as well as transactions between subsidiaries are eliminated through the consolidation process.

24-2 Members of the Board of Directors and the Leadership Team

All transactions concluded in 2014 with members of the Board of Directors or members of the Leadership Team are as follows:

(in thousand euros)	Expenses	Net amount in balance sheet
Short-term employee benefits	7,828	102
Post-employment benefits	2,014	38,775
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	4,222	-
TOTAL OF TRANSACTIONS	**14,064**	**38,877**

Directors' fees are not included in the above table and are disclosed under Corporate Governance - section *3.3.1.3. Directors' fees*.

24-3 Companies in which a member of the Board of Directors or the Leadership Team has a significant voting right

As of December 31, 2014, no such related parties were identified.

NOTE 25 OFF-BALANCE SHEET ITEMS

The following schedule summarizes the off-balance sheet sureties, deposits and guarantees for the Group. All significant items are disclosed in this table.

No other pledge of assets or registered shares is to be reported.

25-1 Sureties, deposits and guarantees issued

Nothing to report.

25-2 Sureties, deposits and guarantees received

(in thousand euros)	Due				
	< 1 year	1 to 5 years	> 5 years	Dec. 31, 2014	Dec. 31, 2013
Securities for credit lines	2,092	1,452	-	3,545	3,305
Trade guarantees	-	331	-	331	539
Lease guarantees	528	255	212	995	995
Sureties and deposits	-	111	136	247	347
Other guarantees	-	-	310	310	913
TOTAL	**2,620**	**2,150**	**658**	**5,428**	**6,100**

As of December 31, 2014, the guarantees for credit lines mainly relate to the Group's subsidiaries in South Korea, Turkey and Singapore for 3.0 million euros.

As of December 31, 2013, the guarantees for credit lines mainly related to the Group's subsidiaries in South Korea, Turkey and Singapore for 2.7 million euros.

NOTE 26 OBLIGATIONS UNDER FINANCE LEASES

Finance-leases represent a non-significant portion of the Group's property, plant and equipment (less than 1%).

The fair value of the Group's lease obligations approximates to their carrying amount.

The Group's obligations under finance-leases are secured by the lessor's charge over the leased assets.

NOTE 27 CONTINGENT LIABILITIES

As of December 31, 2014, neither SOCIÉTÉ BIC nor its other subsidiaries have any significant pending litigation, claims or disputes which, in the opinion of management, after consultation with their advisors, would have a material adverse impact on the consolidated financial statements.

NOTE 28 OPERATING LEASE ARRANGEMENTS

Accounting policies

Leases are classified as finance-leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as expenses on a straight-line basis over the lease term.

The Group is only involved as lessor in operating leases on land and buildings disclosed in the balance sheet as investment properties.

b) The Group as lessee

Assets held under finance-leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance-lease obligation. Lease payments are broken down between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

28-1 The BIC Group as lessee

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Rentals under operating leases recognized as an expense in the year	7,929	8,899

At the balance sheet date, the BIC Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Within one year	7,349	7,634
In the second to fifth years inclusive	16,037	18,621
Beyond five years	1,309	2,656
TOTAL	**24,695**	**28,911**

Operating lease rentals are primarily linked to office properties.

28-2 The BIC Group as lessor

See *Note 9-3* on investment property.

NOTE 29 CONSOLIDATED SUBSIDIARIES

The main operating companies at December 31, 2014, are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
Fully consolidated subsidiaries				
FRANCE				
BIC Clichy SAS	Clichy	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC Services SASU	Clichy	BIC Clichy SAS	100.0%	Delivery of services
BIMA 83 SASU	Clichy/Cernay	BIC Clichy SAS	100.0%	Manufacturing of consumer products
Société du Briquet Jetable 75 SASU	Clichy/Redon	BIC Clichy SAS	100.0%	Manufacturing of consumer products
DAPE 74 Distribution SASU	Clichy	Société BIC SA	100.0%	Distribution of consumer products
Électro-Centre SASU	Velars-sur-Ouche	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Technologies SA (EX SO.BI.TU)	Clichy	BIC Clichy SAS	99.9%	Industrial equipments production
BIC Rasoirs SASU	Verberie	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Sport SASU	Vannes	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
Conté SASU	Boulogne-sur-Mer	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Graphic France SASU	Clichy	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Écriture 2000 SASU	Clichy/Montévrain	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Éducation SASU	Clichy	BIC Clichy SAS	100.0%	Manufacturing and distribution of IT solutions
Voiles Gateff SAS - liquidated company	La Garde	BIC Clichy SAS	90.0%	Manufacturing and distribution of consumer products
SI Valiton Gesnouin SASU	Clichy	BIC Clichy SAS	100.0%	Real estate
SI BIC Clichy SASU	Clichy	BIC Clichy SAS	100.0%	Real estate
Stypen SASU	Clichy/Montévrain	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
BIC International Development SASU	Clichy	BIC Clichy SAS	100.0%	Delivery of services
EUROPE				
		BIC Erzeugnisse GmbH		
BIC Deutschland GmbH & Co. OHG	Germany	BIC Verwaltungs GmbH	100.0%	Distribution of consumer products
BIC Erzeugnisse GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC Verwaltungs GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC (Austria) Vertriebsgesellschaft mbH	Austria	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Belgium SPRL	Belgium	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Iberia SA	Spain	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
BIC Graphic Europe SA	Spain	BIC Iberia SA	100.0%	Manufacturing and distribution of consumer products
Norwood Promotional Products Europe S.L.U.	Spain	BIC Graphic Europe SA	100.0%	Distribution of consumer products
		BIC Clichy SAS		
		BIC CORPORATION		
BIC Violex SA	Greece	Furtuna Holding Co. Ltd.	100.0%	Manufacturing and distribution of consumer products

Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
BIC Hungaria Kft.	Hungary	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC (Ireland) Ltd.	Ireland	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Italia Spa	Italy	BIC Clichy SAS	100.0%	Distribution of consumer products
Norwood Promotional Products Italia SPA	Italy	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Netherlands BV	Netherlands	BIC Clichy SAS	100.0%	Distribution of consumer products
Norwood Promotional Products Nederland BV, liquidée en 2013	Netherlands	BIC Graphic Europe SA	100.0%	Distribution of consumer products
JOMO Holding B.V	Netherlands	BIC UK Ltd.	98.0%	Holding company
BIC Polska SP ZOO	Poland	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Portugal SA	Portugal	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Romania) Marketing & Distribution SRL	Romania	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC UK Ltd.	United Kingdom	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Slovakia SRO	Slovakia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Sheaffer Slovakia SRO	Slovakia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC CIS ZAO	Russia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Nordic AB	Sweden	BIC Clichy SAS	100.0%	Distribution of consumer products
SOCIÉTÉ BIC (Suisse) SA	Switzerland	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Pazarlama Ltd. Sti.	Turkey	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Ukraine	Ukraine	BIC Clichy SAS	100.0%	Distribution of consumer products
NORTH AMERICA				
BIC Inc.	Canada	BIC CORPORATION	100.0%	Distribution of consumer products
Norwood Promotional Products Inc.	Canada	BIC Inc.	100.0%	Distribution of consumer products
BIC CORPORATION	United States	BIC Clichy SAS	100.0%	Holding company
BIC USA Inc.	United States	BIC CORPORATION	100.0%	Distribution of consumer products
BIC Consumer Products Manufacturing Co. Inc.	United States	BIC USA Inc.	100.0%	Manufacturing of consumer products
BIC Graphic USA Manufacturing Co. Inc.	United States	BIC USA Inc.	100.0%	Manufacturing of consumer products
Sheaffer Manufacturing LLC	United States	BIC USA Inc.	100.0%	Manufacturing and distribution of consumer products
BIC Sport North America Inc.	United States	BIC Sport SASU	100.0%	Manufacturing and distribution of consumer products
Wite-Out Products Inc.	United States	BIC CORPORATION	100.0%	Manufacturing and distribution of consumer products
Furtuna Holding Co. Ltd.	British Virgin Islands	BIC CORPORATION	100.0%	Holding company
Xenia Insurance Co. Ltd.	Bermuda	BIC CORPORATION	100.0%	Insurance coverage company
SLS Insurance Company	United States	BIC CORPORATION	100.0%	Insurance coverage company
OCEANIA				
BIC Australia Pty. Ltd.	Australia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Sport Australia Pty. Ltd.	Australia	BIC Sport SASU	100.0%	Distribution of consumer products
BIC (NZ) Ltd.	New Zealand	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
LATIN AMERICA				
BIC Argentina SA	Argentina	BIC Clichy SAS SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Graphic Brasil Ltda.	Brazil	BIC Amazonia SA	100.0%	Distribution of consumer products
BIC Amazonia SA	Brazil	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products

Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
PIMACO Autoadesivos Ltda.	Brazil	BIC Amazonia SA	100.0%	Manufacturing and distribution of consumer products
BIC Chile SA	Chile	BIC Amazonia SA	100.0%	Distribution of consumer products
BIC Colombia SAS	Colombia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC de Costa Rica SA	Costa Rica	SAS Nelgor SA	100.0%	Distribution of consumer products
BIC Ecuador SA	Ecuador	BIC de Guatemala SA	100.0%	Distribution of consumer products
BIC de Guatemala SA	Guatemala	BIC Amazonia SA	100.0%	Manufacturing and distribution of consumer products
No Sabe Fallar SA de CV	Mexico	BIC CORPORATION	100.0%	Distribution of consumer products
Industrial de Cuautitlan SA de CV	Mexico	BIC CORPORATION Industrial de Cuautitlan SA de CV	100.0%	Manufacturing and distribution of consumer products
Servicios Administrativos Industrial de Cuautitlan S.A. de C.V.	Mexico	BIC CORPORATION No Sabe Fallar SA de CV	100.0%	Manufacturing and distribution of consumer products
BIC Andina Peru SA	Peru	Industrial de Cuautitlan SA de CV	100.0%	Delivery of services
BIC Uruguay SA	Uruguay	BIC Clichy SAS	100.0%	Distribution of consumer products
Nelgor SA	Uruguay	BIC Amazonia SA	100.0%	Distribution of consumer products
BIC de Venezuela CA	Venezuela	BIC Amazonia SA	100.0%	Holding company
		BIC Amazonia SA	100.0%	Distribution of consumer products
ASIA				
BIC Stationery (Shanghai) Co. Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Shanghai) Stationery Manufacturing Co. Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC (Nantong) Plastic Products Co., Ltd.	China	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Product (Korea) Ltd.	South Korea	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Advertising and Promotional Products Asia Ltd.	Hong-Kong	BIC Graphic France SASU	100.0%	Distribution of consumer products
BIC India Pvt.Ltd.	India	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Cello Writing Instruments and Containers private Ltd.	India	BIC Clichy SAS	75.0%	Manufacturing of consumer products
Cello Stationery Products private Ltd.	India	BIC Clichy SAS	75.0%	Manufacturing of consumer products
Pentek Pen and Stationery private Ltd.	India	BIC Clichy SAS	75.0%	Manufacturing and distribution of consumer products
Cello Plastic Products private Ltd.	India	BIC Clichy SAS	75.0%	Manufacturing and distribution of consumer products
Cello Tips and Pens private Ltd.	India	BIC Clichy SAS	75.0%	Manufacturing of consumer products
Cello Pens private Ltd.	India	BIC Clichy SAS	75.0%	Distribution of consumer products
Cello Writing Aids Private Ltd.	India	BIC Clichy SAS	75.0%	Manufacturing and distribution of consumer products
BIC Japan CO, Ltd	Japan	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Product (Malaysia) Sdn. Bhd.	Malaysia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Singapore) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Asia) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Thailand) Ltd.	Thailand	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products

Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
MIDDLE-EAST AND AFRICA				
BIC (South Africa) (Pty.) Ltd.	South Africa	BIC Holdings Southern Africa (Pty.) Ltd. SOCIÉTÉ BIC SA BIC UK Ltd.	100.0%	Manufacturing and distribution of consumer products
BIC Holdings Southern Africa (Pty.) Ltd.	South Africa	JOMO Holding B.V	100.0%	Holding company
BIC Middle East FZ-LLC	Dubai	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Malawi Pty. Ltd.	Malawi	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Distribution of consumer products
BIC Mozambique Ltd.	Mozambique	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Distribution of consumer products
BMT11 SARL	Tunisia	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Zambia Ltd.	Zambia	BIC Holdings Southern Africa (Pty.) Ltd.	99.0%	Distribution of consumer products

NOTE 30 AUDITORS' FEES

Annual fees paid by the Group to the Statutory Auditors' and members of their networks are as follows:

	Deloitte & Associés				Grant Thornton			
	Amount (excluding VAT)		%		Amount (excluding VAT)		%	
(in thousand euros)	2013	2014	2013	2014	2013	2014	2013	2014
Audit								
Statutory Auditors, certification, review of statutory and consolidated financial statements								
• Issuer	274	277	14%	13%	118	125	18%	19%
• Fully consolidated subsidiaries	1,106	1,310	56%	62%	544	527	82%	81%
Other due diligence and services directly linked to the Statutory Auditors' mission								
• Issuer	18	-	1%	-	-	-	-	-
• Fully consolidated subsidiaries [(a)]	325	176	17%	8%	-	-	-	-
Subtotal	**1,723**	**1,763**	**88%**	**83%**	**662**	**652**	**100%**	**100%**
Other network services for the fully consolidated subsidiaries								
• Legal, tax, labor-related [(a)]	241	363	12%	17%	-	-	-	-
Subtotal	**241**	**363**	**12%**	**17%**	**-**	**-**	**-**	**-**
TOTAL	**1,964**	**2,126**	**100%**	**100%**	**662**	**652**	**100%**	**100%**

(a) This includes additional non-recurring procedures performed in the U.S. as part of restructuring, and acquisitions.

5.2. Statutory Auditors' Report on the consolidated financial statements

For the year ended December 31, 2014

This is a free translation into English of the Statutory Auditors' Report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information given in the management report. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual Shareholders' Meeting, we hereby report to you for the year ended December 31, 2014 on:

- the audit of the accompanying consolidated financial statements of SOCIÉTÉ BIC;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code (*Code de Commerce*) governing the justification of our assessments, we bring to your attention the following matters:

- Note 1-2 "Change in scope of consolidation" presents the finalization of the business combination of the stationery activity of the Indian group Cello ("Cello Pens"). Our procedures consisted, in the context of the finalization of the purchase price allocation, in assessing the appropriateness of the methodologies applied and the assumptions and forecast data used to measure the final value of the corresponding assets and liabilities. We also satisfied ourselves that Note 1-2 to the consolidated financial statements provides an appropriate disclosure.
- goodwill was tested for impairment as described in Notes 1-1-4 and 10 to the consolidated financial statements. We examined how these tests were implemented as well as the data and assumptions used. We assessed the reasonableness of these estimates, we reviewed the calculations made by your Company and we satisfied ourselves that Note 10 to the consolidated financial statements provides appropriate disclosure;
- procedures for assessing pension and other employee benefits are set out in Note 1-1-4 to the consolidated financial statements. These commitments have been evaluated by independent actuaries. Our work consisted in examining the data used and assessing the assumptions used. We have reviewed the calculations performed and we satisfied ourselves that Note 18 to the consolidated financial statements provides appropriate disclosure.

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of the opinion in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France and as required by law, we also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Paris et Neuilly-sur-Seine, February 23, 2015

The Statutory Auditors

Grant Thornton	Deloitte & Associés
French Member of Grant Thornton International	Jean-François VIAT
Vincent PAPAZIAN	

5.3. Statutory financial statements of SOCIÉTÉ BIC (French GAAP)

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1. INCOME STATEMENT

(In thousand euros)	Notes	Dec. 31, 2013	Dec. 31, 2014
Net sales	11	591,748	611,424
Reversal of depreciation, amortization and provisions, transfer of charges		12,561	16,832
Other income	12	59,475	103,316
Total operating income		**663,784**	**731,572**
Purchases of goods and changes in inventories		(374,197)	(362,946)
Purchases of raw materials, other supplies and changes in inventories		(19,952)	(19,500)
Other purchases and external charges		(157,457)	(166,442)
Taxes, levies and similar payments		(3,236)	(4,584)
Payroll costs	13	(2,516)	(2,234)
Depreciation, amortization and provisions		(21,890)	(28,247)
Other expenses		(168)	(195)
Total operating expenses		**(579,416)**	**(584,148)**
NET OPERATING INCOME		**84,368**	**147,424**
NET FINANCIAL INCOME	**14**	**131,952**	**104,086**
NON-RECURRING INCOME AND EXPENSES	**15**	**(1,770)**	**(2,715)**
Income tax	16 to 18	(29,267)	(53,445)
NET INCOME		**185,283**	**195,350**

2. BALANCE SHEET

Assets

(in thousand euros)	Notes	Dec. 31, 2013	Dec. 31, 2014		
		Net	Gross	Deprec., amort. and provisions	Net
Research and development expenses		-	3,823	(3,823)	-
Patents and similar rights		25,620	62,992	(37,785)	25,207
Intangible assets under construction		594	596	(5)	591
Intangible assets	3, 4	**26,214**	**67,411**	**(41,613)**	**25,798**
Land		1,260	1,345	-	1,345
Buildings		1,390	15,154	(13,537)	1,617
Industrial fixtures and equipment		1,592	14,029	(12,386)	1,643
Other property, plant and equipment		2,967	8,890	(5,902)	2,988
Fixed assets under construction		1,338	3,319	(2,836)	483
Property, plant and equipment	3, 4	**8,547**	**42,737**	**(34,661)**	**8,076**
Equity investments	23	841,437	884,182	(22,950)	861,232
Loans to equity investments	5, 6	-	-	-	-
Other long-term investments	3	49,749	59,154	-	59,154
Long-term investments		**891,186**	**943,336**	**(22,950)**	**920,386**
Non-current assets		**925,947**	**1,053,484**	**(99,224)**	**954,260**
Raw materials and supplies		1,041	1,208	-	1,208
Work-in-process goods		-	646	(646)	-
Goods		24,658	32,051	(2,524)	29,527
Inventories		**25,699**	**33,905**	**(3,170)**	**30,735**
Advances and prepayments paid		1,341	1,804	-	1,804
Trade receivables and related accounts	5, 6	117,479	117,103	(4,676)	112,427
Other receivables	5, 6	233,027	229,022	(20,462)	208,560
Short-term financial investments	7	110,344	149,135	-	149,135
Cash and cash equivalents		5,822	32,809	-	32,809
Prepaid expenses	5	1,039	995	-	995
Unrealized losses from foreign exchange	8	1,044	220	-	220
Current assets		**495,795**	**564,993**	**(28,308)**	**536,685**
TOTAL ASSETS		**1,421,742**	**1,618,477**	**(127,532)**	**1,490,945**

Liabilities & Shareholders' equity

		Before appropriation of earnings	
(in thousand euros)	Notes	Dec. 31, 2013	Dec. 31, 2014
Share capital		181,976	183,214
Share issue premiums, merger contributions		109,393	125,746
Legal reserve		22,410	22,410
General reserve		180,379	180,379
Retained earnings		273,262	336,134
Net income for the year		185,283	195,350
Shareholders' equity	9	**952,703**	**1,043,233**
Provisions for contingencies and losses	10	37,203	44,101
Provisions for contingencies and losses		**37,203**	**44,101**
Bank borrowings (Bank overdraft)	5	1,007	1,608
Other borrowings	5	312,783	293,878
Financial liabilities		**313,790**	**295,486**
Trade payables and related accounts	5, 6	99,373	85,150
Tax and employee-related liabilities	5	11,600	18,118
Other liabilities	5	6,964	3,834
Deferred income	5	5	93
Operating liabilities		**117,942**	**107,195**
Unrealized gains from foreign exchange		104	930
Liabilities		**431,836**	**403,611**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,421,742**	**1,490,945**

3. CASH FLOW STATEMENT

(in thousand euros)	Notes	Dec. 31, 2013	Dec. 31, 2014
Operating activities			
Net income		185,283	195,350
Dividends received		(137,212)	(81,973)
Depreciation, amortization and provisions on non-current assets		12,637	1,762
(Gain)/Loss on the disposal of fixed assets		201	-
Gross cash flow from operating activities		**60,909**	**115,139**
(Increase)/Decrease in net current working capital		11,308	2,838
NET CASH FLOW FROM OPERATING ACTIVITIES		**72,217**	**117,977**
Investing activities			
Dividends received from subsidiaries	14	137,212	81,973
Proceeds from disposals of property, plant and equipment and intangible assets		1,351	-
Purchases of property, plant and equipment		(1,466)	(1,118)
Acquisition of intangible assets		(3,016)	(1,947)
(Increase)/Decrease in treasury shares		(69,614)	7,237
Other investing expenses		(106)	(235)
Acquisitions of subsidiaries	23-2	(1)	(5,622)
NET CASH FLOW FROM INVESTING ACTIVITIES		**64,360**	**80,288**
Financing activities			
Dividends paid		(120,804)	(122,410)
Loans/(Repayments)		(138)	(139)
Intra-Group loans		996	-
Movement in current accounts		(87,572)	(10,540)
NET CASH FLOW FROM FINANCING ACTIVITIES		**(207,518)**	**(133,089)**
Net increase/(decrease) in cash and cash equivalents		**(70,941)**	**65,176**
Opening cash and cash equivalents		186,100	115,159
CLOSING CASH AND CASH EQUIVALENTS		**115,159**	**180,335**

4. NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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NOTE 1 MAIN EVENTS

None.

NOTE 2 ACCOUNTING PRINCIPLES, RULES AND METHODS

The separate financial statements are prepared according to French accounting regulations applicable at December 31, 2014.

They have been drawn up according to the basic accounting principles of:

- going concern;
- consistency;
- independence of financial years.

The items presented in the financial statements are valued on a historical cost basis.

The main accounting rules and methods adopted are the following:

a) Intangible assets

Research and development expenditures are capitalized when major applied research and development projects in progress (above 500 thousand euros) can be clearly defined, costs separately identified and reliably measured, and the project has a significant chance of commercial profitability. Capitalized research and development expenditures are depreciated on a straight-line basis over a period of three to five years from the commencement of production.

Research and development expenditures that do not meet these criteria are expensed in the fiscal year.

Patents and technical processes are amortized over their period of protection or use.

Software is depreciated on a straight-line basis over a period of three to five years.

b) Property, plant and equipment

Property, plant and equipment are valued at their purchase price or production cost. Depreciation is calculated on a straight-line basis over periods depending on the asset type:

Buildings	25 years
Fixtures and fittings	8 to 10 years
Vehicles	3 to 4 years
Industrial plant, machinery and fittings	2 to 8 years
Office and IT equipment, furniture	3 to 8 years

c) Fixed assets valuation

At year end, SOCIÉTÉ BIC checks the existence of internal or external indicators that could lead to a change in the net realizable value of its assets.

When the net booked value of fixed assets exceeds the market value of the asset in use, an impairment charge is recorded.

d) Long-term investments

Long-term investments are recorded at the value they were brought into assets. An impairment is booked when the value in use of an investment is less than its purchase cost. The value in use is determined in reference to Shareholders' equity of the relevant investment, adjusted to take into consideration the importance of the Company to the Group and its development and profit perspectives. In addition, BIC shares purchased pursuant to Article L. 225-209 of the French Commercial Code (Code de commerce), not intended exclusively for stock option plans, are recorded within long-term investments. Treasury shares are valued at purchase cost and provision for impairment is booked at year-end when the probable trading value (based on the average shares market price during the last month of the fiscal year) is less than the purchase cost. Loans in foreign currency are translated at the closing exchange rate.

e) Inventory and work-in-process

Goods are valued at purchase cost, including incidental expenses, in accordance with the weighted average cost method. Inventory provisions are booked, when necessary, to reduce inventory value to the market value.

f) Receivables and payables

Receivables and payables are recorded at nominal value. Receivables are written down by way of provision, when appropriate, to take into consideration recovery risks. Foreign currency denominated receivables and payables are translated at the official closing exchange rate.

Unrealized losses on foreign exchange are booked as assets with a related provision for foreign exchange risk. Unrealized profits on foreign exchange are booked as liabilities.

Profit and loss on foreign exchange for current accounts are directly recognized in the profit and loss account and are not taken to the translation reserve.

g) Financial investments

Financial investments comprise investments in marketable securities, and Société BIC shares bought back pursuant to Article L. 225-209 of the French Commercial Code (*Code de commerce*). Treasury shares are valued at purchase cost. An impairment provision is booked at year-end when the probable trading value (based on the average stock market price during the last month of the fiscal year or the exercise price of the options for which they were purchased) is less than the purchase cost.

h) Provisions for contingencies and losses

Provisions for contingencies and losses are liabilities for which maturity or amounts are not valuated precisely. Provisions for contingencies and losses are calculated using the best estimate of funds required to settle the liability.

i) Borrowings

Borrowings in foreign currency are translated at the official closing exchange rate.

NOTES TO THE BALANCE SHEET

NOTE 3 NON-CURRENT ASSETS

(in thousand euros)	Gross value as of Dec. 31, 2013	Acquisitions	Disposals	Gross value as of Dec. 31, 2014
Research and development expenses	3,823	-	-	3,823
Other intangible assets	61,641	4,524	(2,577)	63,588
TOTAL INTANGIBLE ASSETS	**65,464**	**4,524**	**(2,577)**	**67,411**
Land	1,260	85	-	1,345
Buildings	14,632	545	(23)	15,154
Industrial fixtures and equipment	12,983	1,046	-	14,029
Other property, plant and equipment	8,646	250	(6)	8,890
Property, plant and equipment under construction	4,126	1,358	(2,165)	3,319
TOTAL PROPERTY, PLANT AND EQUIPMENT	**41,647**	**3,284**	**(2,194)**	**42,737**
Equity Investments [(a)]	878,560	5,622	-	884,182
Treasury Shares [(b)]	49,240	58,740	(49,570)	58,410
Loans and other long-term investments	509	235	-	744
TOTAL LONG-TERM INVESTMENTS	**928,309**	**64,597**	**(49,570)**	**943,336**

(a) Equity investments are detailed in Note 23.

(b) These refers to 855,067 shares for the free share plans and 2,238 shares related to the liquidity's contract.

NOTE 4 DEPRECIATION AND AMORTIZATION

(in thousand euros)	Deprec. and amort. as of Dec. 31, 2013	Increase in the period	Reduction in the period	Deprec. and amort. as of Dec. 31, 2014
Research and development expenses	3,823	-	-	3,823
Other intangible assets	32,882	2,362	-	35,244
TOTAL INTANGIBLE ASSETS	**36,705**	**2,362**	**-**	**39,067**
Buildings	13,242	318	(23)	13,537
Industrial fixtures and equipment	11,391	994	-	12,385
Other property, plant and equipment	5,679	230	(6)	5,903
TOTAL PROPERTY, PLANT AND EQUIPMENT	**30,312**	**1,542**	**(29)**	**31,825**

NOTE 5 MATURITY OF RECEIVABLES AND PAYABLES

Receivables *(in thousand euros)*	Gross	Within one year	More than one year	o/w notes receivables	o/w related parties
Loans to equity investments	-	-	-	-	-
Other long-term investments	59,154	59,154	-	-	-
Trade receivables and related accounts	117,103	117,103	-	4,042	76,646
Other receivables	229,022	229,022	-	-	212,106
Prepayments	995	995	-	-	-
TOTAL	**406,274**	**406,274**	**-**	**4,042**	**288,752**

Payables *(in thousand euros)*	Gross	Within one year	More than one year	o/w notes payables	o/w related parties
Bank borrowings	1,608	1,608	-	-	-
Other borrowings	293,878	293,878	-	-	293,734
Trade payables and related accounts	85,150	85,150	-	-	37,397
Tax and employee-related liabilities	18,118	18,118	-	-	-
Other liabilities	3,834	3,834	-	-	-
Deferred Income	93	93	-	-	93
TOTAL	**402,681**	**402,681**	**-**	**-**	**331,224**

NOTE 6 INFORMATION ON RELATED PARTIES

Gross value *(in thousand euros)*	Dec. 31, 2014
Assets	
Equity investments	884,182
Other long-term receivables from investments	-
Trade receivables and related accounts	76,646
Other receivables	212,106
Liabilities	
Other long-term loans and investments	293,734
Trade payables and related accounts	37,397
Other debts	-
Deferred income	93

NOTE 7 SHORT-TERM FINANCIAL INVESTMENTS

Gross value *(in thousand euros)*	Dec. 31, 2014
Marketable securities [a]	149,135
TOTAL	**149,135**

(a) These are money market UCITS or short-term deposit certificates.

NOTE 8 TRANSLATION ADJUSTMENTS

Unrealized losses on foreign exchange are recorded as a provision for contingencies and losses (995 thousand euros).

NOTE 9 SHAREHOLDERS' EQUITY

9.1 Share capital

The share capital is 183,213,854.44 euros divided into 47,961,742 shares of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

To the best of the Company's knowledge, as of December 31, 2014, Shareholders known to hold more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	% of shares (approx.)	% of voting rights (approx.)
Société M.B.D.	26.36%	36.45%
Bich family	16.49%	22.32%

As of December 31, 2014, SOCIÉTÉ BIC held 857,305 BIC shares classified as long-term investments (855,067 shares for the free share plans and 2,238 shares in relation to the liquidity contract).

9.2 Changes in Shareholders' equity

(in thousand euros)	
Shareholders' equity as of December 31, 2013 (before distribution)	**952,703**
Dividend distribution with respect to fiscal year 2013	122,410
Shareholders' equity as of December 31, 2013 (after distribution)	**830,293**
Increase in share capital [a]	1,238
Decrease in share capital [b]	-
Share issue premiums [a]	16,352
Retained earnings [b]	-
Net income for the year	195,350
Shareholders' equity as of December 31, 2014 (before distribution)	**1,043,233**

(a) The increase in share capital relates to 324,020 subscription options exercised during 2014.
(b) SOCIÉTÉ BIC did not cancel any shares in 2014.

Following this operation, the issued capital amounts to 47,961,742 shares with a nominal value of 3.82 euros.

NOTE 10 PROVISIONS

(in thousand euros)	Dec. 31, 2013	Allocations during the year	Release during the year (used)	Release during the year (unused)	Dec. 31, 2014
Risk - Iran	603	-	-	-	603
Risk - Subsidiaries	2,173	3,115	(254)	-	5,034
Risk - Consolidated subsidiaries	13,801	5,022	-	-	18,823
Risk - Tax audit	7,060	762	-	(6,359)	1,463
Foreign exchange losses	1,113	220	(1,113)	-	220
Risk - Indemnity	-	115	-	-	115
Hedging of shares grants	11,815	17,095	(1,179)	(10,636)	17,095
Other provisions for contingencies	638	123	(13)	-	748
PROVISIONS FOR CONTINGENCIES AND LOSSES	**37,203**	**26,452**	**(2,559)**	**(16,995)**	**44,101**

(in thousand euros)	Dec. 31, 2013	Allocations during the year	Release during the year	Dec. 31, 2014
Property, plant and equipment	5,333	48	-	5,381
Investments	37,123	1,634	(15,807)	22,950
Work-in-process goods	646	-	-	646
Goods	1,554	2,524	(1,554)	2,524
Trade receivables	3,450	4,676	(3,450)	4,676
Other receivables	18,467	2,380	(385)	20,462
PROVISIONS FOR DEPRECIATION AND AMORTIZATION	**66,573**	**11,262**	**(21,196)**	**56,639**

NOTES TO THE INCOME STATEMENT

NOTE 11 NET SALES BREAKDOWN

The net sales of SOCIÉTÉ BIC can be analyzed as follows:

(in thousand euros)	Dec. 31, 2013			Dec. 31, 2014		
	France	Export	Total	France	Export	Total
Consumer Stationery	103,279	196,799	300,078	111,134	193,552	304,686
Lighters	17,037	176,480	193,517	19,452	185,207	204,659
Shavers	24,187	54,327	78,514	24,904	61,353	86,257
Other Consumer	5,371	14,268	19,639	4,582	11,240	15,822
TOTAL	**149,874**	**441,874**	**591,748**	**160,072**	**451,352**	**611,424**

NOTE 12 OTHER REVENUES

Other revenues mainly comprise royalties (82,389 thousand euros) and *management fees* (20,297 thousand euros) invoiced to affiliates.

NOTE 13 MANAGEMENT COMPENSATION

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Administrative bodies	303	310
Management bodies	1,362	1,402

SOCIÉTÉ BIC has no salaried employees as of December 31, 2014.

Two members of the Management bodies have the same supplementary retirement plan (defined benefits plan) as the BIC Group subsidiaries' managers in France.

NOTE 14 FINANCIAL INCOME

Net financial income amounts to 104,086 thousand euros and is detailed as follows:

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Dividends received	137,212	81,973
Interest income	732	894
Net reversal of provisions	(2,261)	12,948
Foreign exchange gain and loss	(2,989)	6,959
Other	(742)	1,312
FINANCIAL INCOME	**131,952**	**104,086**

NOTE 15 NON-RECURRING INCOME AND EXPENSES

The non-recurring income and expenses break down as follows:

(in thousand euros)	Dec. 31, 2013	Dec. 31, 2014
Capital gains/(losses) on asset disposals	201	-
Capital gains/(losses) on investment disposals	-	-
Provision for contingencies (net of reversal)	(1,439)	(2,402)
Other tax impact	(8)	110
Compensation for breaking of distribution contracts, net of provisions	(464)	-
Debt waivers		(449)
Loss on liquidation of subsidiaries	-	(270)
Other	(60)	296
NON RECURRING INCOME AND EXPENSES	**(1,770)**	**(2,715)**

NOTE 16 INCOME TAX BREAKDOWN

(in thousand euros)	Net income before tax	Tax charges	Net income after tax
Income before tax and non recurring operations	251,510	(52,860)	198,650
Non-recurring income and expenses	(2,715)	(585)	(3,300)
TOTAL	**248,795**	**(53,445)**	**195,350**

NOTE 17 TAX GROUPING

SOCIÉTÉ BIC is the parent company of the tax group comprising the following companies as of December 31, 2014: BIC Sport, Bima 83, BIC Écriture 2000, BIC Services, Conté, Société Immobilière BIC Clichy, Société Immobilière Valiton Gesnouin, BIC Rasoirs, Société du Briquet Jetable 75, BIC Graphic France, BIC Assemblage, BIC Technologies, BIC International Development formerly Compagnie de Moulages, DAPE 74 Distribution, Stypen, BIC Clichy, Electro-Centre and BIC Education.

As parent company, SOCIÉTÉ BIC recognizes in its accounts the gain or loss related to the effects of the tax consolidation. In this respect, the gain recorded by SOCIÉTÉ BIC in 2014 amounts to 3,466,163 euros.

NOTE 18 MAIN INCREASES/DECREASES IN THE DEFERRED TAX BASIS

(in thousand euros)	Dec. 31, 2014
Organic	1,109
Provision on current accounts	1,322
Provision for contingencies	2,922
Provision on trade receivables	2,119
Provision on inventories	2,074
Foreign exchange losses	(153)
Financial investments	3,220
Provision on free shares	12,597
Other	676
TOTAL	**25,886**
Decrease in deferred tax liabilities	**(9,837)**

NOTES TO THE OFF-BALANCE SHEET COMMITMENTS

NOTE 19 OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The following are SOCIÉTÉ BIC's main off-balance sheet financial instruments:

19.1 Currency derivatives

Hedge nominals denominated in currencies other than the euro are converted to euros at December 31, 2014 closing rates.

The valuation of the hedges is carried out computed in accordance with market practices in terms of inputs (spot, yield curves, volatility curves) and calculation models.

Forward portfolio detail

Hedging support	Nominal *(euros)*	Market value *(euros)*	Instrument
Commercial Flows 2015	324,471,985	(4,906,492)	Forward
Commercial Flows 2016	4,687,777	69,616	Forward
Loans/Borrowings	229,658,206	100,400	Forward, Swap
TOTAL	**558,817,968**	**(4,736,476)**	

Options portfolio detail

Hedging support	Nominal *(euros)*	Market value *(euros)*	Instrument
Commercial Flows 2015	40,003,010	(1,079,514)	Option
Commercial Flows 2016	7,004,921	20,813	Option
TOTAL	**47,007,931**	**(1,058,701)**	

As of December 31, 2014, SOCIÉTÉ BIC had contracted:

- derivatives contracts (foreign currency forward and options) maturing in 2015 and 2016 for an equivalent of 376,2 million euros in nominal value. These contracts hedge, on the basis of forecast cash flow, a significant part of the Group's foreign currency transaction risks. The foreign currency transactions are denominated in U.S. dollars, British pounds, Canadian dollars, Australian dollars, New Zealand dollars, Japanese yens, Swiss francs, Polish zloty, Romania leu and Mexican pesos. The market value of these contracts is (5.9) million euros;
- foreign currency swaps for an equivalent of 229.7 million euros, in connection with the Group's foreign currency liquidity and foreign currency loans and borrowings. The market value of these contracts is positive for 100,400 euros.

In 2015, approximately 90% of the foreign currency transaction exposure is hedged.

19.2 Interest rate derivatives

As of December 31, 2014, SOCIÉTÉ BIC does not have any interest rate derivatives in the portfolio.

All local funding needs are directly indexed on a short-term variable rate. Borrowers' positions are insignificant at Group level, and are of a too limited timescale to require any hedging.

NOTE 20 COMMITMENTS

20.1 Guarantees

The following schedule summarizes the off-balance sheet sureties, deposits and guarantees for SOCIÉTÉ BIC. All significant items are disclosed in this table.

No other assets or registered shares have been pledged.

Sureties, deposits and guarantees issued

(in thousand euros)		Fall due			
	Dec. 31, 2013	< 1 year	1 to 5 years	> 5 years	Dec. 31, 2014
Guarantees for credit lines	-	-	-	-	-
Trade guarantees	-	-	-	-	-
Lease commitments	-	-	-	-	-
Sureties and deposits	-	-	-	-	-
Other guarantees	16,777	-	4,800	13,729	18,529
TOTAL	**16,777**	**-**	**4,800**	**13,729**	**18,529**

Sureties, deposits and guarantees received

(in thousand euros)		Fall due			
	Dec. 31, 2013	< 1 year	1 to 5 years	> 5 years	Dec. 31, 2014
Guarantees for credit lines	1,339	3,081	-	-	3,081
Trade guarantees	-	-	-	-	-
Lease commitments	-	-	-	-	-
Sureties and deposits	75	75	-	-	75
Other guarantees	-	-	-	-	-
TOTAL	**1,414**	**3,156**	**-**	**-**	**3,156**

20.2 Pensions obligations

(in thousand euros)	Dec. 31, 2014
Present value of pension obligation	16,936
Fair value of plan assets	(8,097)
Unrecognized past services cost	-
NET PENSION LIABILITY	**8,839**

OTHER INFORMATION

NOTE 21 STOCK MARKET PRICE

(in euros)	Dec. 31, 2013	Dec. 31, 2014
BIC shares	89.06	109.85

NOTE 22 STOCK OPTION PLANS

As part of a policy recommended and approved by the Compensation and Nomination Committee, the Board has decided not to award stock options from 2011 and to set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company (eligible) will receive three-year performance-based free share grants. To replace the stock option programs rewarding staff selected by Management and key contributors during the year, free share grants without performance conditions will be awarded.

	Plan 8	Plan 9	Plan 10
Annual Shareholders' Meeting date	May 28, 2003	May 24, 2006	May 24, 2006
Board of Directors' Meeting date	Dec. 14, 2005	Dec. 13, 2006	Dec. 11, 2007
Number of beneficiaries	575	567	633
Number of options available for subscription	427,850	398,500	440,500
• *o/w options granted to the current members of the Leadership Team as of December 31, 2014*	*40,650*	*31,650*	*35,500*
Date from which options may be exercised	Dec. 15, 2008	Dec. 14, 2009	Dec. 12, 2010
Option expiration date	Dec. 13, 2015	Dec. 12, 2014	Dec. 10, 2015
Exercise price *(euros)* [(a)]	50.01	52.35	49.62
Number of options exercised as of Dec. 31, 2014	314,200	332,800	352,096
Number of void options as of Dec. 31, 2014	84,300	65,700	40,800
Number of remaining options as of Dec. 31, 2014	29,350	-	47,604

	Plan 11	Plan 12	Plan 13
Annual Shareholders' Meeting date	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	613	602	643
Number of options available for subscription	371,400	360,000	382,950
• *o/w options granted to the current members of the Leadership Team as of December 31, 2014*	*2,000*	-	-
Date from which options may be exercised	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiration date	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price *(euros)* [(a)]	40.18	47.99	63.71
Number of options exercised as of Dec. 31, 2014	282,900	233,281	161,641
Number of void options as of Dec. 31, 2014	30,300	31,900	38,800
Number of remaining options as of Dec. 31, 2014	58,200	94,819	182,509

(a) No discount on the exercise price.

Bruno and François Bich were not issued any options under the above stock option plans.

NOTE 23 EQUITY INVESTMENTS

23.1 Subsidiaries and equity interests

	Number of shares S: Shares P: Parts		% of interest	Net book value	Net loans	Share capital	Currency
I - French Subsidiaries							
BIC Assemblage SARL	1,000	P	100%	15,245	-	15,240	EUR
BIC Clichy SAS	52,059,469	S	99%	795,468,690	-	795,469,068	EUR
DAPE 74 Distribution SASU	70,000	S	100%	910,000	-	1,070,000	EUR
Sub-total I				**796,393,935**	**-**		
II - Foreign subsidiaries							
BIC Erzeugnisse GmbH - Germany	2	P	100%	16,345,730	-	664,700	EUR
BIC Verwaltungs GmbH - Germany	2	P	100%	73,814	-	50,000	EUR
BIC GmbH - Germany	1	P	100%	35	-	25,600	EUR
BIC Portugal SA - Portugal	464,675	S	100%	3,987,925	-	2,323,575	EUR
BIC Slovakia SRO - Slovakia	1	P	100%	15,444,502	-	15,574,255	EUR
BIC INTERNATIONAL Co. - USA	100	S	100%	1	-	1	USD
BIC Amazonia SA - Brazil	274,485,732	S	100%	18,565,900	-	441,922,032	BRL
Brand Expo Asia Ltd. - China	7,800,000	P	100%	-	-	7,800,000	HKD
BIC Stationery (Shanghai) Co. Ltd. - China	-	S	100%	4,408,164	-	12,408,000	USD
BIC (Shanghai) Stationery Manufacturing Co. Ltd. - China	-	S	100%	2,984,898	-	3,630,000	USD
BIC Product (Singapore) Pte. Ltd. - Singapore	297,000	S	99%	-	-	300,000	SGD
BIC Product (Asia) Pte. Ltd. - Singapore	5,627,602	S	100%	-	-	5,627,602	SGD
BIC India Pvt. Ltd. - India	8,087,395	S	100%	-	-	80,873,960	INR
Ball Point Manufacturing Co. - Iran	90	S	45%	-	-	16,000,000	IRR
BIC Product (Korea) Ltd. - South Korea	345,320	S	100%	-	-	1,726,600,000	KRW
BIC Product (Thailand) Ltd. - Thailand	1,713,993	S	100%	-	-	171,400,000	THB
Mondial Sdn. Bhd. - Malaysia	1,140,000	S	30%	1,053,860	-	3,800,000	MYR
BIC Product (Malaysia) Sdn. Bhd. - Malaysia	1,257,400	S	100%	-	-	1,260,000	MYR
Sub-total II				**62,864,829**	**-**		
III- Participating interests							
BIC Technologies SA - France	1	S	0%	-	-	7,440,988	EUR
BIC Holdings South Africa Pty. Ltd. - South Africa	41,860	S	5%	1,522,934	-	8,372	ZAR
BIC Argentina - Argentina	750	P	5%	450,500	-	15,000	ARS
BMT 11 - Tunisia	1	S	0%	100	-	17,700,000	EUR
Bic Andina Perù SA - Peru	-	P	1%	-	-	5,400,000	PEN
BIC Pazarlama Ltd, Sti - Turkey	5	P	0%	345	-	13,489,500	TRY
BIC Iberia SA - Spain	2	P	0%	-	-	12,333,391	EUR
Sub-total III				**1,973,879**	**-**		
TOTAL				**861,232,643**	**-**		

Net sales, net income and Shareholder's equity other than the share capital of subsidiaries are not provided for reasons of confidentiality related to commercial and industrial strategy.

23.2 Analysis of movements in equity investments

(in thousand euros)	
Equity investments (net) as of December 31, 2013	**841,437**
Acquisitions, capital increases, creations and disposals in 2014	
BIC Stationery (Shanghai) Co. Ltd. - China	5,622
(Allocations to)/Reversals of provisions in 2014	
BIC Erzeugnisse GmbH - Germany	15,188
BIC Verwaltungs GmbH - Germany	74
Mondial Sdn. Bhd. - Malaysia	252
BIC Stationery (Shanghai) Co. Ltd. - China	(1,633)
BIC Portugal SA - Portugal	294
Bic Andina Perù SA - Peru	(1)
EQUITY INVESTMENTS (NET) AS OF DECEMBER 31, 2014	**861,233**

5. ADDITIONAL INFORMATION ON THE SEPARATE FINANCIAL STATEMENTS

Customer payments

Article L. 441-6-1 of the French Commercial Code

(in thousand euros)	Total	Current			Over due
			30 days	60 days	+60 days
Dec. 31, 2014	105,984	88,586	3,595	1,539	12,264
Dec. 31, 2013	116,468	88,117	12,186	2,929	13,236

Supplier payments

Article L. 441-6-1 of the French Commercial Code

The Company has opted for the payment of invoices with a due date of 60 days.

(in thousand euros)	Total	Current			Over due
			30 days	60 days	+60 days
Dec. 31, 2014	37,852	34,743	1,630	365	1,114
Dec. 31, 2013	54,986	52,758	1,462	195	571

5.4. Statutory Auditors' Report on the financial statements

For the year ended December 31, 2014

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual Shareholders' Meeting, we hereby report to you for the year ended December 31, 2014 on:

- the audit of the accompanying financial statements of SOCIÉTÉ BIC;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2013 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II. Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code (*Code de Commerce*) governing the justification of our assessments, we bring to your attention the following matters:

Long-term investments are valued and, when necessary, impaired as described in Note 2 d) to the financial statements. Our work consisted in assessing the appropriateness of the methodology applied and examining the underlying data and assumptions. On this basis, we assessed the reasonableness of these estimates.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the expression of the opinion in the first part of this report.

III. Specific procedures and disclosures

We have also performed the other procedures required by law, in accordance with professional standards applicable in France.
We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Board of Directors' report and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remunerations and benefits received by the corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest that this information is accurate and fair.
Pursuant to the law, we have verified that the Board of Directors' report contains the appropriate disclosures as to the identity of the shareholders and holders of the voting rights.

Paris and Neuilly-sur-Seine, February 23, 2015
The Statutory Auditors

Grant Thornton
French Member of Grant Thornton International
Vincent PAPAZIAN

Deloitte & Associés
Jean-François VIAT

5.5. Statutory Auditors' Special Report on regulated agreements and commitments

Annual Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014

This is a free translation into English of the Statutory Auditors' Special Report on regulated agreements and commitments with related parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (*Code de Commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the Annual Shareholders' Meeting.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. Those procedures consisted in verifying the information provided to us with the relevant source documents.

Agreements and commitments submitted to the Shareholders' Meeting

Agreements and commitments authorized during the year

We hereby inform you that no agreement or commitment entered into during the year to which Article L. 225-38 of the French Commercial Code would be applicable has been brought to our attention.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments authorized during previous years that were continued but not performed during the year

In addition, pursuant to the French Commercial Code, we have been advised of the continuation of the following agreement authorized in previous years that were not performed during the year.

"Top-up" retirement plan

On May 19, 2005, the Board of Directors authorized the adoption of a "top-up" retirement plan (to replace the plan set up in 1986). The beneficiaries are grade 6 Senior Executives and Corporate Officers of BIC in France, who are also members of the Group's Executive Committee and who will finish their career with the Group.

The amount of their "Top-up" retirement will be equal to 1.25% of the average remuneration of the last three years of service, per year of participation in the plan, subject to a maximum of 20 years, representing a maximum pension of 25% of the final remuneration.

People involved: François Bich, Executive Vice-President and Director and Marie-Aimée Bich-Dufour, Executive Vice-President.

The Statutory Auditors

Paris and Neuilly-sur-Seine, February 23, 2015

Grant Thornton
French Member of Grant Thornton International
Vincent PAPAZIAN

Deloitte & Associés
Jean-François VIAT



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6.1. Information on the Company

HISTORY AND DEVELOPMENT OF THE ISSUER

Legal and commercial name of the issuer

Legal name: SOCIÉTÉ BIC

Commercial name: BIC

Place of registration of the issuer and registration number

Place of registration: Nanterre

Registration number: 552 008 443

APE Code:

7010Z – Registered offices activities

3299Z – Other manufacturing activities

Date of incorporation and length of life of the issuer

Date of incorporation: March 3, 1953

Date of expiration: March 2, 2052, unless an Extraordinary Shareholders' Meeting decides to wind up the Company earlier or to extend it.

Domicile and legal form of the issuer

Domicile: 14 rue Jeanne d'Asnières – 92110 Clichy – France

Telephone: 33 (0)1 45 19 52 00

Legal form and legislation governing the issuer: Limited Company (société anonyme) governed by French law and in particular by the French Commercial Code.

Significant change in the issuer's financial or trading position

No significant event has occurred since the end of the last fiscal period.

Important events in the development of the issuer business

No event to report apart from those mentioned in the Group Presentation – section 1.2. History.

MEMORANDUM AND ARTICLES OF INCORPORATION

The memorandum and articles of incorporation can be consulted at the headquarters of the Company. The articles of incorporation are available on the website www.bicworld.com (see Regulated information).

Issuer's purpose

Extract from the articles of incorporation (Article 3) – "Purpose"

"*The Company's corporate purpose is, in all countries, the purchase, sale, commissioning, brokerage, representation, manufacturing, operation, import and export of all tangible and intangible property, and in particular of all items that are used for writing.*

And generally all personal, real, financial, industrial or commercial operations pertaining directly or indirectly to the abovementioned purpose or to all similar or related purposes or to purposes that could serve to promote the extension or development of the above mentioned purpose.

The Company may carry out all operations falling within its purpose, either alone and for its own account, or for the account of third parties, as representative, licensee or intermediary, for the commissioning, brokerage, subcontracting, as lessee, farmer, manager, in a joint venture or partnership, in any form whatsoever."

Members of the administrative and management bodies

See Corporate Governance – Section 3.4. Mandates of the Directors and the Corporate Officers as of December 31, 2014.

Rights, preferences and restrictions attached to each class of existing shares

Double voting rights

Extract from the articles of incorporation (Article 15) – "Shareholders' Meeting"

(This article was introduced into the articles of incorporation at the Extraordinary Shareholders' Meeting of June 26, 1972)

"A voting right which is double the right conferred on the other shares, in light of the portion of the share capital they represent, is attributed to all the fully paid-up shares for which proof is provided of a nominative registration for at least two years in the name of the same Shareholder.

Any share converted to a bearer share or the ownership of which is transferred loses the aforementioned double voting right. Nonetheless, a transfer following death, the liquidation of the community estate of two spouses or a donation among the living in favor of a spouse or a relative entitled to inherit does not cause the loss of the right acquired and does not interrupt the two-year period referred to above.

Furthermore, in the event of a capital increase, through the incorporation of reserves, profits or share premiums, the double voting right may be conferred, at the time of issue, upon the nominative shares allotted to a Shareholder at no charge due to former shares for which he enjoys this right."

Indivisibility of the shares

Extract from the articles of incorporation (Article 8 ter) – "Indivisibility of the shares".

(This article was introduced into the articles of incorporation at the Extraordinary Shareholders' Meeting of September 6, 2006).

1. *"The shares are indivisible vis-à-vis the Company. Joint owners of shares are represented at Annual Shareholders' Meetings by one of them or by a joint representative of their choice. If they are unable to agree, a representative will be appointed by the Presiding Judge of the Commercial Court, ruling in chambers ("référé"), at the request of the most diligent co-owner.*
2. *If the shares are burdened with a right of usufruct, the entry in the books recording their registration will mention this right of usufruct. Unless the Company is informed of an agreement to the contrary, the voting right will belong to the usufructuary at Ordinary Annual Shareholders' Meetings and to the bare owner at Extraordinary Annual Shareholders' Meetings. However, notwithstanding any agreement to the contrary, when the usufruct results from a donation of the bare ownership of shares performed under the provisions of Article 787 B of the General Tax Code, the usufructuary's voting right will be limited to decisions concerning the allocation of profits. For all other decisions that lie within the competence of an Ordinary or Extraordinary Annual Shareholders' Meeting, the voting right will belong to the bare owner. The usufructuary and the bare owner must notify the Company that they intend to take advantage of these provisions."*

Action necessary to change the Shareholders' rights

The articles of incorporation do not provide any special condition to change the Shareholders' rights.

Condition governing the manner in which Extraordinary and Annual Shareholders' Meetings are called and conditions of admission

Extract from the articles of incorporation (Article 15) – "Shareholders' Meetings".

"Shareholders' Meetings are convened and deliberate on the conditions stipulated by law and the enactments in force".

Provision that would have an effect of delaying, deferring or preventing a change in control of the issuer

See section 6.3 Shareholding.

Indication governing the ownership threshold above which Shareholder ownership must be disclosed

Extract from the articles of incorporation (Article 8 bis) – "Crossing thresholds".

(Last version approved by the Extraordinary Shareholders' Meeting of May 14, 2014).

"Any individual or legal entity, acting alone and/or in concert, coming into possession, in any manner whatsoever within the meaning of Articles L. 233-9 and L. 233-10 of the French Commercial Code, of a number of titles representing a fraction of the capital and/or of the voting rights equal or higher than 2% and, starting from this threshold, equal to any multiple of 1%, must communicate to the Company the total number of shares, of voting rights and of securities giving access to the capital (and voting rights potentially attached to these securities), that this individual or legal entity holds, alone and/or in concert, directly and/or indirectly. The information shall be sent by registered letter with acknowledgement of receipt within fifteen days following the date the threshold has been crossed.

This obligation applies under the same conditions and within the same deadline, when the holding in the share capital falls below the foregoing threshold.

Upon request, recorded in the minutes of the Shareholders' Meeting, of one or several Shareholders holding at least 2% of the capital and/or of the voting rights of the Company, the Shareholder who has not carried on the declarations provided in the present article is deprived of the voting right attached to the shares exceeding the fraction of the capital that has not been declared, at any Shareholders' Meeting held until the expiry of a two-year period following the date at which such disclosure is properly made".

Conditions governing changes in the capital, where such conditions are more stringent than is required by law

Not applicable.

6.2. Share capital

As of December 31, 2014, the registered share capital of SOCIÉTÉ BIC amounts to 183,115,806.50 euros divided into 47,936,075 shares of 3.82 euros each, the par value. Issued shares are fully paid-up. Taking into account the share subscription options exercised in 2014 (and pending the recording of these transactions by the Board of Directors), the share capital amounts to 183,213,854.44 euros divided into 47,961,742 shares (compared with 47,637,722 shares as of January 1, 2014).

AUTHORIZATIONS OF CAPITAL INCREASE AT THE CLOSING OF THE 2014 FISCAL YEAR

SOCIÉTÉ BIC has, as at December 31, 2014, the following authorizations which were granted by the Annual Shareholders' Meeting:

I. Authorization of capital increase with Shareholders' pre-emptive subscription rights[a]

Maximum amount *(in million euros)*	Ordinary shares: 50 Complex investment securities: 650
Date	May 14, 2014 (resolutions 14 and 15)
Term	26 months
Expiration date	July 13, 2016
Use	No
Issuance price	The issuance price of ordinary shares and/or of complex investment securities (and the shares to which the latter shall give right), is set by the Board of Directors, with or without premium, in compliance with the rules and regulations in force.

(a) Articles L. 225-129, L. 228-91 and L. 228-92 of the French Commercial Code.

II. Authorization of capital increase by capitalization of reserves, income, premiums or other[b]

Maximum amount	Total amount of reserves, profits and/or premium or other sums that may likely be capitalized into the share capital and which will exist at the moment of the decision to increase the share capital, net of the amount that may be necessary to preserve, in compliance with the law, the rights of bearers of already issued securities giving right to the shares of the Company.
Date	May 14, 2014 (resolution 16)
Term	26 months
Expiration date	July 13, 2016
Use	No

(b) Articles L. 225-129 and L. 225-130 of the French Commercial Code.

III. Authorizations of capital increase in favor of employees and corporate officers

	Issue of shares reserved for members of an employee savings plan[(c)]	Granting of free shares to be issued[(d)]	Share subscription options[(e)]
Maximum amount	3% of the share capital	4% of the share capital over 38 months (with a maximum of 0.4% for the Corporate Officers) and 8% of the share capital (taking into account the stock options)	4% of the share capital over 38 months (with a maximum of 0.8% for the Corporate Officers) and 8% of the share capital (taking into account the free grant of shares)
Date	May 14, 2014 (resolution 17)	May 15, 2013 (resolution 11)	May 15, 2013 (resolution 12)
Term	26 months	38 months	38 months
Expiration date	July 13, 2016	July 14, 2016	July 14, 2016
Use in 2014	No	No	No
Issuance price	Determined by the Board of Directors pursuant to Article L. 3332-19 of the French Labor Code	-	Cannot be lower than the Paris Stock Exchange average share price, on the market with monthly payment, during the twenty sessions of the Paris Stock Exchange before the day the options are granted

(c) Articles L. 225-138 and L. 225-138-1 of the French Commercial Code and L. 3332-1 et seq. of the French Labor Code.

(d) Articles L. 225-197-1 et seq. of the French Commercial Code.

(e) Articles L. 225-177 et seq. of the French Commercial Code.

The text of these delegations is available on the website www.bicworld.com/en/finance/meetings/.

SHARE CAPITAL EVOLUTION OVER THE THREE PAST YEARS

Date	Operation	Amount of capital change *(in euros)*	Impact on share premium/retained earnings *(in euros)*	Total share capital *(in euros)*	Shares outstanding at conclusion of the operation
2012 (Dec. 19 BM)	Issue of shares following exercise of shares subscription options, in accordance with stock option plans	2,469,439	26,451,003.02	184,675,714.96	48,344,428
2013 (Dec. 18 BM)	Cancellation of treasury shares as authorized by SM of May 15, 2013	(3,653,035.44)	(76,568,028.87)	181,022,679.52	47,388,136
2013 (Dec. 18 BM)	Issue of shares following exercise of shares subscription options, in accordance with stock option plans	810,424.46	9,040,684.28	181,833,103.98	47,600,289
2014 (Dec. 17 BM)	Issue of shares following exercise of shares subscription options, in accordance with stock option plans	1,282,702.52	17,027,502.74	183,115,806.50	47,936,075

BM: Board Meeting.

SM: Shareholders' Meeting.

6.3. Shareholding

SHARE CAPITAL BREAKDOWN

The table below lists the Shareholders who, to the best of the Company's knowledge, hold more than 5% of the share capital and/or of the voting rights of the Company. The Company is not aware of any other Shareholder holding more than 5% of the share capital or of the voting rights. This table also gives information regarding BIC shares owned by the Company (treasury shares).

	Dec. 31, 2012					
Name	**Number of shares**	**% of shares (approx.)**	**Number of theoretical voting rights[c][d]**	**% of theoretical voting rights**	**Number of exercisable voting rights[c][d]**	**% of exercisable voting rights**
Bich family concert, including [a]:	20,855,369	43.11	39,890,637	58.28	39,890,637	59.00
• *SOCIÉTÉ M.B.D.*	*12,642,000*	*26.13*	*25,084,000*	*36.65*	*25,084,000*	*37.10*
• *Bich family (excluding M.B.D.)*	*8,213,369*	*16.98*	*14,806,637*	*21.63*	*14,806,637*	*21.90*
Other Shareholders	26,707,723	55.20	27,744,815	40.53	27,720,529	41
Treasury shares [b]	815,205	1.69	815,205	1.19	-	-
TOTAL	**48,378,297**	**100**	**68,450,657**	**100**	**67,611,166**	**100**

	Dec. 31, 2013					
Name	**Number of shares**	**% of shares (approx.)**	**Number of theoretical voting rights[c][d]**	**% of theoretical voting rights**	**Number of exercisable voting rights[c][d]**	**% of exercisable voting rights**
Bich family concert, including [a]:	20,898,591	43.87	41,027,409	59.59	41,027,409	60.27
• *SOCIÉTÉ M.B.D.*	*12,642,000*	*26.54*	*25,202,084*	*36.60*	*25,202,084*	*37.02*
• *Bich family (excluding M.B.D.)*	*8,256,591*	*17.33*	*15,825,325*	*22.99*	*15,825,325*	*23.25*
Other Shareholders	25,960,776	54.50	27,043,908	39.28	27,043,908	39.73
Treasury shares [b]	778,355	1.63	778,355	1.13	-	-
TOTAL	**47,637,722**	**100**	**68,849,672**	**100**	**68,071,317**	**100**

	Dec. 31, 2014					
Name	**Number of shares**	**% of shares (approx.)**	**Number of theoretical voting rights[c][d]**	**% of theoretical voting rights**	**Number of exercisable voting right[c][d]**	**% of exercisable voting rights**
Bich family concert, including [a]:	20,549,598	42.85	40,766,268	58.77	40,766,268	59.50
• *SOCIÉTÉ M.B.D.*	*12,642,000*	*26.36*	*25,284,000*	*36.45*	*25,284,000*	*36.90*
• *Bich family (excluding M.B.D.)*	*7,907,598*	*16.49*	*15,482,268*	*22.32*	*15,482,268*	*22.60*
Other Shareholders	26,554,839	55.36	27,745,634	40	27,745,634	40.50
Treasury shares [b]	857,305	1.79	857,305	1.23	-	-
TOTAL	**47,961,742**	**100**	**69,369,207**	**100**	**68,511,902**	**100**

(a) Bich family concert is composed of SOCIÉTÉ M.B.D. (a company – société en commandite par actions) and of Bich family members holding direct participations in SOCIÉTÉ BIC. Most Bich family members hold direct interests in SOCIÉTÉ BIC as well as indirect interests through SOCIÉTÉ M.B.D.

(b) Treasury shares temporarily without voting right.

(c) The difference between the number of shares and the number of voting rights is caused by double voting rights (cf. section 6.1. Information on the Company).

(d) Voting rights attached to treasury shares are included in the number of theoretical voting rights but excluded from the number of exercisable voting rights.

To the best of the Company's knowledge, there are no agreements between the Shareholders providing preferential transfer or purchase conditions of BIC shares or agreements whose implementation could result in a change of control.

It is specified that the Bich family holding, SOCIÉTÉ M.B.D., that holds more than 20% of the share capital and of the voting rights, has concluded various collective agreements of conservation concerning at least 12 million BIC shares. These agreements date back as far as December 15, 2003 for the oldest one and are, for the most part, still in force. They include various members of the family's concert in order to allow these members, if the need arises, to take advantage of Articles 885 I bis and 787 B of the French General Tax Code. The following officers are part of these agreements: Bruno Bich, Mario Guevara, François Bich, Marie-Aimée Bich-Dufour. All the signatories have close personal links with the officers and none of them – with the exception of SOCIÉTÉ M.B.D. – holds more than 5% of the share capital or of the voting rights of the Company.

Except for the granting of double voting rights to nominative shares owned for at least two years, no special voting rights are granted to the main Shareholders.

The Company is controlled as described in the table above. The prevention of potential abusive exercise of its power by a Shareholder is ensured by regular meetings of the Board of Directors and by the presence of four Independent Directors who are in the majority in the Committees (Audit Committee and Compensation and Nomination Committee).

CROSSING OF LEGAL THRESHOLDS

To the best of the Company's knowledge, no crossing of legal thresholds has been declared during fiscal year 2014 and up to March 5, 2015.

ELEMENTS THAT COULD HAVE INFLUENCE ON A TAKE-OVER BID OR THAT COULD DELAY OR PREVENT A CHANGE OF CONTROL (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

To the best of the Company's knowledge, no element other than those mentioned below is likely to have an influence on a take-over bid, or have the effect of delaying or preventing a change of control:

- SOCIÉTÉ M.B.D., SOCIÉTÉ BIC's family holding, is a société en commandite par actions;
- the articles of incorporation provide:
  - the granting of double voting right to nominative shares owned for at least two years (see section 6.1. Information on the Company). These provisions comply with the principle of double voting rights introduced in France by the law No. 2014-384 of March 29, 2014;
  - the obligation to inform the Company when the holding of share capital or of voting rights becomes equal to or higher than 2% and, beyond this threshold of 2%, higher than a multiple of 1% (see section 6.1. Information on the Company);
- Shareholders' Meeting authorizations to increase the share capital (see section 6.2. Share Capital – Table relating to these authorizations).

6.4. Treasury shares and share buyback

SOCIÉTÉ BIC TREASURY SHARES AS OF DECEMBER 31, 2014

Purpose[a]	Number of shares	% capital	Nominal value *(in euros)*
Liquidity agreement	2,238	0.01	8,549.16
Free share grants	855,067	1.78	3,266,355.94
Cancellation	-	-	-
External growth operations	-	-	-
TOTAL[b]	**857,305**	**1.79**	**3,274,905.10**

(a) Article L. 225-209 of the French Commercial Code.

(b) As of December 31, 2014, the booked value of BIC shares held by SOCIÉTÉ BIC in accordance with Articles L. 225-209 et seq. of the French Commercial Code amounts to 58,410,248.05 euros. As of the same date, the market value of these shares is 94,174,954.25 euros (on the basis of the closing price at this date, that is to say 109.85 euros).

SHARE BUYBACK PROGRAM - OPERATIONS REALIZED IN 2014

Operation	Number of shares	% capital	Nominal value *(in euros)*	Average sale / purchase price *(in euros)*
Share buyback (excl. liquidity agreement)[a]	100,000	0.21	382,000	102
Liquidity agreement[a] :				
• Share buyback	319,268	0.67	1,219,603.76	96.94
• Sale of shares	318,076	0.66	1,215,050.32	97.17
Shares transferred under free shares plans	22,242	0.05	84,964.44	36.57
Canceled shares	-	-	-	-
Shares used for external growth operations	-	-	-	-

(a) Brokerage fees related to sale and buy-back transactions disclosed above amounted to 54,580 euros.

During the last 24 months, the Board of Directors cancelled 956,292 shares, representing 1.99% of the share capital as of December 31, 2014.

SHARE BUYBACK PROGRAM PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 6, 2015

The Board of Directors will submit to the Shareholders' Meeting to be held on May 6, 2015, a resolution authorizing the Board of Directors to undertake operations with regards to the shares of the Company (see Section 7. Board of Directors' Report and proposed resolutions to the Shareholders' Meeting of May 6, 2015 – Resolution 5). If this resolution is approved by the Shareholders, the Board of Directors will implement the share buyback program described below. This paragraph constitutes the description of the share buyback program provided by Articles 241-1 et seq. of the General Rules of the AMF.

SOCIÉTÉ BIC TREASURY SHARES AS OF MARCH 5, 2015

Purpose	Number of shares
Liquidity agreement	47
Free share grants	855,067
Cancellation	-
External growth operations	-
TOTAL	**855,114**

If the Shareholders approve the above-mentioned resolution, the Board of Directors will be entitled to buy back shares representing 10% maximum of the share capital on the date of the Board of Directors' decision to buy back the shares (as of March 2, 2015 and for information purpose: 4,804,297 shares), for a maximum amount of 959 million euros and in order to:

- provide liquidity and stimulate the market of the shares of the Company through an investment service provider acting pursuant to a liquidity agreement compliant with professional ethics standards recognized by the Paris Stock Exchange Authority;
- hold them in order to subsequently remit them as payment, as exchange or otherwise, within the scope of potential external growth operations in accordance with the market practices approved by the Paris Stock Exchange Authority;
- remit them at the moment of the exercise of rights attached to securities giving access to the Company's share capital by redemption, conversion, exchange, presentation of a warrant or by any other means;
- allocate them to employees and officers, notably within the scope of sharing in the Company's success, employee profit-sharing schemes, the stock option program, the free share plan or through an employee savings scheme;
- cancel them entirely or partly, in accordance with the conditions provided by the regulations in force, within the limit of 10% of the capital existing on the cancellation date, per period of 24 months;
- implement all market practices which may be authorized by the Paris Stock Exchange Authority.

If some shares are bought back in order to hold them and to subsequently remit them as payment or exchange within the scope of a merger, demerger or contribution operation, the above mentioned limits shall be decreased to 5% of the share capital on the date of the Board of Directors' decision to buy back the shares (as of March 2, 2015 and for information purpose: 2,402,148 shares) and to a maximum amount of 479.5 million euros. The Company will not at any time hold more than 10% of the total number of its own shares forming the share capital.

The purchase price may not be higher than 200 euros per share.

The authorization so given by the Shareholders would be valid for a period of 18 months starting from May 6, 2015. It could not be used during public offers of the Company's shares, except with the prior authorization given by the Shareholders. The purchase of shares of the Company realized pursuant to this authorization would also comply with the rules enacted by the Paris Stock Exchange Authority regarding the conditions and the periods of intervention on the market.

6.5. Investor relations

The Investor Relations Department is dedicated to answering all inquiries from individual and institutional investors alike. Shareholder and general financial and economic information regarding SOCIÉTÉ BIC is available via the Company's website: http://www.bicworld.com/ or by addressing an email to investors.info@bicworld.com or actionnaires@bicworld.com or by sending a written letter by post to BIC Group – Investor Relations Department, 14, rue Jeanne d'Asnières, 92611 Clichy Cedex, France.

Throughout the year, BIC holds meetings with analysts and institutional investors through roadshows and brokers' conferences in the major financial marketplaces. In 2014, meetings were organized in Paris, London, New York City, Boston, Frankfurt, Chicago, Toronto, Stockholm and Copenhagen. We also organized various meetings with dedicated SRI investors (Socially Responsible Investment). We performed a joint SRI roadshow between Investor Relations and the sustainable development Management in Paris. We organized a factory visit in Marne-la-Vallée for the clients of a French Investment company. In June, a site visit was held in our Redon factory with 19 analysts and investors to make them know better the Lighter industry.

At the individual investor level, BIC continued its proactive communication, issuing its Shareholders' newsletters four times a year. BIC organizes regular meetings in different French cities. In 2014, the Investor Relations Department met individual Shareholders in Dijon and Cannes. Three meetings are already scheduled in 2015.

A toll-free number is also available for individual investors: +33(0) 800 10 12 14.

6.6. Share information

SOCIÉTÉ BIC is listed on Euronext Paris (continuous quotation) and is part of the SBF 120 and CAC Mid 60 indexes.

BIC is also part of the following Socially Responsible Investment indexes: Carbon Disclosure Leadership Index (CDLI), FTSE4Good Europe, Euronext Vigeo Europe 120, Ethibel Sustainability Excellence Europe, STOXX ESG Leaders and Gaia Index. Its ISIN Code is FR0000120966.

BIC SHARE PRICE IN 2014

	Closing price	Average price (closing)	Highest	Lowest	Number of shares traded	Trading volumes *(in thousand euros)*
December 2013	89.06	86.58	90.24	83.05	1,159,737	99.91
January 2014	85.39	87.32	90.00	84.01	1,022,007	89.21
February 2014	92.88	89.67	93.24	84.01	1,229,265	110.53
March 2014	95.35	92.80	95.75	88.21	1,112,915	103.37
April 2014	95.58	95.81	98.85	93.01	949,156	90.92
May 2014	95.86	95.17	96.98	92.16	1,022,074	97.40
June 2014	99.92	97.49	100.00	93.84	889,611	86.78
July 2014	103.00	101.42	103.70	99.44	729,118	73.85
August 2014	103.40	104.43	108.55	99.76	906,120	94.28
September 2014	102.10	106.21	109.30	102.05	813,028	86.21
October 2014	99.47	101.10	107.45	94.76	1,698,765	169.70
November 2014	107.20	103.83	107.80	97.52	810,941	84.01
December 2014	109.85	109.12	113.30	104.85	917,411	99.84
January 2015	126.00	115.32	126.55	105.40	1,172,221	135.76
February 2015	133.70	129.03	135.00	122.45	969,455	124.83

SHARE CUSTODIAL SERVICE

SOCIÉTÉ GÉNÉRALE
Département des Titres
32, rue du Champ de Tir
BP 81236
44312 Nantes Cedex 3 (France)



BOARD OF DIRECTORS' REPORT AND PROPOSED RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 6, 2015

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7.1. Ordinary Shareholders' Meeting

PROPOSED RESOLUTIONS 1 TO 3
APPROVAL OF THE FINANCIAL STATEMENTS – APPROPRIATION OF EARNINGS – SETTING OF DIVIDENDS

Board of Directors' Report:

By voting on the first and second resolutions, we ask you to approve the annual and consolidated financial statements of the fiscal year ending December 31, 2014.

The purpose of the third resolution is to allocate the net income of the fiscal year 2014 and to set the dividend.

We propose the distribution of a total dividend of 134,247,645.45 euros corresponding to a dividend per share of 2.85 euros. This is a gross amount excluding social charges (currently 15.5%). The dividend will be paid as from May 20, 2015. If the number of shares carrying rights to the dividend is not 47,104,437, the total amount of the aforementioned dividend will be adjusted consequently and the amount allocated to retained earnings will be determined on the basis of the amount of the dividends actually paid.

In accordance with Article 243 bis of the French Tax Code (CGI), it is hereby specified that the total dividend will be eligible for the 40% tax allowance granted, according to Article 158-3 of this Code, to French tax resident individuals. Dividends are subject to the compulsory withholding tax provided by Article 117 quater of the CGI as amended (currently 21%). A withholding-exemption can be claimed under certain conditions by the beneficiary prior to the end of November of the previous year. The compulsory withholding tax is held by the Bank.

We remind you that the dividends paid during the last three years (income eligible for the tax allowance provided for in Article 158-3 of the French Tax Code) amount to:

- 4 euros (including an exceptional dividend of 1.80 euro) in respect of fiscal year 2011;
- 2.56 euros in respect of fiscal year 2012;
- 2.60 euros in respect of fiscal year 2013.

Proposed resolution 1 – Approval of the Statutory Accounts of Fiscal Year 2014

The Shareholders, after having considered the reports of the Board of Directors, the Chairman and the Statutory Auditors and having heard the additional explanations given during the meeting, approve the annual financial statements of the fiscal year ending December 31, 2014. They also approve all transactions presented in these accounts or summarized in these reports.

Proposed resolution 2 – Approval of the Consolidated Financial Statements of Fiscal Year 2014

The Shareholders, after having considered the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors and having heard the additional explanations given during the meeting, approve the consolidated financial statements of the fiscal year ending December 31, 2014. They also approve all transactions presented in these accounts or summarized in these reports.

Proposed resolution 3 – Appropriation of Earnings and Setting of Dividends

The Shareholders approve the total net income after deduction of income tax for the fiscal year ending December 31, 2014 of 195,350,462.01 euros and decide to allocate this amount in the following manner (in euros):

Net income for 2014	**195,350,462.01**
To add:	
• Retained earnings from previous year	336,133,969.52
TOTAL DISTRIBUTABLE INCOME	**531,484,431.53**
Appropriation of earnings:	
• Works of art special reserve	10,040.00
• Dividends (excluding treasury shares)	134,247,645.45
• Retained earnings	397,226,746.08
TOTAL EQUAL TO DISTRIBUTABLE INCOME	**531,484,431.53**

The amount of the dividends for the fiscal year ending December 31, 2014 will be 134,247,645.45 euros corresponding to a dividend per share of 2.85 euros. It will be paid as from May 20, 2015. If the number of shares carrying rights to the dividend is not 47,104,437, the total amount of the aforementioned dividend will be adjusted consequently and the amount allocated to retained earnings will be adjusted on the basis of the amount of the dividends actually paid.

In accordance with Article 243 bis of the French Tax Code (CGI), it is hereby specified that the total dividend will be eligible for the 40% tax allowance provided for in Article 158-3 of this Code, to French tax resident individuals.

In accordance with the law, we also remind you that the following dividends were distributed during the last three years:

Fiscal year	Number of shares	Dividend per share *(in euros)*	Dividend entitled to the tax allowance defined in Art. 158-3 of the CGI [a] *(in euros)*
2011	**47,401,064**	**4.00** [b]	**4.00**
2012	**47,563,092**	**2.56**	**2.56**
2013	**46,859,367**	**2.60**	**2.60**

(a) French Tax Code (CGI).

(b) Including 1.80 euro of exceptional dividend.

PROPOSED RESOLUTION 4
DETERMINATION OF THE AMOUNT OF THE DIRECTORS' FEES

Board of Directors' Report:

It is proposed to set the amount of the Directors' fees to be allocated to the Board of Directors for fiscal year 2015 at 325 thousand euros, which represents an increase of 2.2% compared with the sum voted by the Shareholders for fiscal year 2014 (318 thousand euros).

Proposed resolution 4 – Determination of the amount of the Directors' fees

The Shareholders decide to set the annual amount of the Directors' fees to be allocated to the Board of Directors for fiscal year 2015 at 325 thousand euros.

PROPOSED RESOLUTION 5
AUTHORIZATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO UNDERTAKE OPERATIONS WITH REGARD TO THE SHARES OF THE COMPANY

Board of Directors' Report:

We propose that you authorize the Board of Directors to buy back by any means, on one or more occasions, shares of the Company in accordance with the legislation in force.

This authorization may not be used during public offers on the Company's shares, except with the prior and express authorization given by the Shareholders.

The Company would be authorized, during a period of 18 months, to buy back its own shares for a maximum price per share of 200 euros:

- **within the limit of 10% of the share capital** on the date of the Board of Directors' decision to buy back the shares and for a maximum amount of 959 million euros. This authorization would be used to fulfill the following objectives:
  - provide liquidity in the securities market pursuant to a liquidity agreement managed by an external service provider,
  - allow their subsequent remittance as payment, exchange or otherwise, within the scope of external growth operations (with the exception of mergers, demergers or contribution operations mentioned below),
  - remit the shares at the moment of the exercise of rights attached to securities giving access to the Company's share capital,
  - allocate them to employees and/or officers (in the scope of an employee profit-sharing scheme, a stock option program, free allocations of shares, etc.),
  - cancel the shares,
  - implement any market practice authorized by the Paris Stock Exchange Authority (AMF);
- **within the limit of 5% of the share capital** on the date of the Board of Directors' decision to buy back the shares and for a maximum global amount of 479.5 million euros. The shares would be bought back in order to be kept and subsequently remitted as payment or exchange within the scope of a merger, demerger or contribution operation.

During the last 24 months, the Board of Directors cancelled 956,292 shares, representing 1.99% of the share capital as of December 31, 2014.

SHARE BUYBACK PROGRAM - OPERATIONS REALIZED IN 2014:

Operation	Number of shares	% capital	Nominal value *(in euros)*	Average purchase/sale price *(in euros)*
Share buyback (excl. liquidity agreement) [(a)]	100,000	0.21	382,000	102
Liquidity agreement [(a)]:				
• Share buyback	319,268	0.67	1,219,603.76	96.94
• Sale of shares	318,076	0.66	1,215,050.32	97.17
Shares transferred to cover free share plans	22,242	0.05	84,964.44	36.57
Canceled shares	-	-	-	-
Shares used for external growth operations	-	-	-	-

(a) Brokerage fees related to sale and buyback transactions disclosed above amounted to 54,580 euros.

Proposed resolution 5 – Authorization to be given to the Board of Directors to undertake operations with regard to the shares of the Company

The Shareholders, deliberating in compliance with the provisions of Article L. 225-209 of the French Commercial Code, of the General Regulation of the Paris Stock Exchange Authority (AMF), of European Commission Regulation N° 2273/2003 of December 22, 2003, and after considering the report of the Board of Directors, authorize the Board of Directors to buy back by any means, on one or more occasions, the shares of the Company:

1. Within the limit of a number of shares representing a maximum of 10% of its share capital on the date of the Board of Directors' decision to buy back the shares:
   - for a maximum amount of 959 million euros, under the conditions and limits provided by the laws and regulations in force;
   - for a maximum purchase price of 200 euros, exclusive of costs.

   In accordance with the above-mentioned dispositions and with the market practices allowed by the Paris Stock Exchange Authority (AMF), this authorization can be used by the Board of Directors in order to:

- provide liquidity and stimulate the market of the securities of the Company through an investment service provider acting independently in the name and on behalf of the Company, pursuant to a liquidity agreement compliant with professional ethics standards recognized by the Paris Stock Exchange Authority;
- hold them in order to subsequently remit them as payment, as exchange or otherwise, within the scope of potential external growth operations (with the exception of mergers, demergers or contribution operations referred to in paragraph 2 below) in accordance with the market practices approved by the Paris Stock Exchange Authority;
- remit them at the moment of the exercize of rights attached to the securities giving access to the Company's share capital by redemption, conversion, exchange, presentation of a warrant or by any other means;
- allocate them to employees and officers under the conditions and according to the methods prescribed by the law, notably within the scope of employee profit-sharing schemes, the stock option program, the free allocation of shares plan or through an employee savings scheme;
- cancel them entirely or partly, according to the conditions provided by the regulations in force, by reducing accordingly the share capital, within the limit of 10% of the capital existing on the cancellation date, per period of 24 months, subject to the adoption at the Extraordinary Shareholders' Meeting of resolution 14 hereunder;
- implement all market practices which may be authorized by the Paris Stock Exchange Authority.

2. Within the limit of a number of shares representing a maximum of 5% of its share capital on the date of the Board of Directors' decision to buy back the shares:
   - for a maximum amount of 479.5 million euros;
   - for a maximum purchase price fixed at 200 euros, exclusive of costs;

   and in order to hold them and to subsequently remit them as payment or exchange within the scope of a merger, demerger or contribution operation.

The limits provided in paragraphs 1 and 2 above are not cumulative and the Company cannot at any time, directly or through a third party, hold more than 10% of the total number of its own shares forming the share capital.

The acquisition, assignment, transfer or exchange of shares can be carried out by the Board of Directors by any means, on one or more occasions, notably on the market, over the counter or in block and if necessary, having recourse to option mechanisms or to derivative financial instruments negotiated on a regulated market or by mutual consent, excluding the sale of put options, in accordance with the conditions authorized by the legal, regulatory and stock exchange rules in force, and at the times when the Board of Directors or its proxy shall deem appropriate, or by a third party acting on behalf of the Company in compliance with the provisions of the last paragraph of Article L. 225-206 of the French Commercial Code. It is specified that the part of the share buyback program realized by acquisition or transfer of blocks of shares may represent the entire program.

The Shareholders decide that the maximum purchase price per share, excluding costs, should not exceed that of the last independent transaction or, if it is higher, that of the highest current independent offer on the market where the purchase is made.

In the case where the options provided in the fifth paragraph of Article L. 225-209 of the French Commercial Code were used, the sale price (in the event that such a sale price would be necessary) shall thus be determined in accordance with the legal provisions in force.

The acquisition of shares of the Company realized pursuant to this authorization shall also comply with the rules enacted by the Paris Stock Exchange Authority regarding the conditions and the periods of intervention on the market. The Company shall abstain from buying more than 25% of the daily average quantity of shares traded on the regulated market where the purchase is made.

This authorization replaces the previous authorization given at the Shareholders' Meeting on May 14, 2014 (Resolution 5). This authorization is given to the Board of Directors for a period of 18 months starting from the date of this Shareholders' Meeting. This authorization may not be used during public offers on the Company's shares, except with the prior and express authorization given by the Shareholders.

In accordance with the provisions of Article L. 225-210 of the French Commercial Code, the shares of the Company acquired pursuant to this authorization must be registered and must be entirely paid up upon their acquisition. These acquisitions must not have the effect of reducing the net equity to an amount lower than that of the capital increased by non-distributable reserves. Finally, the Company must have reserves (other than the legal reserve) amounting to at least the value of all the shares that the Company owns directly or through a third party.

Within the scope of its global financial management, the Company reserves itself the possibility of using part of its available financial resources to finance the purchase of the shares and to resort to debt to finance the additional needs that may exceed its internal financing.

The Board of Directors shall inform the Shareholders, in its annual management report, of the operations realized pursuant to this authorization.

The Shareholders confer all powers to the Board of Directors to implement this share buyback program and notably to:

- assess opportunities and proceed with the share buyback authorized by this resolution;
- prepare and publish, before the realization of a share buyback program, a description of the share buyback program, in accordance with the conditions and methods set by the General Regulations of the Paris Stock Exchange Authority;
- place all stock market orders, conclude all agreements in particular regarding the holding of the purchases and sales register;
- inform the market and the Paris Stock Exchange Authority of operations carried out, in compliance with the General Regulations of the Paris Stock Exchange Authority;
- delegate to the Chief Executive Officer or, in agreement with the latter, to one or several Executive Vice-Presidents, the authority necessary for the realization of the share buyback program;
- make all declarations and carry out any other formalities and, as a general rule, do all that is necessary to carry out the forgoing authorization.

PROPOSED RESOLUTIONS 6 TO 9
REAPPOINTMENT OF MR. JOHN GLEN, MS. MARIE-HENRIETTE POINSOT, SOCIÉTÉ M.B.D. AND MR. PIERRE VAREILLE AS DIRECTORS OF THE BOARD

Board of Directors' Report:

It is proposed to the Shareholders to reappoint John GLEN, Marie-Henriette POINSOT, SOCIÉTÉ M.B.D. and Pierre VAREILLE as Directors for a period of three fiscal years expiring at the end of the Shareholders' Meeting called to vote in 2018 upon the approval of the accounts of the fiscal year ending December 31, 2017.

John GLEN

55 years old

Nationality:
British

Number of BIC shares held:
500

John Glen, Scottish, is Chief Executive Officer of Buccleuch Group (Edinburgh, United-Kingdom – non-listed company), the holding company of a family owned group that operates in industry and agro-businesses.
He has previously held various positions at Unilever and was Finance Director at Air Liquide Group from 2000 until June 2008 and Vice Chairman of the Supervisory Board at EFRAG (European Financial Reporting Group) for four years. He is a fellow of the Chartered Institute of Certified Accountants and graduated with a master's degree in Accounting and Economics from the University of Edinburgh.

Member of a committee

Chairman of the Audit Committee

Independent Director (AFEP/MEDEF corporate governance Code for listed corporations)

Yes

Date of first appointment

December 10, 2008

Main position

- Chief Executive Officer of Buccleuch Group (United Kingdom – non-listed company)

Other current mandate or function

- Director of the Board - Thames River Property Investment Trust [(a)] - United Kingdom

Expired mandates or functions in the previous five years (non BIC Group companies)

- Vice Chairman of the Supervisory Board - European Financial Reporting Group (EFRAG) - Belgium

(a) Listed company

Marie-Henriette POINSOT (Maiden Name: BICH)

53 years old

Nationality:
French

Number of BIC shares held:
Holds BIC shares directly and indirectly through the family holding, SOCIÉTÉ M.B.D. On December 31, 2014, SOCIÉTÉ M.B.D. held 26.36% of SOCIÉTÉ BIC share capital and 36.45% of the voting rights.

Marie-Henriette Poinsot was Director of Strategic planning and Member of the Strategic Committee of the Options Group (France – non-listed company) from 2006 to 2013. She previously worked for nine years in the BIC Group where she held different positions including that of Deputy Administrative Director of SOCIÉTÉ BIC.

Member of a committee

Member of the Compensation and Nomination Committee

Independent Director (AFEP/MEDEF corporate governance Code for listed corporations)

No

Date of first appointment

May 21, 1997

Expired mandate or function in the previous five years (non BIC Group companies)

Director of Strategic Planning, Member of Strategic Planning Committee - Options SAS - France

SOCIÉTÉ M.B.D.

Number of BIC shares held:
26.36% of SOCIÉTÉ BIC share capital and 36.45% of the voting rights (as of December 31, 2014)

Type of legal entity

Société en Commandite par Actions

Registration

389 818 832 – Register of Trade and Companies of Nanterre (France)

Member of a committee

Audit Committee

Independent Director (AFEP/MEDEF corporate governance Code for listed corporations)

No

Date of 1st appointment

May 24, 2006

Address

1 place Paul Verlaine
92100 Boulogne-Billancourt – France

Permanent representative and Managing Director

Édouard BICH
50 years old
Nationality: French
Édouard Bich spent eight years in the Finance Department of Procter & Gamble and holds a MBA in Finance from Wharton University (USA).
Other current mandates or functions:

- Managing Director - Platypus Capital SPRL (non-listed company) – Belgium
- Member of the Supervisory Board - Digital Fashion Group SAS (non-listed company) – France
- Member of the Executive Board for Europe, the Middle East and Africa - The Wharton School - USA

Expired mandate or function in the previous five years (non BIC Group companies):
None
Holds BIC shares directly and indirectly (through SOCIÉTÉ M.B.D.)

Other current mandates or functions

None

Expired mandate or function in the previous five years (non BIC Group companies)

None

Pierre VAREILLE

57 years old

Nationality:
French

Number of BIC shares held:
1,000

Pierre Vareille was appointed Chief Executive Officer of CONSTELLIUM as of March 1, 2012
Pierre Vareille has key experience in the management of industrial companies at a global level. He started his career in 1982 with Vallourec, holding various positions in manufacturing, control, sales and strategy before being appointed CEO of several subsidiaries. After having held various general management positions at GFI Aerospace, Faurecia and Péchiney, he was, from 2004 to 2008, Chief Executive of the English automotive equipment manufacturer Wagon Plc (listed company in London) and, then from 2008 to 2011, Chairman and CEO of FCI, a world leader in the manufacture of electronic connectors. He graduated from the École Centrale de Paris, he is an alumnus of the Institut d'Études Politiques de Paris as well as of the Sorbonne University (Economy and Finance) and of the Institut de Contrôle de Gestion (Audit).

Member of a committee

Member of the Audit Committee

Independent Director (AFEP/MEDEF corporate governance Code for listed corporations)

Yes

Date of first appointment

May 14, 2009

Main position

- Chief Executive Officer of CONSTELLIUM N.V. (Netherlands – company listed in New York)

Other current mandate or function

- Chairman of the Board of Directors - CONSTELLIUM Switzerland AG - Switzerland

Expired mandates or functions in the previous five years (non BIC Group companies)

- President - CONSTELLIUM France Holdco SAS - France
- Chairman and Chief Executive Officer - FCI SA - France
- President - FCI Holding - France
- President - FCI AUTOMOTIVE HOLDING SAS - France
- Chairman and Chief Executive Officer - FCI USA, Inc. - USA
- Director of the Board - FCI Asia Pte. Ltd. - Singapore
- Chairman - Association des centraliens - France

Proposed resolution 6 – Reappointment of Mr. John GLEN as Director of the Board

The Shareholders decide to renew, for a period of three fiscal years, the mandate of Mr. John GLEN as Director of the Board.

The term of the mandate of Mr. John GLEN will thus expire at the end of the Shareholders' Meeting called to vote in 2018 upon the approval of the financial statements for the fiscal year ending December 31, 2017.

Proposed resolution 7 – Reappointment of Mrs. Marie-Henriette POINSOT as Director of the Board

The Shareholders decide to renew, for a period of three fiscal years, the mandate of Mrs. Marie-Henriette POINSOT as Director of the Board.

The term of the mandate of Mrs. Marie-Henriette POINSOT will thus expire at the end of the Shareholders' Meeting called to vote in 2018 upon the approval of the financial statements for the fiscal year ending December 31, 2017.

Proposed resolution 8 - Reappointment of SOCIÉTÉ M.B.D. as Director of the Board

The Shareholders decide to renew, for a period of three fiscal years, the mandate of SOCIÉTÉ M.B.D. as Director of the Board.

The term of the mandate of SOCIÉTÉ M.B.D. will thus expire at the end of the Shareholders' Meeting called to vote in 2018 upon approval of the financial statements for the fiscal year ended December 31, 2017.

Proposed resolution 9 – Reappointment of Mr. Pierre VAREILLE as Director of the Board

The Shareholders decide to renew, for a period of three fiscal years, the mandate of Mr. Pierre VAREILLE as Director of the Board.

The term of the mandate of Mr. Pierre VAREILLE will thus expire at the end of the Shareholders' Meeting called to vote in 2018 upon the approval of the financial statements for the fiscal year ending December 31, 2017.

PROPOSED RESOLUTIONS 10 TO 13
OPINION ON THE COMPENSATION ELEMENTS DUE OR AWARDED FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014 TO THE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE VICE-PRESIDENTS

Board of Directors' Report:

In accordance with the Guidelines for the application of the AFEP/MEDEF corporate governance Code for listed corporations, the table below lists the compensation elements due or awarded to Bruno Bich, Mario Guevara, François Bich and Marie-Aimée Bich-Dufour for the fiscal year 2014. These elements are described in more detail in the registration document 2014 (Chapter 3, section 3.3.1. Senior Management Compensation).

BRUNO BICH, CHAIRMAN OF THE BOARD OF DIRECTORS

Compensation due or awarded in respect of the fiscal year 2014	Amounts or accounting valuation submitted for opinion	Presentation
Fixed compensation 2014	192,000 euros	+2.24% versus 2013
Annual variable compensation	N/A	Absence
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	N/A	No allocation
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	N/A	Absence
Termination payment	N/A	No clause providing a termination payment
Non-competition benefits	N/A	No non-competition clause
Supplementary pension plan	N/A	No supplementary pension plan has been put in place for Bruno Bich with regard to his mandate of Chairman of the Board or any other current mandate within the Group.

MARIO GUEVARA, CHIEF EXECUTIVE OFFICER

Compensation due or awarded in respect of the fiscal year 2014	Amounts or accounting valuation submitted for opinion [a]	Presentation
Fixed compensation 2014	786,000 USD (591,244 euros)	+4.8% versus 2013
Annual variable compensation due in respect of 2014	943,200 USD (709,493 euros) The bonus paid for 2014 equals 120% of base salary and represents 96% of the bonus target.	The bonus is calculated on the basis of six criteria: ● net sales (20%); ● income from operations (20%); ● net income (10%); ● inventory (10%); ● receivables (10%); ● individual qualitative objectives regarding Succession Plan, Group Strategy and Cello integration (30%). Target bonus is 125% of base salary. The maximum bonus 2014 is 175% of base salary, equivalent to 140% of target bonus.
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	22,500 performance shares granted in 2014. Valuation according to the method used for the consolidated financial statements : 1,750,950 euros.	Shares acquisition depends on two performance conditions : ● net sales growth; ● net cash from operating activities excluding capital outlays, as a percentage of net sales. These criteria are demanding per nature (growth versus value). The grant represents 0.04% of the share capital. Annual Shareholders' Meeting date: 15 May 2013. Board of Directors' Meeting date: 11 Feb. 2014.
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	91,794 USD (69,127 euros)	● car allowance: 19,200 USD (14,443 euros); ● company contributions to Company U.S, savings plan: ● 401K: 7,800 USD (5,867 euros), ● Executive Compensation Plan: 31,440 USD (23,650 euros); ● other: 46,305 USD (34,832 euros)
Termination payment	N/A	No clause providing a termination payment
Non-competition benefits	N/A	No non-competition clause
Supplementary pension plan	The amount of pension liability as of December 31, 2014 is 11,242,705 USD.	Mario Guevara contributes to the BIC CORPORATION Supplementary Executive Retirement Plan. This plan provides a pension equal to 2.5% of the average remuneration of the last three years of service, by year of service, with a maximum of 50% (i.e. 20 years of service) including the pension granted by the U.S. Qualified Pension Plan. Mario Guevara has been contributing to this plan since 2001, which is significantly in advance of his appointment as a corporate officer of SOCIÉTÉ BIC.

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2014 (1 euro = 1.3294 U.S. dollars)

FRANÇOIS BICH, DIRECTOR AND EXECUTIVE VICE-PRESIDENT

Compensation due or awarded in respect of the fiscal year 2014	Amounts or accounting valuation submitted for opinion	Presentation
Fixed compensation 2014	480,000 euros	+2.1% versus 2013
Annual variable compensation	The bonus paid for 2014 equals 72.06% of base salary, represents 120% of the bonus target and amounts to 345,888 euros.	The bonus is calculated on the basis of five criteria: ● net sales (20%) ; ● income from operations (20%); ● net income (10%); ● inventory (20%); ● individual qualitative objectives (30%). Target bonus is 60% of base salary. The maximum bonus 2014 is 90% of base salary, equivalent to 150% of target bonus
Deferred variable compensation	N/A	The principle of this compensation has not been provided for.
Multi-year variable compensation	N/A	The principle of this compensation has not been provided for.
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	6,000 performance shares granted in 2014. Valuation according to the method used for the consolidated financial stetements: 466,920 euros.	Shares acquisition depends on two performance conditions: ● net sales growth; ● net cash from operating activities excluding capital outlays, as a percentage of net sales. These criteria are demanding per nature (growth versus value). The grant represents 0.01% of the share capital. Annual Shareholders' Meeting date: 15 May 2013. Board of Directors' Meeting date: 11 Feb. 2014.
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	3,672 euros	Company car
Termination payment	N/A	No clause providing a termination payment
Non-competition benefits	N/A	No non-competition clause
Supplementary pension plan	The amount of pension liability as of December 31, 2014 is 6,608,902 euros.	François Bich contributes to the Supplementary Executive Retirement Plan for BIC executives in France. This plan, which is an additional pension plan, provides a supplementary pension to the compulsory plans, equal to 1.25% of the average remuneration of the last three years of service, based on years of membership of the plan, with a maximum of 25% (i.e. 20 years). In addition, the consolidation of all his pension rights cannot exceed a replacement rate of 50%. The regulated agreements procedure was followed for this pension plan. Date of the Board of Directors' Meeting: May 19, 2005. Date of the Shareholders' Meeting: May 24, 2006 (resolution 5).

MARIE-AIMÉE BICH-DUFOUR, EXECUTIVE VICE-PRESIDENT

Compensation due or awarded in respect of the fiscal year 2014	Amounts or accounting valuation submitted for opinion	Presentation
Fixed compensation 2014	289,000 euros.	+3.6% versus 2013
Annual variable compensation	The bonus paid for 2014 equals 46.67% of base salary, represents 104% of the bonus target and amounts to 134,876 euros.	The bonus is calculated on the basis of four criteria: ● net sales (20%); ● income from operations (20%); ● net income (20%); ● individual qualitative objectives (40%). Target bonus is 45% of base salary. The maximum bonus 2014 is 67.5% of base salary, equivalent to 150% of target bonus.
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	3,250 performance shares granted in 2014. Valuation according to the method used for the consolidated financial statements: 252,915 euros.	Shares acquisition depends on two performance conditions : ● net sales growth; ● net cash from operating activities excluding capital outlays, as a percentage of net sales. These criteria are demanding per nature (growth versus value). The grant represents 0.01% of the share capital. Annual Shareholders' Meeting date: 15 May 2013. Board of Directors' Meeting date: 11 Feb. 2014.
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	1,488 euros	Company car
Termination payment	N/A	No clause providing a termination payment
Non-competition benefits	N/A	No non competition clause
Supplementary pension plan	The amount of pension liability as of December 31, 2014 is 3,564,147 euros.	Marie-Aimée Bich-Dufour contributes to the Supplementary Executive Retirement Plan for BIC executives in France. This plan, which is an additional pension plan, provides a supplementary pension to the compulsory plans, equal to 1.25% of the average remuneration of the last three years of service, based on years of membership of the plan, with a maximum of 25% (i.e. 20 years). In addition, the consolidation of all his pension rights cannot exceed a replacement rate of 50%. The regulated agreements procedure was followed for this pension plan. Date of the Board of Directors' Meeting: May 19, 2005. Date of the Shareholders' Meeting: May 24, 2006 (resolution 5).

Proposed resolution 10 – Opinion on the compensation elements due or awarded to Bruno BICH, Chairman of the Board of Directors, for the fiscal year ended December 31, 2014

The Shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, issue a favorable opinion on the compensation elements due or awarded to Bruno BICH, Chairman of the Board of Directors, for the fiscal year ended December 31, 2014, as described in the Board of Directors' Report and in the registration document 2014 (*Chapter 3, section 3.3.1. Senior Management Compensation*).

Proposed resolution 11 – Opinion on the compensation elements due or awarded to Mario GUEVARA, Chief Executive Officer, for the fiscal year ended December 31, 2014

The Shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, issue a favorable opinion on the compensation elements due or awarded to Mario GUEVARA, Chief Executive Officer, for the fiscal year ended December 31, 2014, as described in the Board of Directors' Report and in the registration document 2014 *(Chapter 3, section 3.3.1. Senior Management Compensation*).

Proposed resolution 12 – Opinion on the compensation elements due or awarded to François BICH, Executive Vice-President, for the fiscal year ended December 31, 2014

The Shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, issue a favorable opinion on the compensation elements due or awarded to François BICH, Executive Vice-President, for the fiscal year ended December 31, 2014, as described in the Board of Directors' Report and in the registration document 2014 (*Chapter 3, section 3.3.1. Senior Management Compensation*).

Proposed resolution 13 – Opinion on the compensation elements due or awarded to Marie-Aimée BICH-DUFOUR, Executive Vice-President, for the fiscal year ended December 31, 2014

The Shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, issue a favorable opinion on the compensation elements due or awarded to Marie-Aimée BICH-DUFOUR, Executive Vice-President, for the fiscal year ended December 31, 2014, as described in the Board of Directors' Report and in the registration document 2014 (*Chapter 3, section 3.3.1. Senior Management Compensation*).

7.2. Extraordinary Shareholders' Meeting

PROPOSED RESOLUTION 14
AUTHORIZATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLATION OF SHARES ACQUIRED IN ACCORDANCE WITH ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE

Board of Directors' Report:

We propose that you renew the authorization given to the Board of Directors, for a period of 18 months, to:

- cancel, within the limit of 10% of the share capital per period of 24 months, all or part of the shares held in the framework of the share buyback program authorized by the fifth resolution and to decrease the share capital accordingly;
- charge the difference between the buyback price of the cancelled shares and their nominal value to premiums and available reserves.

Proposed resolution 14 – Authorization to be given to the Board of Directors to reduce the share capital by cancellation of shares acquired in accordance with Article L. 225-209 of the French Commercial Code

The Shareholders, after having considered the Board of Directors' Report and the Statutory Auditor's Report, deliberating in accordance with the provisions of Article L. 225-209 of the French Commercial Code, authorize the Board of Directors:

- on its sole deliberations, at the times it deems it necessary, to cancel on one or more occasions, by a reduction of said share capital accordingly, all or part of the shares of the Company acquired or to be acquired by the Company within the scope of the buyback of shares authorized by previous Shareholders' Meetings or by the fifth resolution above, within the limit of 10% of the share capital existing on the date of the Shareholders' Meeting, per period of 24 months;
- to charge the difference between the buyback price of the cancelled shares and their nominal value to available premiums and reserves.

The Shareholders delegate to the Board of Directors all authority to proceed with the cancellation(s) of these shares, to take note of the corresponding reduction(s) in share capital, to charge the difference between the carrying amount of cancelled shares and their nominal value to all reserve accounts or others, to proceed with the modification of the articles of incorporation accordingly, to carry out all formalities, make all declarations with all authorities or administrative bodies and in a general manner, do all that may be necessary to carry out the foregoing authorization.

This authorization is given to the Board of Directors for a period of 18 months starting from the date of this Shareholders' Meeting and replaces that given at the Shareholders' Meeting held on May 14, 2014 (Resolution 13).

PROPOSED RESOLUTION 15
MODIFICATION OF ARTICLE 15 "SHAREHOLDERS' MEETINGS" OF THE ARTICLES OF INCORPORATION - PARTICIPATION IN THE SHAREHOLDERS' MEETINGS BY TELECOMMUNICATION OR TELETRANSMISSION MEANS - ELECTRONIC VOTING

Board of Directors' Report

We propose that you modify Article 15 "Shareholders' Meeting" of the articles of incorporation in order to allow the Board of Directors to put in place, if the Board deems it appropriate, the possibility for the Shareholders to appoint a proxy, vote remotely and participate in the Shareholders' Meeting by telecommunication or teletransmission means, notably by Internet.
Article 15 of the articles of incorporation is currently as follows:

"Article 15 – Shareholders' Meetings

Shareholders' Meetings are convened, and deliberate under the conditions stipulated by law and the enactments in force.

Meetings take place either at the registered office or at any other place specified in the notice.

Any shareholder may take part, personally or by proxy, in the Shareholders' Meetings, upon presenting proof of his/her identity and of the ownership of his/her shares, in accordance with the terms and conditions provided for by the laws and regulations in force.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by a director specially delegated for this purpose by the Board. Failing this, the Shareholders' Meeting itself elects its Chairman.

A voting right which is double the right conferred on the other shares, in light of the portion of the share capital they represent, is attributed to all the fully paid-up shares for which proof is provided of a nominative registration for at least two years in the name of the same shareholder.

Any share converted to a bearer share or the ownership of which is transferred loses the aforementioned double voting right. Nonetheless, a transfer following death, the liquidation of the community estate of two spouses or a donation among the living in favor of a spouse or a relative entitled to inherit does not cause the loss of the right acquired and does not interrupt the two-year period referred to above.

Furthermore, in the event of a capital increase, through the incorporation of reserves, profits or share premiums, the double voting right may be conferred, at the time of issue, upon the nominative shares allotted to a shareholder at no charge due to former shares for which he enjoys this right."

We propose that you adopt the following Article 15:

"Article 15 – Shareholders' Meetings

15.1 Shareholders' Meetings are convened, and deliberate under the conditions stipulated by law and the enactments in force.

Meetings take place either at the registered office or at any other place specified in the notice.

15.2 Any shareholder may take part, personally or by proxy, in the Shareholders' Meetings, upon presenting proof of his/her identity and of the ownership of his/her shares, in accordance with the terms and conditions provided for by the laws and regulations in force.

Upon decision of the Board of Directors, published in the notice of meeting, the Shareholders can participate and vote at the Shareholders' Meeting by videoconference or by telecommunication or teletransmission means allowing their identification, in compliance with legal and regulatory conditions in force at the moment of their use. These Shareholders are deemed present or represented.

15.3 Remote voting is exercised in compliance with legal and regulatory conditions in force.

Upon decision of the Board of Directors published in the notice of meeting, Shareholders can use for this purpose, within the mandatory deadlines, the electronic remote proxy or voting form available on the website put in place by the registered intermediary. These Shareholders are deemed present or represented.

The proxy or the vote addressed by electronic means before the Meeting as described above, as well as their acknowledgement of receipt, will be deemed irrevocable written instructions enforceable on all parties, it being specified that if the shares are sold before the record date provided by Article R. 225-85 of the French Commercial Code, the Company shall invalidate or amend accordingly, as the case may be, the proxy or vote expressed before such date and time.

15.4 Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by a director specially delegated for this purpose by the Board. Failing this, the Shareholders' Meeting itself elects its Chairman.

15.5 A voting right which is double the right conferred on the other shares, in light of the portion of the share capital they represent, is attributed to all the fully paid-up shares for which proof is provided of a nominative registration for at least two years in the name of the same shareholder.

Any share converted to a bearer share or the ownership of which is transferred loses the aforementioned double voting right. Nonetheless, a transfer following death, the liquidation of the community estate of two spouses or a donation among the living in favor of a spouse or a relative entitled to inherit does not cause the loss of the right acquired and does not interrupt the two-year period referred to above.

Furthermore, in the event of a capital increase, through the incorporation of reserves, profits or share premiums, the double voting right may be conferred, at the time of issue, upon the nominative shares allotted to a shareholder at no charge due to former shares for which he/she enjoys this right."

Proposed resolution 15 – Modification of Article 15 "Shareholders' Meetings" of the articles of incorporation – Participation in the Shareholders' Meetings by telecommunication or teletransmission means – Electronic voting

The Shareholders, after having considered the report of the Board of Directors, decide to modify Article 15 of the articles of incorporation, which will read as follows:

"Article 15 – Shareholders' Meetings

15.1 Shareholders' Meetings are convened, and deliberate under the conditions stipulated by law and the enactments in force.

Meetings take place either at the registered office or at any other place specified in the notice.

15.2 Any shareholder may take part, personally or by proxy, in the Shareholders' Meetings, upon presenting proof of his/her identity and of the ownership of his/her shares, in accordance with the terms and conditions provided for by the laws and regulations in force.

Upon decision of the Board of Directors published in the notice of meeting, the Shareholders can participate and vote at the Shareholders' Meeting by videoconference or by telecommunication or teletransmission means allowing their identification, in compliance with legal and regulatory conditions in force at the moment of their use. These Shareholders are deemed present or represented.

15.3 Remote voting is exercised in compliance with legal and regulatory conditions in force.

Upon decision of the Board of Directors published in the notice of meeting, Shareholders can use for this purpose, within the mandatory deadlines, the electronic remote proxy or voting form available on the website put in place by the registered intermediary. These Shareholders are deemed present or represented.

The proxy or the vote addressed by electronic means before the Meeting as described above, as well as their acknowledgement of receipt, will be deemed irrevocable written instructions enforceable on all parties, it being specified that if the shares are sold before the record date provided by Article R. 225-85 of the French Commercial Code, the Company shall invalidate or amend accordingly, as the case may be, the proxy or vote expressed before such date and time.

15.4 Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by a director specially delegated for this purpose by the Board. Failing this, the Shareholders' Meeting itself elects its Chairman.

15.5 A voting right which is double the right conferred on the other shares, in light of the portion of the share capital they represent, is attributed to all the fully paid-up shares for which proof is provided of a nominative registration for at least two years in the name of the same shareholder.

Any share converted to a bearer share or the ownership of which is transferred loses the aforementioned double voting right. Nonetheless, a transfer following death, the liquidation of the community estate of two spouses or a donation among the living in favor of a spouse or a relative entitled to inherit does not cause the loss of the right acquired and does not interrupt the two-year period referred to above.

Furthermore, in the event of a capital increase, through the incorporation of reserves, profits or share premiums, the double voting right may be conferred, at the time of issue, upon the nominative shares allotted to a shareholder at no charge due to former shares for which he/she enjoys this right."

7.3. Ordinary and Extraordinary Shareholders' Meeting

PROPOSED RESOLUTION 16
AUTHORIZATION TO PERFORM FORMALITIES

Board of Directors' Report:

This resolution allows the performance of the legal formalities following the present meeting.

Proposed resolution 16 – Authorization to perform formalities

The Shareholders grant full power to the bearer of a copy or of an excerpt of the present document to carry out any and all required legal formalities.



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8.1. Documents on display

MEMORANDUM AND ARTICLES OF INCORPORATION

See Chapter 6. Information on the Company.

2014 ANNUAL INFORMATION REPORT

See Annual Information Report.

FINANCIAL HISTORICAL INFORMATION

The 2012 and 2013 registration documents are available on SOCIÉTÉ BIC's website (www.bicworld.com).

8.2. Annual Information Report

List of the information published or made public over the past twelve months related to the quotation of the shares on Euronext Paris.

PRESS RELEASES AVAILABLE ON WWW.INFO-FINANCIERE.FR AND ON THE COMPANY'S WEBSITE: WWW.BICWORLD.COM

Date	TITLE
February 12, 2014	Full Year 2013 Results
April 24, 2014	1st Quarter 2014 Results
March 31, 2014	Cello Pens – Put option exercise
July 31, 2014	2nd Quarter and 1st Half 2014 Results
July 31, 2014	Cello Pens - Put Option Closing
October 22, 2014	9 months 2014 Results
November 7, 2014	Sheaffer divestiture
November 19, 2014	Fuell Cell Investment Reduction

8.3. Person responsible

NAME AND FUNCTION

Mario Guevara

Chief Executive Officer

DECLARATION BY RESPONSIBLE PERSON OF THE REGISTRATION DOCUMENT

"I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this registration document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report, referenced in the cross reference table, presents a fair review of the development and performance of the business and financial position of the Company and the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this registration document about the financial position and statements and that they have read this document in its entirety."

On March 19, 2015,

Mario Guevara

Chief Executive Officer

8.4. Statutory Auditors

NAMES AND ADDRESSES

Statutory Auditors

The Statutory Auditors issue reports on statutory and consolidated accounts of SOCIÉTÉ BIC:

Deloitte & Associés

Represented by Mr. Jean-François Viat

185, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

Tel.: +33 1/40.88.28.00

Deloitte & Associés was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the Extraordinary General Shareholders' Meeting on May 4, 1999.

The mandate of Deloitte & Associés as Statutory Auditors is in place for a period of six fiscal years and was renewed at the Annual Shareholders' Meeting on May 11, 2011. It will expire in 2017 at the General Shareholders' Meeting confirming the accounts for fiscal year 2016, which close December 31, 2016.

Grant Thornton

Represented by Mr. Vincent Papazian

100, rue de Courcelles

75017 Paris

Tel.: +33 1/56.21.03.03

The Company Grant Thornton was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the Ordinary General Shareholders' Meeting on May 23, 2007, in replacement of the Company BDO Marque & Gendrot, outgoing, for the remaining period of the mandate of the latter.

The mandate of Grant Thornton as Statutory Auditors was renewed at the Annual Shareholders' Meeting on May 11, 2011. It will expire in 2017 at the General Shareholders' Meeting confirming the accounts for fiscal year 2016, which close December 31, 2016.

Substitute Auditors

Société BEAS was appointed as Substitute Auditor for the first time at the Annual Shareholders' Meeting on May 19, 2005. The mandate was renewed at the Annual Shareholders' Meeting on May 11, 2011 for the same period as that of Deloitte & Associés.

The Company Institut de Gestion et d'Expertise Comptable – IGEC – was appointed as Substitute Auditor for the first time at the Annual Shareholders' Meeting on May 23, 2007, in replacement of Mr. Patrick Giffaux, outgoing. The mandate was renewed at the Annual Shareholders' Meeting on May 11, 2011 for the same period as that of Grant Thornton.

CHANGE OF STATUTORY AUDITORS

There was no change of Statutory Auditors at the Annual Shareholders' Meeting held on May 11, 2011.

FEES OF THE AUDITORS AND THE MEMBERS OF THEIR NETWORKS

Joint audit firms' yearly audit fees included in the Group income statement are presented in Note 30 to the consolidated financial statements.

AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

Audited historical annual financial information and the corresponding Auditors' Report for financial years 2012 and 2013, as well as the review of the financial position and the results related to it, have been presented in previous registration documents, which have been duly filed with the *Autorité des Marchés Financiers* (Paris Stock Exchange Authority) (respectively No. D. 13-0223 and No. D. 14-0208) and available on the website of the BIC Group. In application of Article 28 of Regulation (EC) No. 809/2004, this information is incorporated by reference in this registration document.

INTERIM AND OTHER FINANCIAL INFORMATION

Quarterly financial information has not been audited.

Half Year and annual financial information have been audited.

8.5. Cross reference table required under European Commission Regulation nº809/2004

The table below provides cross references between the pages in the registration document and the key information required under European Commission Regulation (EC) No. 809/2004 implementing EC Directive 2003/71/EC of the European Parliament and of the Council.

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8.6. Cross reference table with the Annual Financial Report

The 2011 registration document contains all of the information in the Annual Financial Report governed by Article L. 451-1-2 of the French Monetary and Financial Code. To make this information easier to find, the following cross-reference table lists it by main topic.

Nº	Information	Pages
	Annual Financial Report	
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8.7. Cross reference table with the management report of the Board

This registration document includes all of the information in the management report of the Board of the BIC Group, as provided for in Articles L. 225-100 and L. 25-100-2 of the French Commercial Code.

The following table cross-refers each section of the management report of the Board to the corresponding pages of the registration document.

Nº	Information	Pages
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8.8. Cross reference table for environmental and social indicators

For each section of the registration document, the following table gives the corresponding GRI [a] indicators and principles of the United Nations Global Compact and the general policies from the OECD Guidelines. [b]

Content of the registration document	Article 225 al.5 of the French Commercial Code	Gri [1]	Principles of the global compact	OECD [2] general policies	Page
1. Group presentation		G4-3, G4-4, G4-17, G4-5, G4-6, G4-7, G4-8, G4-9		6, 10	8 to 30
2.1 The BIC Sustainable Development Program	3.b, c	G4-2, G4-45, G4-47, G4-56, G4-15, G4-24, G4-26, G4-27, G4-PR5, G4-EC1, G4-8, G4-27, G4-PR5, 4G4-16., SO5	1 to 10	1, 5	33 to 45
2.2 Responsibility concerning our products	3.d	G4-PR1, G4-EN27	8 and 9	2, 3, 7, 8, 10, 12, 13, 14	46 to 57
2.3 Environmental responsibility concerning our operations	2.a, b, c, d, e	G4-EC2, G4-EN1, G4-EN3,G4-EN4, G4-EN5, G4-EN7, G4-EN6, G4-EN8, G4-EN12, EN14, G4-EN15, G4-EN16,G4-EN19, G4-EN23,G4-EN29,G4-EN30, G4-EN31	7, 8 and 9	12	58 to 69
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3. Corporate gouvernance		G4-34,G4-38, G4-39,G4-38, G4-51, G4-41,G4-44			103 to 146

(1) GRI: Global Reporting Initiative version G4.

(2) OECD: Organisation for Economic Co-operation and Development.

8.9. Glossary

At constant currencies:

Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.

Comparative basis:

At constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, until their anniversary date.

Income from operations:

Profit realized from a business' own operations. Income from operations is generated from running the primary business and excludes income from other sources. It includes other products income from operations as well as Group expenses not allocated to the other categories.

New products:

A product is considered as a new one in the year of its launch and the three following years.

Normalized IFO:

Normalized means excluding non-recurring items as detailed page 147.

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