

MADE



TO LAST*

REGISTRATION
DOCUMENT 2015

Including the annual financial report



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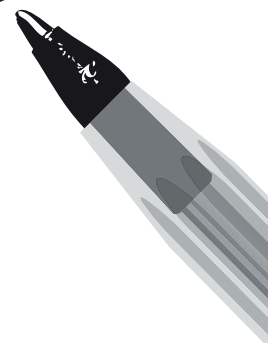
Elements of the Annual Financial Report are identified in the content using the symbol **AFR**

Elements linked to the Corporate Social Responsibility are identified in the content using the symbol **CSR**



Registration document
including the Annual Financial Report

2015



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 23, 2016, 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

2,241.7^{M€}

**Net sales
2015**

19.3%

**Normalized income
from operations
margin**

17,805⁽¹⁾

**Employees
around
the world**

Since the creation of the Company in 1944, BIC's corporate responsibility and operational and financial performance have 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 2015, BIC realized 12% of its net sales through new products ⁽²⁾;
- recognized brands:
 - in the Consumer business: BIC®, Tipp-Ex®, Wite-Out®, BIC® Kids, BIC® Matic, BIC® Eolutions® (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 30% of 2015 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;
- a complete and solid international 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;
 - regular shareholder remuneration.

(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 ,”

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, in brand support 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.



“ Honor the past, invent the future ,”



PROFILE 2015

NET SALES BY CATEGORY



33%
STATIONERY

A WORLD LEADER IN THE CONSUMER GOODS MARKETS

70 years of history

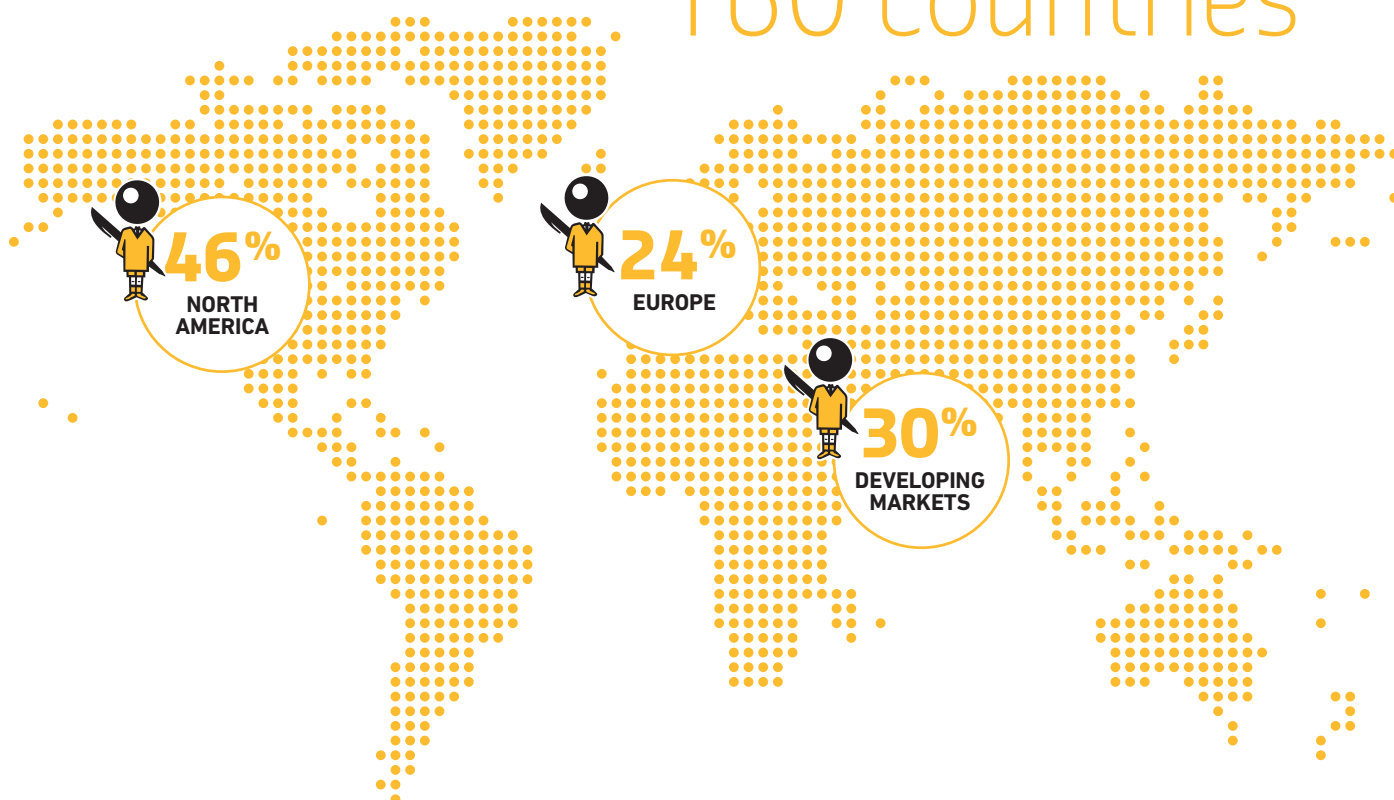
- 1950** Launch of the BIC® Cristal® pen
- 1969** BIC enters the Promotional Products Industry
- 1973** First BIC® lighter
- 1975** First BIC® shaver

Recognized brands

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

Net Sales by geography

160 countries





30%
LIGHTERS



20%
SHAVERS



14%
BIC GRAPHIC



3%
OTHER CONSUMER PRODUCTS

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.
- 1.3% of net sales invested in new products Research and Development in 2015.

A UNIQUE INDUSTRIAL EXPERTISE

AND EFFECTIVE CONTROL OF MANUFACTURING COSTS

- 27 high performance factories (21 are located in developed countries according to the HDI indicator).
- 86% of net sales realized with products manufactured in our own factories*.

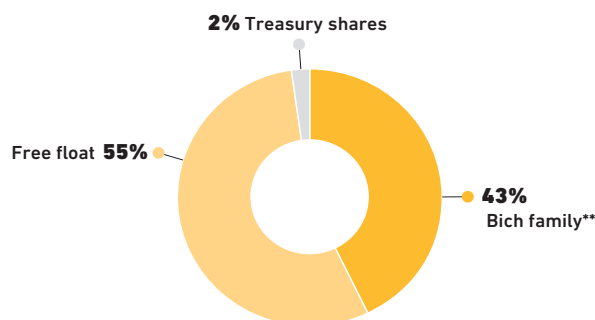
AN HISTORICAL **SOcially RESPONSIBLE** APPROACH

- 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.

Governance

SHAREHOLDING STRUCTURE



Board of Directors

8

MEETINGS IN 2015 WITH RATE OF ATTENDANCE

98%

10 Directors
40% Independents
4 Nationalities
30% Women

* Excluding Cello Pens. ** Direct and indirect.







GROUP PRESENTATION

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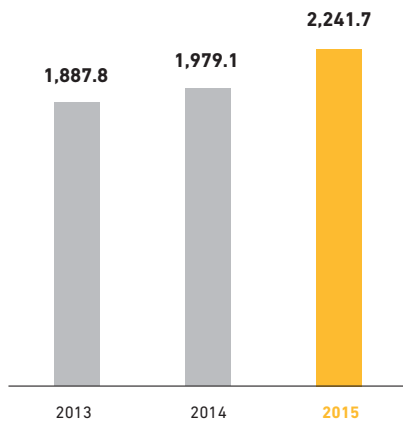


1.1. Key figures

GROUP KEY FIGURES

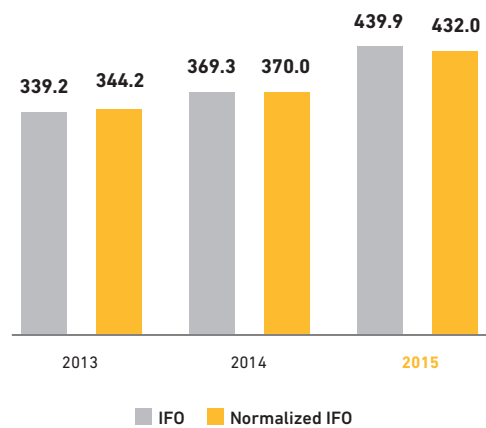
NET SALES

(In million euros)



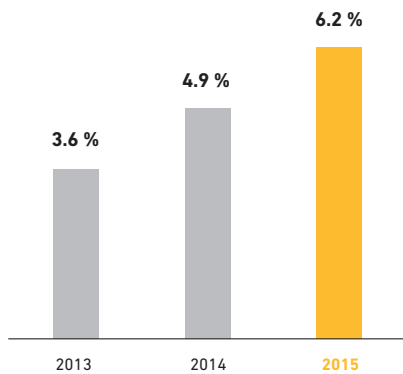
INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS ⁽¹⁾

(In million euros)



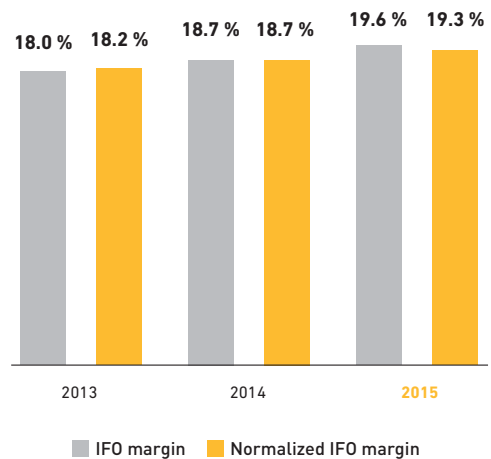
NET SALES GROWTH ON A COMPARATIVE BASIS ⁽¹⁾

(In %)



INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS MARGINS ⁽¹⁾

(In % of net sales)

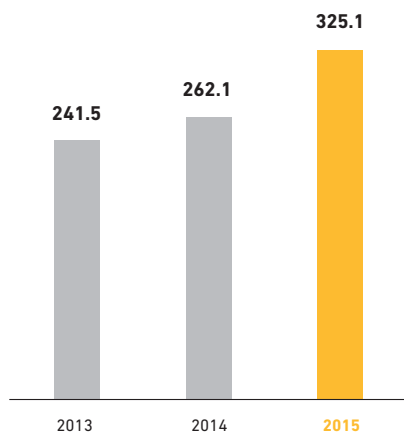


(1) See Glossary § 8.9



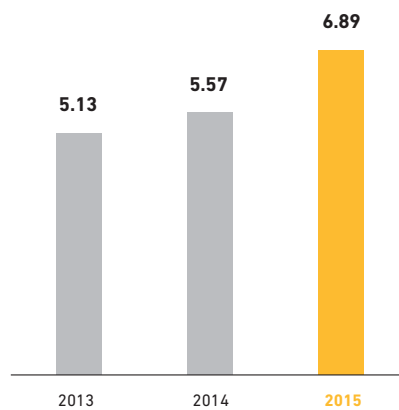
NET INCOME GROUP SHARE

(In million euros)



EARNINGS PER SHARE GROUP SHARE

(In euros)





GROUP PRESENTATION
Key figures

SALES VOLUMES TRENDS

<i>(in billion units)</i>	2014	2015
Stationery (Consumer)	5.084	5.174
Lighters	1.474	1.497
Shavers	2.564	2.583

PRODUCTION VOLUMES TRENDS

<i>(in billion units)</i>	2014	2015
Stationery (Consumer)	4.427	4.538
Lighters	1.392	1.528
Shavers	2.596	2.684

KEY FIGURES BY CATEGORY

<i>(in million euros)</i>	2014	2015	Change 2014/2015	
			As reported	On a comparative basis ^(a)
Total Consumer business				
Net Sales	1,703.6	1,922.4	+12.8%	+6.9%
Normalized IFO ^(a)	360.3	421.5		
IFO	359.7	426.7		
Stationery				
Net Sales	676.9	727.0	+7.4%	+3.6%
Normalized IFO	84.5	83.4		
IFO	83.0	83.7		
Lighters				
Net Sales	581.6	675.7	+16.2%	+8.3%
Normalized IFO	219.3	257.9		
IFO	226.4	260.9		
Shavers				
Net Sales	380.0	452.0	+18.9%	+11.9%
Normalized IFO	67.7	83.6		
IFO	64.7	83.3		
Other products				
Net Sales	65.1	67.6	+3.9%	-0.5%
Normalized IFO	(11.3)	(3.4)		
IFO	(14.3)	(1.2)		
BIC Graphic				
Net Sales	275.6	319.3	+15.9%	+1.6%
Normalized IFO	9.7	10.4		
IFO	9.6	13.1		

(a) See Glossary § 8.9.



NET SALES BY GEOGRAPHICAL AREA

(in million euros)	2014	2015	Change 2014/2015	
			As reported	On a comparative basis ^(a)
Europe	509.1	527.8	+3.7%	+5.3%
North America	830.1	1,040.1	+25.3%	+5.5%
Developing markets	639.8	673.8	+5.3%	+7.8%

(a) see Glossary § 8.9.

MAIN INCOME STATEMENT INFORMATION

(in million euros)	2014	2015	Change 2014/2015	
			As reported	On a comparative basis ^(a)
Net sales	1,979.1	2,241.7	+13.3%	+6.2%
Gross Profit	971.1	1,113.0	+14.6%	
Normalized Income From Operations ^(a)	370.0	432.0	+16.7%	
Income From Operations	369.3	439.9	+19.1%	
Financial income/(costs)	11.1	26.8		
Income Before Tax	380.4	466.7	+22.7%	
Income tax expense	(114.2)	(140.2)		
Income From Joint ventures	-	-		
Group Net Income	266.2	326.5	+22.7%	
Non-controlling interests	(4.1)	(1.4)		
Net Income Group Share	262.1	325.1	+24.0%	
EPS Group Share	5.57	6.89	+23.7%	
Number of shares ^(b)	47,063,465	47,173,339		

(a) see Glossary § 8.9.

(b) Average number of shares outstanding net of treasury shares.





GROUP PRESENTATION

Key figures

MAIN BALANCE SHEET ITEMS

<i>(in million euros)</i>	2014 ^(a)	2015
Shareholders' equity	1,647.6	1,849.5
Current borrowings and bank overdrafts	6.2	7.8
Non-current borrowings	78.9	2.4
Cash and cash equivalents – Assets	352.2	385.2
Other current financial assets and derivative instruments	53.3	76.3
Net cash position^(b)	320.2	448.0
Goodwill	307.4	324.9
Intangible assets	94.8	96.8
TOTAL BALANCE SHEET	2,428.9	2,536.2

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.

(a) Restated for IFRIC 21

(b) see Glossary § 8.9.

CONDENSED CASH FLOW STATEMENT

<i>(in million euros)</i>	2014	2015
Cash flow from operations	354.5	435.6
(Increase)/Decrease in net working capital	10.0	(24.0)
Other operating cash flows	(15.5)	(44.5)
Net cash from operating activities ^(a)	349.0	367.1
Net cash from investing activities	(88.9)	(113.8)
Net cash from financing activities	(172.7)	(227.8)
Net increase/(decrease) in cash and cash equivalents	87.4	25.6
Closing cash and cash equivalents	348.5	380.6

(a) see Glossary § 8.9.



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 Styphen® in France.

2005

- BIC opens its own stationery production facility in China.

2006

- The purchase of PIMACO, 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.
- In November, opening of a new Shaver packaging facility in Mexico.
- In December, acquisition of Antalis Promotional Products entities (Sequana Group), a European promotional products distributor.

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 carried out by seven entities, for 7.9 billion Indian rupees.
- In March, BIC's acquisition of 40% of six Cello group entities (out of seven) is completed for a sum of 3.8 billion Indian rupees.
- In June, acquisition of Norwood Promotional Products, a U.S. leader in calendars and 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 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 the 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 division 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, disposal 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 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 the Group's 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 arbitrage award.
- In September, launch (in collaboration with Intel) of BIC® Education, a simple and innovative educational solution for elementary 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.
- In September, 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, increasing 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 is located in Nantong (130 km North of Shanghai). The total investment is estimated to be around 14 million euros.
- 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

- In March, Cello group exercises its put option, allowing it to sell 20% of Cello Pens to the BIC Group.
- In 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⁽³⁾).
- 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.

2015

- On April 7, BIC's Portable fuel cell Technology is sold to Intelligent Energy for 14 million euros.
- On October 2, the BIC Group presents an investment project intended to modernize its industrial facilities in the North of France (Pas-de-Calais). The project includes the transfer of the majority of production lines currently in Boulogne-sur-Mer to another existing site in Samer, in the same region. Planned over a 5-year period, the project includes an investment of 12 million euros to extend the production facility at Samer.
- On December 9, Cello group sells to BIC Group its remaining equity participation in Cello Pens, allowing BIC to increase its stake in Cello Pens to 100% for an amount of 5.4 billion Indian rupees (approximately 74 million euros⁽⁴⁾).

(1) 84.53 INR = 1 EUR (September 13, 2013; ECB reference rate).

(2) 83.80 INR = 1 EUR (September 26, 2013; ECB reference rate).

(3) 81.17 INR = 1 EUR (July 04, 2014; ECB reference rate).

(4) 72.69 INR = 1 EUR (December 08, 2015; ECB Reference rate).



1.3. Business presentation

In 2015, BIC realized 86% of its sales in Consumer Goods (through its Stationery, Lighters, Shavers and Other Consumer Products categories) and 14% in the Advertising and Promotional industry.

CONSUMER BUSINESS

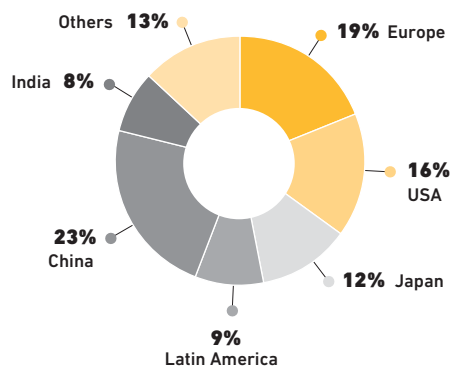
Stationery

The worldwide stationery market is estimated at 8.1 billion euros (total supplier sales in 2014). 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.

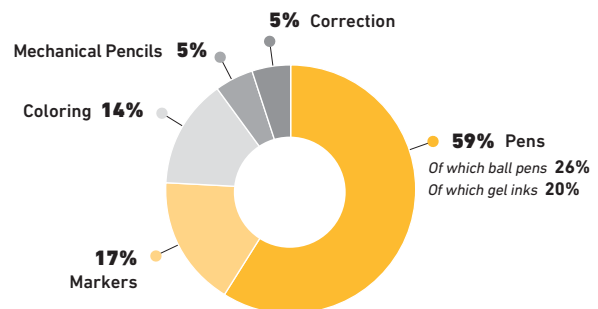
WORLDWIDE STATIONERY MARKET BREAKDOWN

(2014 estimated suppliers net sales figures / In value)

By geographical area



By product segment



BIC is No. 2 worldwide with more than 9%⁽¹⁾ market share, No. 1 in Europe (approximately 16% market share), No. 1 in Latin America (approximately 21% market share), No. 2 in the U.S. (approximately 14% market share) and No. 1 in India (approximately 25% market share). The Group also benefits from a strong historical presence in Africa and the Middle-East.

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, is divided into more than 15 product sub-segments (ball pens, rollers, fountain pens, mechanical pencils, markers, correction products, etc.).

(1) All market share data are based on 2014 estimated suppliers' net sales figures.





Coloring and drawing (felt pens, coloring pencils, crayons, arts and crafts kits)



Correction products (correction fluid, correction pens, correction tapes, and erasers) under the trademarks BIC® Wite-Out® and Tipp-Ex®



Adhesive labels in Latin America

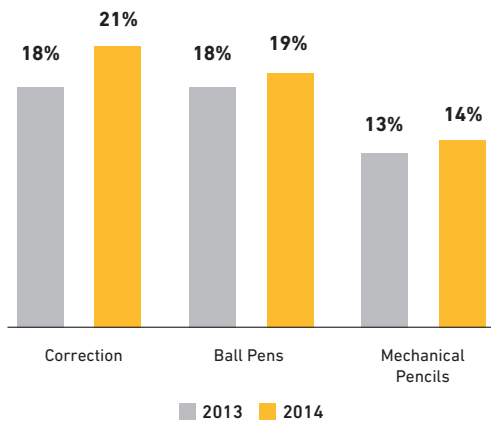


Writing instruments in India

BIC benefits from strong positions in major product segments:

BIC® STATIONERY WORLDWIDE POSITIONS AND MARKET SHARES IN VALUE

(BIC estimates in 2014)



BIC benefits from the worldwide No.1 position 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;
- leveraging simplicity and BIC's strong equity;
- creating greater value through innovation and new usage opportunities;
- improving ink technology;
- simplifying and improving the shopping experience;
- a simplified product portfolio;
- promoting writing relevancy to future generations.



Lighters

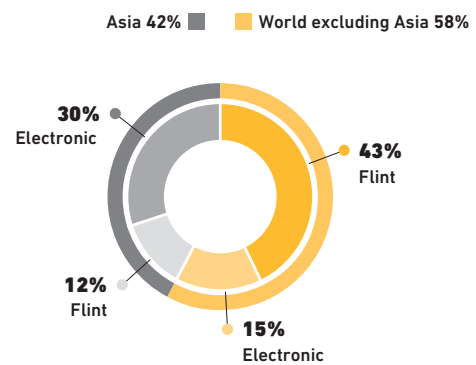
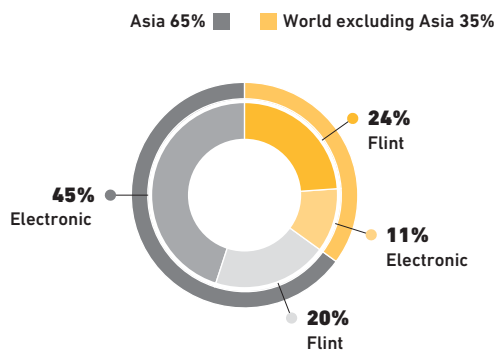
The worldwide lighter market is estimated at 13.3 billion units (4.3 billion euros in value⁽¹⁾) and broken down as follows:

LIGHTER WORLDWIDE MARKET BREAKDOWN IN 2014

(BIC estimates)

Units

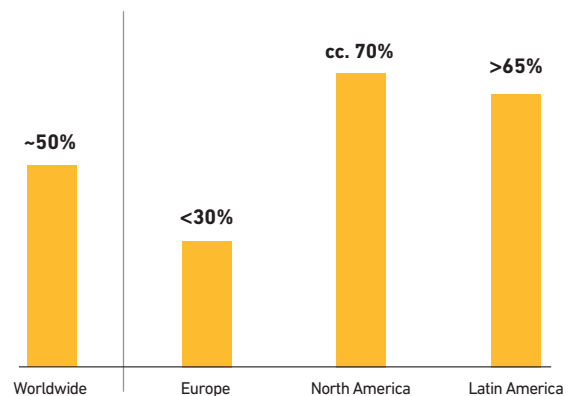
Value in euros



In the lighter market, BIC benefits from the No. 1 worldwide position among branded lighters. BIC worldwide value market share (excluding Asia) in 2014 was approximately 50%. BIC is No. 1 in North America and in Latin America.

BIC® LIGHTERS MARKET SHARE IN VALUE IN 2014 (IN BIC'S MARKETS EXCLUDING ASIA)

(Estimates / In value)



(1) BIC estimates in 2014.



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 reference in major countries such as 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. This standard is a lighter that at least 85% of children under 51 months of age cannot operate. Child-Resistant legislation is the reference 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), South Korea (2012) and Mexico (2016).

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. Furthermore, 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 a 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).

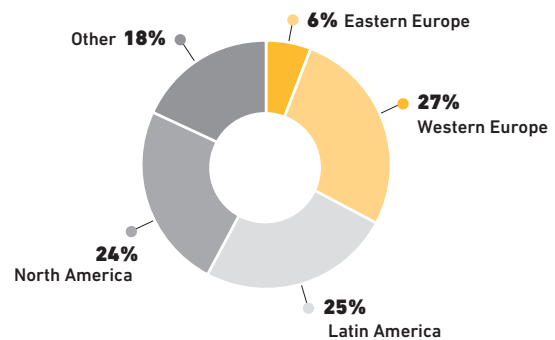
Shavers

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.

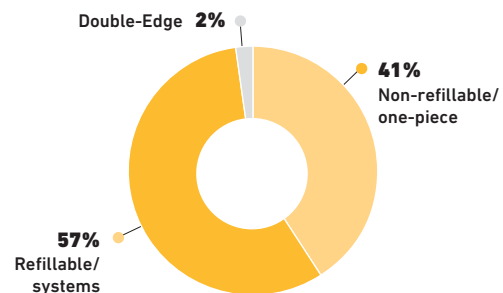
WET SHAVER WORLDWIDE MARKET IN 2014

(Euromonitor - 2014)

By geographical area



By product segment



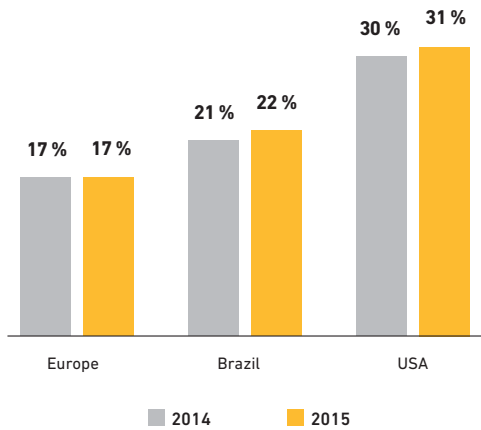
This market can be separated into three product segments as seen above, with systems and one-piece driving the growth. Inside these two segments, new products drive most of the growth by offering ever-increasing improvements in performance; and by offering products with added features. The pace of new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

The market is divided among three brands (Gillette, the leader, BIC® and Schick/Wilkinson), with a private label presence and few local players.

BIC MARKET SHARE IN THE DISPOSABLE SHAVERS SEGMENT

(Based on IRI and AC Nielsen figures - December 2015)

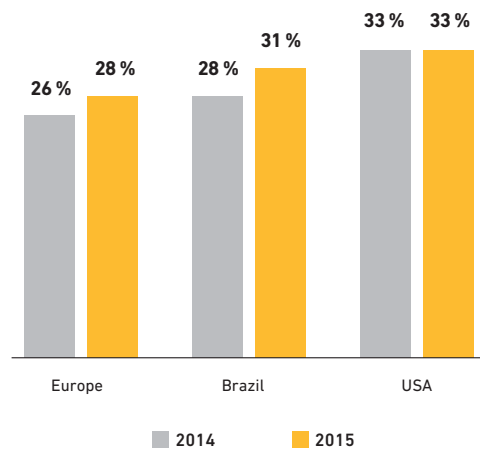
In volume



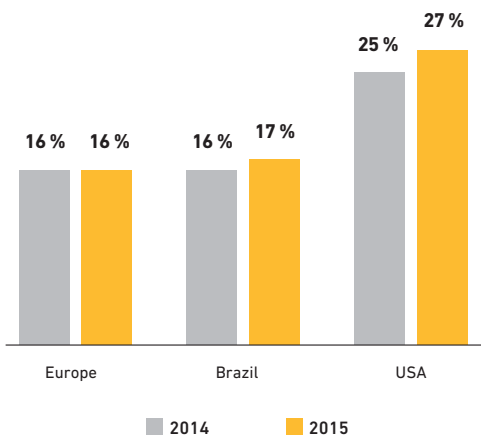
BIC MARKET SHARE IN THE THREE- AND FOUR-BLADES DISPOSABLE SHAVERS SEGMENT

(Based on IRI, AC Nielsen figures and BIC estimates – U.S. and Brazil December 15 / Europe June 15)

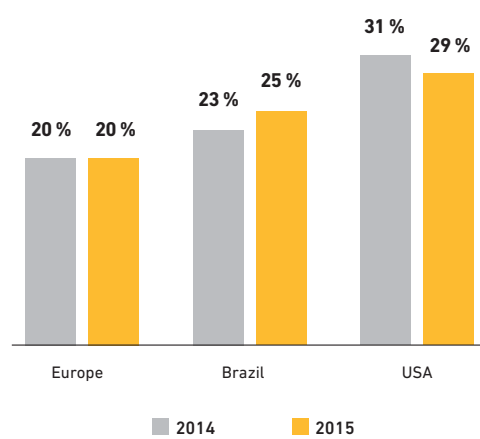
In volume



In value



In value





GROUP PRESENTATION

Business presentation

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, four and five 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, BIC® Flex 5;
- 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.

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 21% value market share. Most of BIC's focus in 2015 has been on the fast-growing three, four and five blade sub-segments, where its market shares are even stronger than their overall 21% share.

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, windsurf boards and 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, 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.

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 between 14-16 billion U.S. dollars (at supplier 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 U.S., 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).

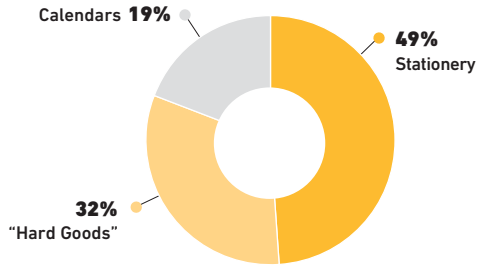
This industry is very fragmented at all levels, with a large number of suppliers and distributors. Advertising and Promotional industry suppliers sell their products to numerous large, mid-size and small distributors.

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 U.S., No. 2 in Europe and benefits from a significant presence in Latin America, Australia, Africa and Asia (through its sourcing activities).

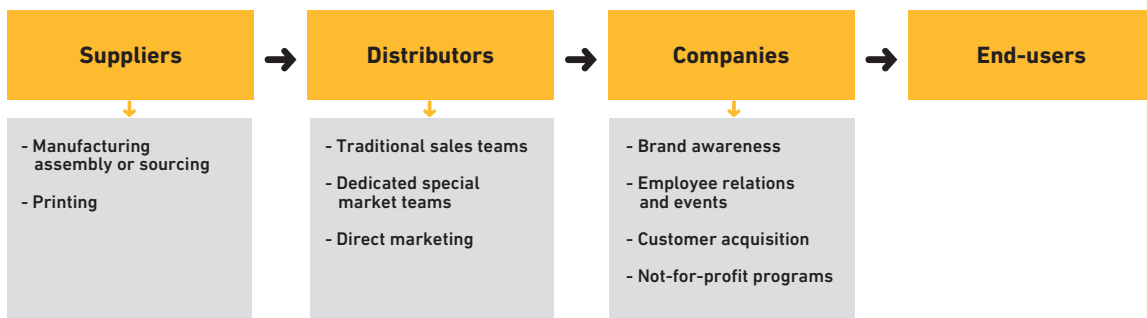


2015 BIC GRAPHIC NET SALES BREAKDOWN



BIC Graphic realizes 19% of its net sales in the calendar business and is the leader in promotional calendars in the U.S.

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 2015, there were some 242 employees in the research, development and innovation functions. In 2015, BIC invested approximately 1.3% of sales in new product research and development; new products and line extensions accounted for 12% of BIC Group sales.

The research, development and innovation functions are organized by category. Each category 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 ink improvements. Unique in the stationery industry, all the components of our products are developed and produced internally, up to the molds 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 under 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 uses internal and external panels of experts in order to evaluate and validate product performances under actual 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 long history of developing simple and long-lasting products for each area's 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. 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 exceeds that expected from any global organization.



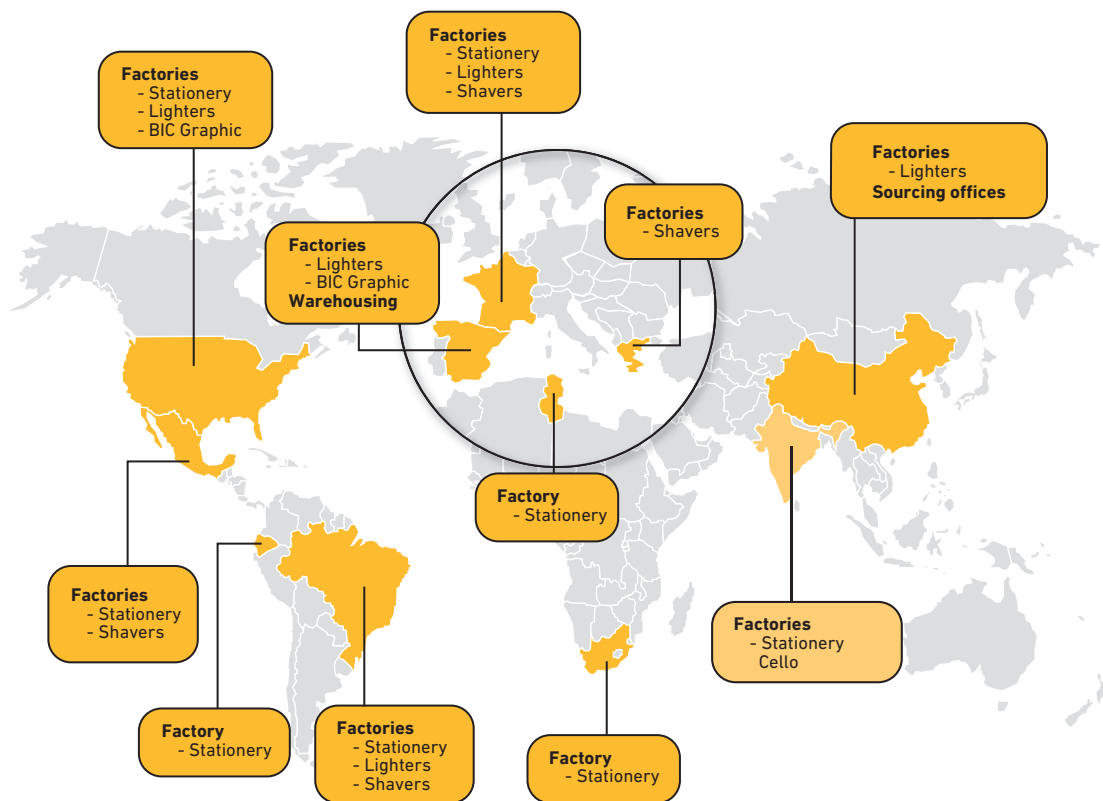
1.5. Property, plant and equipment

86% of Group net sales (90% in the Consumer Products business; 65% in the Advertising and Promotional Products business, BIC Graphic) are generated in BIC owned factories.

BIC owns 27 factories around the world:

- 14 factories are dedicated to manufacturing stationery products⁽¹⁾;
- 5 plants are dedicated to manufacturing lighters;
- 4 plants are dedicated to manufacturing shavers;
- 4 plants are dedicated to Advertising and Promotional Products:

INDUSTRIAL SITES



(1) The factory in Vannes (France) is also dedicated to BIC Sport products manufacturing. The factory in Shanghai was closed in February 2016.





GROUP PRESENTATION
Property, plant and equipment

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	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)
		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	-
	Packaging	Charlotte, NC	Lease	-
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)
	Warehouse, offices and factory	Tlalneplanta	Lease	Printing
	Packaging	Saltillo	Lease	-
SLOVAKIA	Packaging	Sered	Lease	-
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 2015, the yearly net exposure for commercial flows (392.7 million U.S. dollars) was hedged at the average rate of 1 EUR = 1.2374 USD. The significant 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. As a result, we are able to react efficiently to the elements impacting our exposure. Regarding the 2016 exposure, as of December 31, 2015, 90% of the identified exposure was hedged. The average hedged rate for 2016 is 1 EUR = 1.1126 USD.

Concerning the other major exposures of the Group, the 2016 hedge ratio, as of December 31, 2015, is between 80% and 100%.

See also Note 23 to the consolidated financial statements, page 205.

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. We do not hold any financial instrument dedicated to the hedging of the interest rates in our books as of December 31, 2015.

See Note 23 to the consolidated financial statements, page 205.

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, 2015 is on investment grade rated supports. Counterparty risk is estimated not significant as of December 31, 2015.

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 six 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 market movements on the funds valuation behaviors.

Throughout 2015, 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 counterparties in order to improve the pooling of risks and reduce the amount invested per counterparty.





GROUP PRESENTATION

Risk factors

The two largest positions in the portfolio at year-end represent 40.76% of the total assets under Group Treasury management. There is a short-term deposit with a top-ranking French bank, noted A-1 by Standard & Poor's for 21.33% and a pure monetary mutual fund for 19.43%. In addition to these two deposits, 23 other investments were in our books as of December 31, 2015, for an average amount of 5.9 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, that are 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 could 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'urgence*). For our high-threshold SEVESO plants, we have a major hazard prevention policy and have implemented a safety management system to prevent major accidents. 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 (excluding 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 regulatory framework for chemical substances and 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 deploys 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 the 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 its 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 European and North American economies are forecasted to grow at a slower pace in the next few years, succeeding in developing markets is a strategic objective for the Group as we continue to strengthen in this region. Therefore the Group aims to continue its expansion in developing markets.

To achieve this objective, sales and marketing plans have been developed to allow us to continue to gain market share across the region. Our 100% ownership in Cello has reinforced our long term investment to grow 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

Lighters represent a significant part of the Group's net sales (30% in 2015). Part of the Group's Lighter business is related to the sales of tobacco products. The tobacco industry is subject to increasingly stringent regulations around the world, mainly in developed countries. Anti-smoking campaigns and devices, such as e-cigarettes, and further restrictions in public places could have a potential impact on the growth and profitability of the Group.

However, the quality of BIC lighters remains the decisive driver for continuous growth in the lighter 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. BIC information security risk assessments are in process for the critical data centers and are scheduled for completion by the end of the second quarter 2016. The results of the risk assessments will be used to develop a security program that addresses security policies, processes and controls to minimize information security risk.

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

BIC purchases:

- "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. Moreover, an Analytics project was launched mid-August 2015 in order to better quantify the exposures and insurance needs of the Group.

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 to third-party insurers amounts to approximately 5 million euros. The total assets covered by the "Property Damage/Business Interruption" insurance programs amounts to approximately 4.3 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 one captive insurance company, SLS Insurance Company Limited (SLS), wholly owned by BIC CORPORATION. SLS allows BIC to reduce its costs on the traditional insurance market. It is also a means to provide coverage for certain risks that are not covered by traditional insurance. SLS was created in 2014 in Connecticut, the State where BIC CORPORATION is incorporated. On January, 1st 2015, the risks and coverages offered by BIC's previous captive, Xenia Insurance Company Limited, were transferred to SLS. In the U.S., BIC is insured by SLS through several insurance policies. One of them issues Product Liability Insurance certificates for customers of the Group's U.S. entities. Another one provides coverage for any event that is not covered or payable under any existing BIC policies (DIC/DIL insurance policy). As of January 1, 2015, BIC extended its TRIA coverages by including NBCR coverage through SLS.

Actions relating to products liability are initiated primarily in the United States. The amount of provisions to cover this risk is limited to 5 million U.S. dollars; which is the amount of coverage offered by SLS to BIC U.S. 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, 2015, this procedure remains pending.

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.



1

GROUP PRESENTATION



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OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY





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 the importance of the stakes and risks associated with corporate social responsibility (CSR) through the creation of a materiality matrix, in particular for the purpose of:

- 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.).

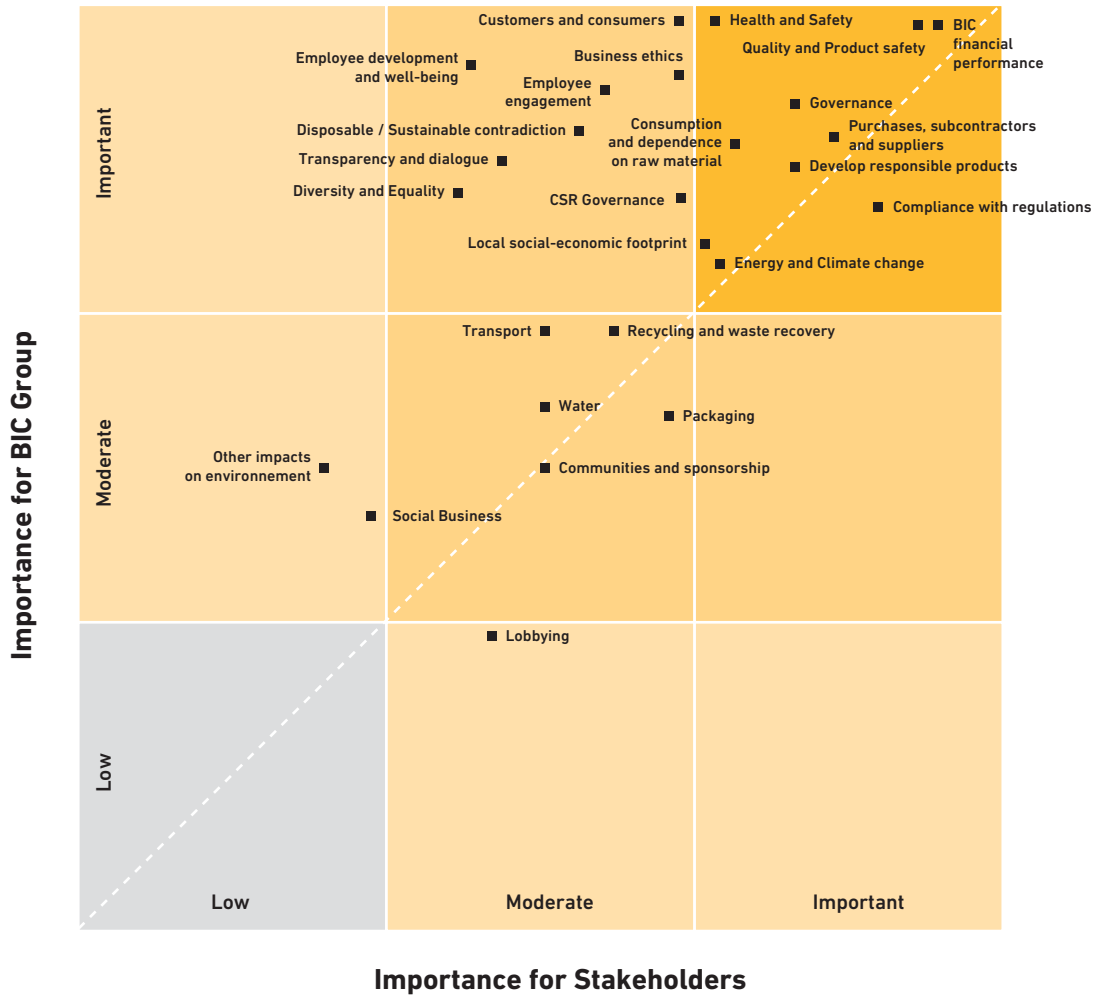




OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
The BIC Sustainable Development Program

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 matrix of sustainability issues



This materiality analysis confirmed the overall balance between the perception of BIC's material 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.

In 2015, this matrix was presented to the Board of Directors, Shareholders and the Leadership Team.



2.1.2.2. Issues for BIC concerning the life cycle of its products and preparations for upcoming worldwide developments

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 <ul style="list-style-type: none"> 45% of the Group's purchasing can be attributed to plastics 	<ul style="list-style-type: none"> Reduce consumption of non-renewable raw materials Promote the use of alternative materials (recycled or plant based) Ensure suppliers' compliance with environmental, social and governance standards
Production 	The manufacture of BIC® products in the Group's factories or by contract manufacturers <ul style="list-style-type: none"> Millions of products sold every day worldwide 	<ul style="list-style-type: none"> Reduce water and energy consumption Reduce CO₂ emissions and waste 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 <ul style="list-style-type: none"> 0.633 teqCO₂ per ton of freight 	<ul style="list-style-type: none"> Optimize shipments and distribution routes Ensure responsible distribution adapted to local conditions
Usage 	The use of BIC® products (writing instruments, lighters, shavers, etc.) <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 in emerging markets. It has also bolstered its positioning in 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 estimates. This population growth will be accompanied by a boom in the middle classes, 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 17 sustainable development goals defined by the UN. In 2015, an estimated 121 million children worldwide⁽¹⁾ were deprived of the right to education and nearly 800 million adults lack basic reading and writing skills⁽²⁾. 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"⁽³⁾ 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 specific 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 launched in 2014 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.

This approach is implemented on a worldwide scale (except for BIC Graphic in certain cases).

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

In its second year, the BIC Sustainable Development Barometer increased its score from 3.8 to 7.6 (out of 10 points). Product commitments have experienced significant increase including in particular: reaching the objective of 50% of products with at least one environmental benefit and the creation of five products adapted to developing markets. Commitment #5 (environmental performance of factories) moved back due to an increase in the ratio of the production of non-recycled waste. Packaging and transportation commitments are in line with expectations for the year. Finally, the significant increase in the share of audited (with rating system) contract manufacturers helped consolidate the overall score.

(1) Source: UNICEF/UNESCO report

(2) Source: Observatoire des inégalités

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



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

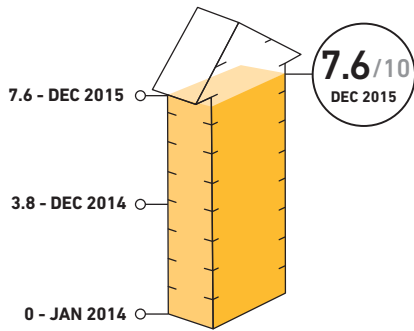
- It defines the 10 priority indicators for the Group in terms of sustainable development for the three-year period 2014-2016.
- The 10 indicators were defined in cooperation with the functions concerned and approved by the CEO.
- It covers the perimeter of the BIC Group (except Cello Pens), unless specified.
- 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 and the 2016 objective is equivalent to a 10/10 rating.
- 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 95).





2014-2016 Barometer



The global score is the arithmetic average of the 10 scores

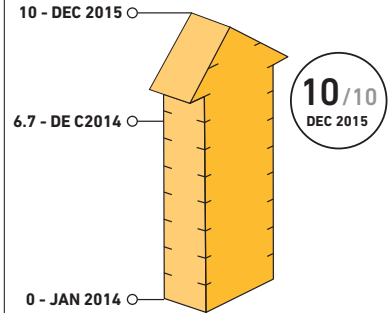
"The BIC Sustainable Development Barometer provides a pragmatic way to monitor the Company's commitment. It also encourages fluid communication within all teams by giving clear direction for three years and precisely reflecting our progress."

Mario Guevara, CEO

PRODUCTS
 INDUSTRY
 SOCIAL/SOCIETAL



Launch innovative responsible products

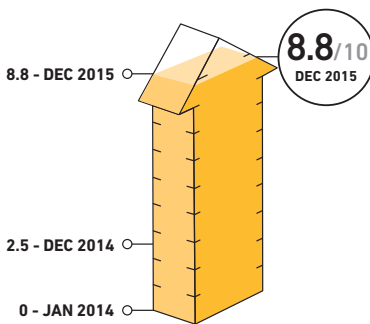


- From 2014 to 2016, BIC will have launched 3 innovative responsible products
(Start JAN 14: 0 > DEC 15: 4)

1



Create products for developing markets

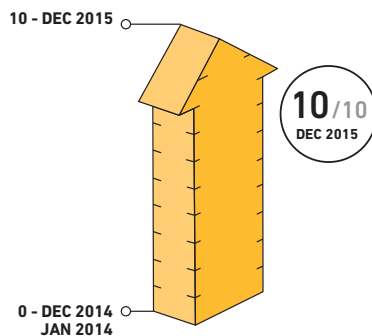


- From 2014 to 2016, BIC will have created 8 products adapted to developing markets
(Start JAN 14: 0 > DEC 15: 7)

2



Offer BIC® products with environmental benefits*

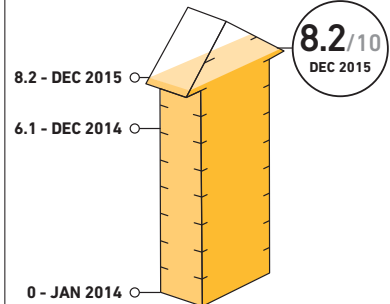


- In 2016, 50% of BIC® products will have at least one environmental benefit
(Start JAN 14: 49.88% > DEC 15: 50%)

3



Select responsible materials for packaging*



In 2016,

- 90% of BIC cardboard packaging will be from a certified and/or recycled source, i.e. a 18% improvement
(Start JAN 14: 75.9% > DEC 15: 90.29%)
- 90% of BIC plastic packaging will be PVC free, i.e. a 27% improvement
(Start JAN 14: 70.6% > DEC 15: 83.1%)

4

* BIC Graphic excluded





Improve the environmental performance of BIC's factories

8.4 - DEC 2014
6.2 - DEC 2015
0 - JAN 2014

6.2/10
DEC 2015

In 2016,

- Energy consumption will remain at 12.68 GJ** (Start JAN 14: 12.68 > DEC 15: 12.16)
- Water consumption will be 5.59 m³**, i.e. a 20% reduction (Start JAN 14: 6.99 > DEC 15: 5.80)
- Non recycled waste production will be 0.0786 ton**, i.e. a 1% reduction (Start JAN 14: 0.0794 > DEC 15: 0.0830)

5

Maintain a low level of air freight

6.7 - DEC 2015
3.3 - DEC 2014
0 - JAN 2014

6.7/10
DEC 2015

- Each year from 2014 to 2016, 97.7% of intra-company transport will be operated without air freight (Start JAN 14: 98.03% > DEC 15: 98.09%)

6

Maintain low worker accident rates

5 - DEC 2015
1.7 - DEC 2014
0 - JAN 2014

5/10
DEC 2015

Each year from 2014 to 2016,

- The Group accident incidence rate will be 8.43 maximum (Start JAN 14: 8.43 > DEC 15: 6.28)
- The Group accident severity rate will be 0.27 maximum (Start JAN 14: 0.27 > DEC 15: 0.26)

7

Intensify the implementation of the BIC Group Code of Conduct

8 - DEC 2015
2.8 - DEC 2014
0 - JAN 2014

8/10
DEC 2015

- 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 (Start JAN 14: 0 > DEC 15: 75.7%)

8

Develop employee engagement

6.7 - DEC 2015
3.3 - DEC 2014
0 - JAN 2014

6.7/10
DEC 2015

- Each year from 2014 to 2016, the participation rates to the Values in Action survey and to the Employee survey will be at least 85% (Start JAN 14: 83.6% > DEC 15: 85.1%)

9

Ensure the employability of BIC's employees

6.7 - DEC 2015
3.3 - DEC 2014
0 - JAN 2014

6.7/10
DEC 2015

- Each year from 2014 to 2016, the internal developmental moves and promotion rate will be at least 25% (Start JAN 14: 25% > DEC 15: 31.5%)

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

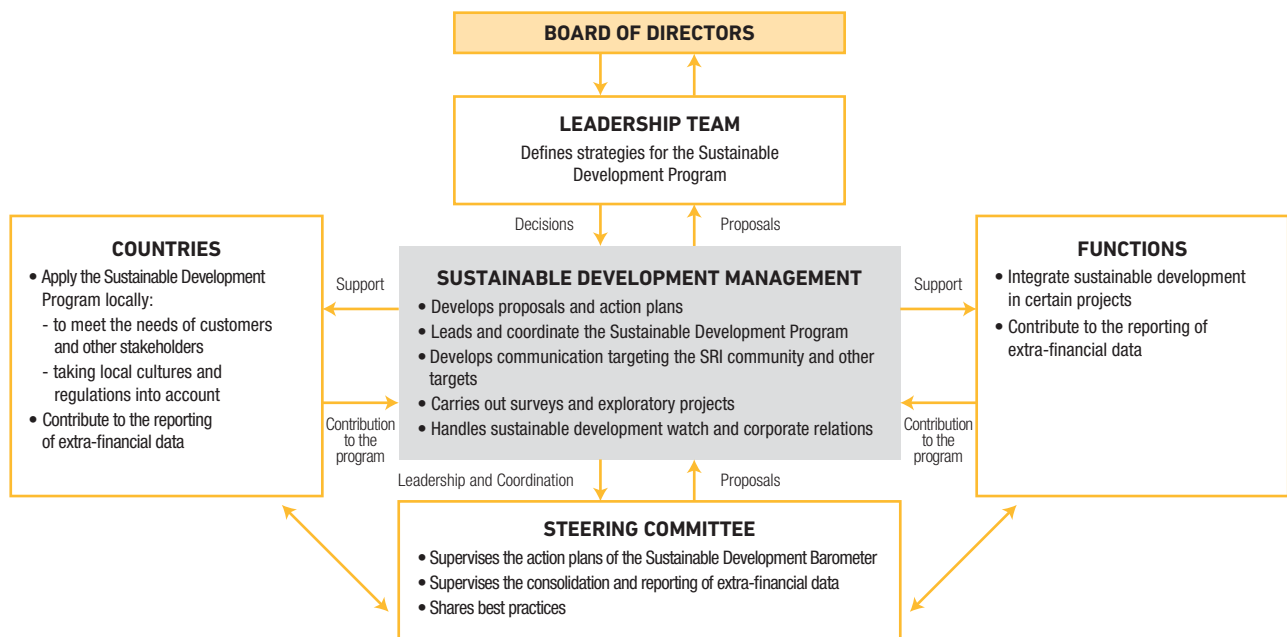
The issues of sustainable development are taken into account in the Company's decision-making process. The Group's CEO leads the Sustainable Development Steering Committee and every meeting of the Leadership Team includes an update on recent progress in sustainable development. In 2015, the following points were addressed: the BIC Group's participation in the COP21 climate talks, the creation of the BIC Corporate Foundation, the dissemination and application of the BIC Code of Ethics within the Group and the presentation of the materiality matrix. The BIC Sustainable Development Program, its goals and its progress are presented at least once a year to the Board of Directors and at the Annual Shareholders' Meeting. In addition, the Audit Committee is kept abreast of the policies and programs implemented by the Group.

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 11 and 12, with all 25 members of the Sustainable Development Committee attending as well as all members of the Leadership Team. 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 in 2015 included in particular: the recycling of plastics, the circular economy, the role of sustainable development in employee engagement and the creation of value. A workshop was held to increase the participants' awareness of the

concept of local environmental footprint, especially from the viewpoint of job creation and the sharing of created value with stakeholders.

The forum also provided an opportunity to hear presentations by representatives of two CAC 40 companies. One explained his company's in-depth approach for measuring local social-economic footprints, and the other talked about his company's circular economy program and solutions for a function-oriented business model.



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 page 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 81).

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, an internal newsletter keeps all employees worldwide regularly up to date on the latest in sustainable development (except Cello Pens);
- 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.

Since 2013, all BIC employees are invited to nominate their co-workers through the "BIC Values in Action" recognition program (page 72). The members of the Executive Committee then select the winners from the list of nominees.

Employee involvement in the promotion of sustainable development is also 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 U.S. 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.

In 2015, an awareness-raising video on sustainable development was produced in six languages. In 2016 it will be made available to all HR entities worldwide to be used as part of locally organized internal events.

In parallel with the COP21 conference (see also page 63), an exhibition by the environmental reporter and photographer Yann Arthus-Bertrand entitled "60 Solutions Against Climate Change" was installed at BIC headquarters in Clichy (France) for the benefit of the site's employees. At the same time, a competition called "Selfie for Climate" was held to mobilize the staff around a specific project: for each selfie taken by an employee, a contribution was made to a fund-raising program (financed by the BIC Group) to help a reforestation project in Brazil undertaken by the Anne Fontaine Foundation.





2.1.5. INTERACTION WITH OUR STAKEHOLDERS

2.1.5.1. Sharing value with our stakeholders

◆ Challenges and approach

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.

◆ Performance

The following diagram shows the main cash flow transfers between BIC and its stakeholders for 2015. 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 2015⁽¹⁾

→ CUSTOMERS TURNOVER: 2,241.7 MILLION EUROS						
Employees	Suppliers	Shareholders	Banks	Governments	Net investments	Communities
602.1 million euros. Corresponding to payroll, bonuses and other payments to employees.	1,095.7 million euros. Corresponding to purchasing of raw materials, consumables and bought-in services.	134.8 million euros in ordinary dividends and 26.3 million euros for the repurchase of shares.	10.9 million euros in net interest received.	160.3 million euros, including 143.3 million euros paid around the world as corporate income tax and 17.0 million euros in other taxes.	103.5 million euros. Including 118.4 million euros for the acquisition of tangible and intangible fixed assets and 14.9 million euros received from the disposal of assets.	2.7 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.

Since 2013, as a signatory of the Advertisers' Charter of Commitment to Responsible Communication of the *Union Des Annonceurs* (UDA, French advertisers union), BIC submits to the UDA an annual summary of its actions undertaken to promote responsible communication.

◆ Progress made in 2015

In 2015, BIC increased the visibility of its Sustainable Development Barometer by launching a dedicated website: <http://www.bicworld.com/barometer/en/>

The Group has also produced an educational video on sustainable development, targeting both its own employees and the general public: <https://www.youtube.com/watch?v=jfsWI8XgQyo>

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





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 2015:

→ BIC'S COMMITMENT AS SEEN BY LYRECO

Once again this year, I have observed admirable progress in BIC's approach, consistent with the actions undertaken in recent years.

I especially appreciate the governance of the BIC Sustainable Development Program, with its Barometer, which is a particularly good strategic tool, with the formalization of the materiality matrix — a key point in order to ensure a global approach, since it is crucial to identify the stakes and stakeholders — and with the commitment of its Leadership Team. On this last point, certain actions in 2015 clearly demonstrated this commitment, for example the fact that the entire Leadership Team devoted two full days to the annual internal sustainable development forum.

Among the important actions of 2015, I should also mention the continuation of the certification programs, with two factories becoming ISO 50001 certified, BIC's ongoing research in materials and its increased communication efforts, resulting in greater visibility for the BIC program. These are fundamental actions that should definitely be continued.

Lastly, in my opinion, another outstanding development is the launch of the BIC Corporate Foundation for Education, which could give BIC a strong societal role.

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

→ BIC'S COMMITMENT AS SEEN BY HACO TIGER BRANDS

Again in 2015, Haco Tiger Brands appreciated BIC maturity and commitment to sustainable development: the Leadership Team spent two full days on sustainable development during the annual Forum and also BIC worked with its stakeholders for its materiality matrix.

Actions regarding products and materials for the future are key for BIC and Haco Tiger Brands is very interested to understand how the experience of the BIC-TerraCycle partnership in Europe could be extended in other geographies like Africa when it would make sense. The good initiatives on multi modal transport in Mexico could be shared and possibly extended and BIC could also benefit from African distributors' best practices. Haco Tiger Brands would also appreciate to have learning from BIC on other indicators like monitoring energy consumption or even on the U.S. well-being program "You First by BIC" or to get access to BIC communication tools, for example the exhibition that BIC organized during the COP21 Paris Summit.

We consider that the integration of Cello Pens' Indian entities is important as the Cello® brand is strong and the result will be watched here in Africa.

Finally, the launch of the BIC Corporate Foundation will be fundamental and partnerships certainly possible in African regions that have strong needs regarding education.

Anthony Mburu, Sales Director, **Haco Tiger Brands**, a licensed BIC contract manufacturer and distributor





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

The BIC Sustainable Development Program

→ BIC'S COMMITMENT AS SEEN BY ODDO

I appreciate the work that has been done on evaluating the materiality of the issues, validating the commitments of the BIC Sustainable Development Barometer. For the Company's Leadership Team to present this matrix at the Annual Shareholders' Meeting is a sign of real maturity. Also in terms of sustainable development strategy, I applaud the decision to launch a pilot project in 2016 on integrated reporting, a procedure that will prove invaluable for structuring the medium- and long-term strategy.

Once again this year, BIC has shown, through win-win programs like multimodal transport in Mexico, that it is indeed possible to reduce both CO₂ and costs, and that sustainable development is not incompatible with economic performance. BIC has begun integrating the Cello Pens entities in India, a key social challenge in terms of corporate culture that we will be following closely in 2016 and 2017. Lastly, the "You First by BIC" program in the U.S. appears to be a strong differentiation factor, and could be extended with an indicator to measure employee well-being. More generally, the ESG criteria could be generalized for certain projects and factored into the variable remuneration of certain managers, an approach that has proven very effective for us.

Concerning the circular economy and alternative materials, I am aware of the difficulties, especially with the low price of oil (less than 30 U.S. dollars per barrel in early 2016) complicating the economic balance, but I appreciate that the BIC Sustainable Development Forum addresses these topics.

Lastly, since the COP21 Paris Agreement of December 2015 did not set a global price for CO₂, we would like to see companies whose activities impact the climate adopt an internal carbon price proactively (around 30 euros and up), to be integrated in the calculations for their economic decisions: investments, the launch of new products or services, etc. We would encourage BIC to adopt this approach before 2020.

Jean-Philippe Desmartin, Senior Analyst, Head of ESG Research (Environmental, Social, Governance), **Oddo Securities**

→ BIC'S COMMITMENT AS SEEN BY FEDEX BRAZIL

I would say that the BIC Sustainable Development Program is comprehensive, with a clear vision, that is well balanced with both operational initiatives and strategic actions.

I particularly appreciate some 2015 actions like the materiality matrix which is a good guidance for the organization, the re-enforced engagement of top management who spent two full days working on sustainable development, the attention to circular economy, the multimodal transportation initiatives that benefit both to BIC and to transport companies in terms of costs and CO₂ reduction. Even more, I am very glad to see that BIC has started to have more communication tools so that teams are embarked; also the events created during the COP21 in Paris have been opportunities to raise awareness on BIC's engagement and to show BIC actions. Finally, there will be expectations from the new BIC Foundation for Education and I believe it will make it easier for employees to connect to sustainable development.

The challenge for BIC now will be to keep the engagement, keep the strong support internally and externally while not change too much the strategy. This can probably be achieved by creating a strong chain of progress, by pushing for all partners, suppliers and customers to be fully part of the approach.

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

→ CUSTOMERS' EVALUATION 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.).

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 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:

- French, European and American 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 2015

The BIC Group's lobbying activity was reduced in 2015, concentrating primarily on the follow-up of regulatory changes under consideration by the EFLM and the EWIMA.

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 2015

Throughout 2015, various events continued the dialog on the topic of sustainable development, including:

- the Annual Shareholders' Meeting on May 6, 2015, at which the topic was presented to the shareholders;
- the Oddo Mid-Cap Forum in January 2015 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.

→ *7 discussions with investors and investment funds on sustainable development in 2015*

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.





2.2. Responsibility concerning our products

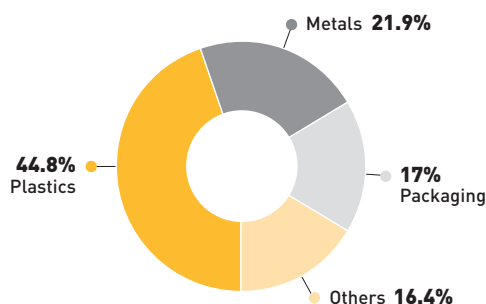
BIC produces and markets consumer products that are lightweight, have a long performance life, and are affordable by everyone. Right from the start, BIC® products have been designed and made with just what's necessary in terms of raw materials, leaving out anything that is superfluous. To attain this goal, the Group has always pursued an approach that is based on innovation and emphasizes economy of materials. By cultivating this active eco-design 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 developed and developing countries.

2.2.1. OUR PRODUCTS' ENVIRONMENTAL PERFORMANCE

◆ Challenges

To manufacture its products, BIC uses raw materials (plastics, inks, packaging and metals, 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 raw materials.

BREAKDOWN OF RAW MATERIAL PURCHASES IN 2015



2.2.1.1. The three eco-design solutions developed by BIC

◆ Approach

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

- minimizing the quantity of materials used in the manufacturing of each product, while ensuring long-lasting performance;

- using alternative materials of either vegetable or recycled origin;
- developing refillable products.

→ BIC'S THREE ECO-DESIGN SOLUTIONS

Economy of materials

Integrating alternative materials

Developing refillable products

Economy of materials

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

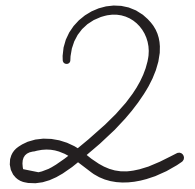
In the Stationery category, the BIC® Cristal®, one of the Group's flagship products, exemplifies this approach (see Commitment #3 on page 48). Even though its design already optimized the use of materials in 1950, the BIC® Cristal® ball pen has continued to benefit from ongoing research in order to minimize the quantity of material used:

- It has a minimum writing length of more than 2 km;
- It uses only 2.9 grams of material per kilometer of writing, compared with 6.4 grams for a competing product with comparable 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 an optimal quantity of materials.

For example, the BIC® Simply Soleil® shaver is designed to weigh as little as possible. Although it is hollow, its handle nonetheless ensures a high level of performance, quality and comfort in shaving. In 2015, the BIC® Simply Soleil® shaver continued to achieve strong growth in the U.S., Europe and Latin America and will reach more and more markets in 2016, Russia, in particular.





→ **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 eco-label, 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, in collaboration with the Purchasing departments, focus on two approaches:

- the use of existing innovative materials. An inventory of innovative materials available for industrial use is kept up to date. From this list, engineers select materials that correspond to industrial and economic requirements with the objective of conducting feasibility tests. In the absence of a simple, economical solution to develop a material based on biological material from plants, recycled materials are chosen;
- collaborative research with suppliers to identify new materials (e.g. plant-based or recycled, etc.), new concepts or hybrid materials. Many materials are considered and then analyzed. These have included potato starch, sugarcane, plant fibers, woodchips 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 2015, 79 alternative materials had been tested, including 31 recycled plastics, 24 hybrid materials and 24 materials derived from renewable resources.

→ **79 alternative materials tested.**

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 have identified 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 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 in Villeneuve d'Ascq, near Lille, it backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by the cluster concern multifunctional, eco-designed and biosourced materials, high efficiency processes and clean technologies.

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® range is a complete stationery line that consists of products manufactured using recycled materials (at least 50%) 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 performance. BIC is convinced that this product line meets the needs of certain customers and anticipates future consumer expectations.

In 2015, BIC extended the BIC® Ecolutions® line with a new version of the M10®, the first retractable ballpoint pen to be launched by the Group. Called the M10® Ecolutions®, it is produced using 52% recycled materials.

A line of surfboards made from natural products developed by BIC Sport

In 2015, BIC Sport continued its efforts to reduce the ecological footprint of its products and operations. To this end, the Earth SURF line of six surfboards made from paulownia wood and flax fiber was launched during the year, in the same spirit as the Earth SUP stand-up paddle board line that was launched in 2014. The boards are produced without using varnish, or paint and with a minimum of fiberglass.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Responsibility concerning our products

Developing refillable products

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

Within the Stationery category, BIC has remained focused and committed to offering consumers refillable pens. Two new products were therefore added to the Atlantis range of retractable ball point pens in 2015: the BIC® Atlantis® Ultra Comfort and the BIC® Atlantis® Air, both of which are refillable. Other additions to the 'champion brand' range include the 4-Colours™ Stylus, a truly multi-functional product which, in addition to four different colored inks, includes a soft pad for easy navigation of smartphones or tablets.

Elsewhere, the development of completely refillable markers in the BIC® Marking range (permanent markers, dry wipe markers and highlighters) has continued strongly in Brazil.

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

In the Shaver category, the BIC® Easy/BIC® Hybrid shaver is sold as a handle with 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 customers, 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. In 2015, the BIC® Simply Soleil® Click was launched in the U.S. With its lightweight hollow handle and six cartridges for a longer performance life, it offers female consumers a combination of high-quality shaving and good environmental characteristics.

→ OVERCOMING THE DISPOSABLE/SUSTAINABLE CONTRADICTION

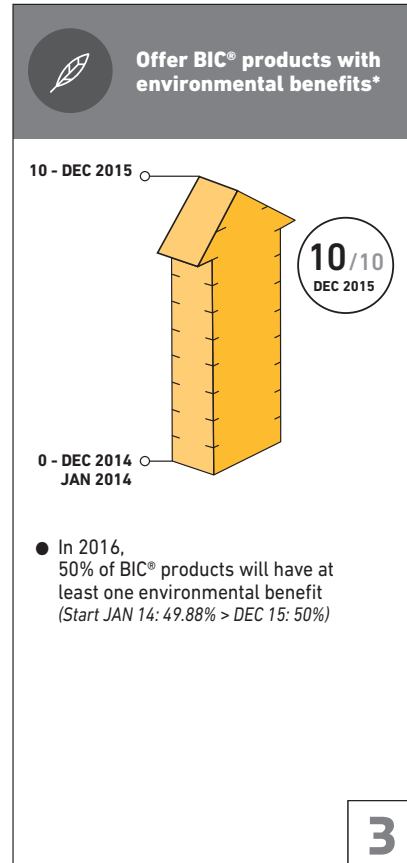
BIC® products are very often stigmatized as "disposable." Although not all of them are refillable, neither are they used just once. On the contrary, most of them offer long-lasting performance: more than 2 km of writing for a ball pen, up to 3,000 flames produced for a lighter and 17 shaves for a shaver. 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 for 2016:

- to extend the distribution of the BIC® Simply Soleil® Click to Canada;
- to extend the distribution in the U.S. of the BIC® Hybrid 3, comprising a handle and 12 cartridges, launched in 2014

◆ Performance of the eco-design approach



* BIC Graphic excluded.

RESULTS FOR 2015: The three categories exceeded the target of 50% of products with at least one environmental benefit. Stationery and Lighters categories increased their rates (6% for Stationery), while the Shavers category recorded a 4.5% drop because of launches of added-value products, which are heavier.





2.2.1.2. Tools to facilitate the eco-design 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 	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%

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

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

→ **100% of new Stationery products are subject to eco-measurement**
 → **By the end of 2014, 92.5% of all existing BIC® products were subject to eco-measurement**

Our LCA and eco-design 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⁽²⁾ interface to enable Research and Development (R&D) designers to carry out complete and detailed environmental evaluations, as well as create quick decision-making studies during the design process.

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

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

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

In order to bolster and spread the culture of eco-design within the Group, BIC launched two major projects for the Stationery category in 2015:

- sharing the products' environmental profiles with the teams in charge of their development, in the form of information sheets summarizing the SimaPro findings. This will improve the product managers' knowledge of each product's environmental benefits;
- the preparation of an in-house eco-design and LCA guide for the teams in charge of product design and new product launches.

These tools, now in the pilot stage in the Stationery category, have been designed so that they may be replicated in other categories.

(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, The 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

BIC Group is laying the groundwork for its commitment to the circular economy by identifying new economic models.

→ **BIC-TERRACYCLE PARTNERSHIP FOR THE RECYCLING OF USED WRITING INSTRUMENTS**

In 2015, 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. So far, more than 250,000 euros has been donated since 2011. 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 13 million writing instruments that have already been collected and has created a task force to develop a model based on the circular economy.

Largely due to its transparency and traceability, the program has been a tremendous success, offering schools and offices an opportunity to put sustainable development into practice in daily life.

→ **BIC-TERRACYCLE PARTNERSHIP FOR THE RECYCLING OF USED WRITING INSTRUMENTS**

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.

→ **11% of the plastics (by quantity) 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 *NF Environnement* ecolabel certification of a given product, where it was manufactured, the amount of recycled materials in it or its writing length.



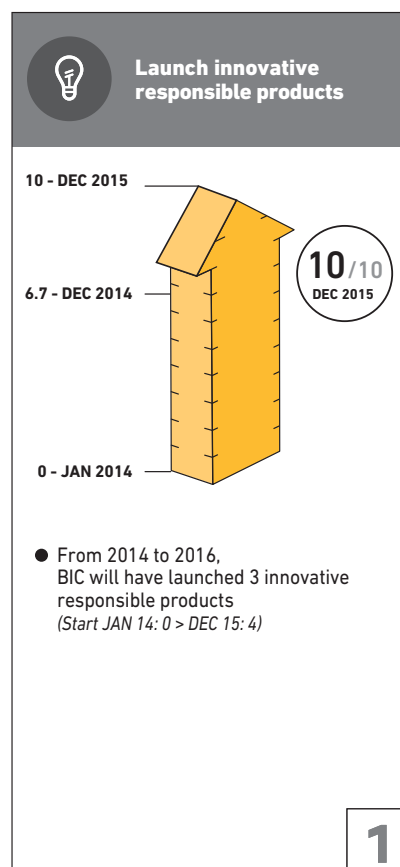
To help consumers make well-informed decisions, BIC strives to improve the clarity and reliability of the communication used for its

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").

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

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

◆ Performance



RESULTS FOR 2015: Aligned with 2014, two products were launched in 2015: a 4 colours™ pen with a pad to write on smartphones/tablets for the Stationery category and a female hybrid shaver with six heads, a first for a women's shaver. In two years, four products have already been launched, exceeding the target for 2016.

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





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Responsibility concerning our products

→ "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, for example, currently stands at 1.6 for all stationery products. The goal for 2017 is to reduce this figure to only one complaint per million products sold.

→ 163 writing items meet BIC's eco-value criteria

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

◆ Perspectives

Responsible products are a permanent and ever-growing feature of BIC's product range. In the coming years the Group will continue integrating these products into its corporate strategy, 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

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

In 2015, 30% of the Group's turnover came from these growth markets.

◆ Approach

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

Building 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. In 2015, BIC opened an office in Côte d'Ivoire and a subsidiary in Morocco, allowing it to serve these markets even better.

Creating products for growth markets. One of BIC's goals for 2014-2016 is to create eight products for growth markets, most of which are in emerging countries, as stated by Commitment #2 of the Barometer. In 2015, the launch of the BIC® Cristal® Fine pen in South Africa and Ghana was made possible by local production, enabling a cost price adapted to those countries' buying power. Three pens that are especially well-adapted to consumers' needs in Asia, with very fine tips and very low viscosity ink, were launched on those markets: the BIC® Xtra EZ RT, BIC® Xtra EZ+ and BIC® Xtra EZ Stic.

Adapting BIC® products to the buying power of emerging countries, in order to meet basic needs of the population with quality products. In 2011, the BIC® Comfort 3® shaver was redesigned for South America in order to suit the buying power of those countries.

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

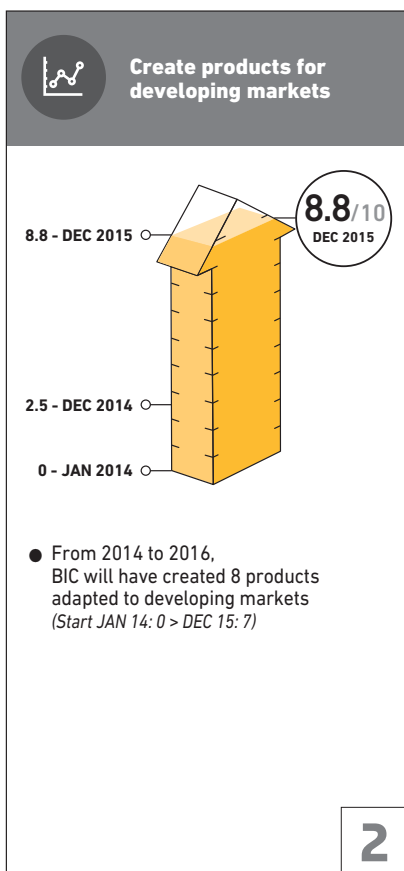
Offering the best functionality at the best price. In emerging countries, where the optimization of the quality-price ratio is of great importance for low-income populations, BIC sets its pricing policies in collaboration with local retailers, taking into consideration local consumption trends and selling price thresholds.

Developing innovative distribution models. In order to reach the most impoverished consumers wherever they live, generally in remote rural areas or on the outskirts of large cities, BIC relies on local retailers to develop appropriate distribution channels, such as individual kiosks or micro-shops, service outlets near schools or specific "Social Business" initiatives (see page 53).





◆ Performance



RESULTS FOR 2015: In 2016, five products have been created to meet the needs of developing markets. A pen packed by 10 units instead of 50, to make it more affordable; a pen manufactured locally in Côte d'Ivoire to reduce production costs, while maintaining the quality level; finally, three pens with very low viscosity ink in order to adapt to fine writing, in Asia.

◆ Perspectives

A retractable ballpoint pen will be launched in Latin America in 2016. Specially developed to meet the needs of these markets, it will come in "fashionable" colors, that differ from the conventional colors for this type of product.

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

◆ Challenges and approach

The BIC Group 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 to help strengthen the financial, economic and social independence of women in remote rural areas.

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 2015

In 2015, 1,000 women participated in this program.

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 2015, the program continued with 80 consumer awareness events and 40 sessions to teach people about the products and how to use them. In all, 319 villages were involved, representing some 80,000 households and 314,000 potential consumers. At these interactive events, consumers are told about the importance of hygiene and shaving, shown BIC TV advertisements and offered demonstrations of the products. Special BIC branded vehicles are also used to increase visibility.

◆ Perspectives

Currently only basic shavers (BIC® Metal, BIC® Body and BIC® 1) are being sold through the JITA program. The Group is assessing production and distribution of core stationery products in Bangladesh.





2.2.3. PRODUCT SAFETY

◆ Challenges

Guaranteeing the quality and safety of its products is a crucial priority for the Group. Every day, BIC supplies millions of products while maintaining consistent quality, checked through a vast array of tests and in compliance with national and international safety requirements.

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 for the consumer.

◆ 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 BIC to comply with national and international safety standards;
- expecting BIC 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;
- implementing appropriate measures in the case of an incident;
- a senior product safety officer oversees implementation of the BIC Product Safety Guidelines.

BIC has also 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.

In order to guarantee consumer safety, BIC Group Category Directors are responsible for marketing safe products that comply with regulations. To this end they rely on dedicated product safety teams who monitor regulatory developments and ensure the products' compliance.

In keeping with the Group's corporate policy, the 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.





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 independent accredited laboratories, more than three-quarters of the lighter models in the European market fail to meet standards. The Group has initiated actions to raise awareness among the various parties involved.

In 2010, emphasizing the consequences for consumer safety 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 an infringement procedure against the Netherlands. In March 2012 and then in July 2014, the country was served formal notice to explain its failure. The procedure remains pending.

→ COMPLIANCE WITH THE REACH REGULATION

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

To address these requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At Group level, an expert was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the Group and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has 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 Group has begun preparing for the registration of the remaining substances by 2018.

◆ Progress made in 2015

In 2015, BIC continued to improve its organization for adapting to the large number of new regulations that affect its products, and for meeting customers' increasing demands. Two new employees were recruited to strengthen the central and Stationery safety teams. BIC also stepped up its product safety training actions, which involved the factory Directors, quality managers, R&D managers and marketing and development managers of the Stationery category, plus all buyers in the Stationery, Lighters and Shavers categories. Lastly, more than 430 products were tested to verify the absence of heavy metals.

In November 2015, as part of National Fire Prevention Month in the U.S., the BIC Group launched the fire prevention website www.flickitsafely.com, which informs consumers about BIC® lighters and their safe use. This website complements BIC's fire-safety and prevention program for young children, called "play safe! be safe!®".

◆ Perspectives

In the coming years, 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. 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 2015

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 (73% in North America), 79% of lighters are sold in trays of at least 50 (72% in North America) and 70% of shavers are marketed in pouches of five, ten or more (48% 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 #4 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

Priority #1: 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 accomplished in 2015:

- as of 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; a chain of traceability is being implemented to confirm the certification efforts;

- acting on a request from BIC, the Group's Brazilian cellulose packaging suppliers have worked hard to qualify for certification and/or use recycled fibers. These aspects are now taken into account at a fundamental level in the development of new cellulose packaging.

PVC-free plastic packaging

The elimination of PVC in BIC Group packaging was completed several years ago in Europe (more than 99% PVC-free) 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 2015, the Group made progress in the following areas:

- in the U.S., the transition from PVC to 100% PET began in 2012. The installation of the fourth PET-compatible machine for blisters at the factory in Charlotte (North Carolina) made it possible to achieve 70% PVC-free packaging (up from 40% in 2013); large format clamshells and blisters have been transitioned to PET, along with all folding cartons; the teams are working on a plan to continue the transition and reach more than 90% by the end of 2016;
- the factory in Milford (U.S.) has modified its blister packing machine and will be able to produce PVC-free packaging starting in early 2016;
- in 2015, the BIC Mexico factory replaced the plastic pack used for the BIC® Mini lighter (the zone's bestselling model) with cardboard packaging, reducing its plastic consumption by nearly 95 tons compared with 2014;
- in Brazil, BIC® Soleil® and BIC® Comfort 3® shavers were launched in 100% PVC-free blister packs.

Priority #2: 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 U.S. in 2015, 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).

In Brazil, a study was conducted to optimize the placement of blister packs in cardboard boxes. The goal is to reduce the size of the boxes and the quantity of cardboard used for packaging, as well as storage space and shipping costs. A pilot operation using the BIC® Cristal® Gel 2 (in packs of two) achieved a 33% reduction in the volume of the boxes, resulting in a 36% increase in the number of products per pallet. The same approach is being studied for other products.





Priority #3: Reducing packaging waste

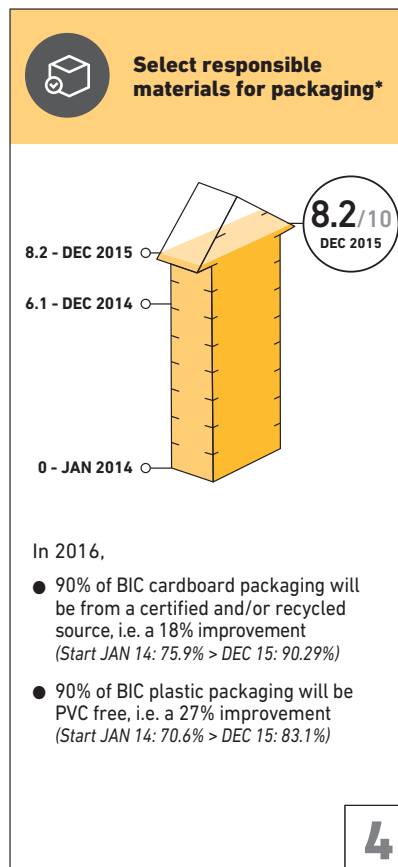
The Group is taking action to increase the recycling rate of packaging production waste in the packaging center facilities. The Charlotte site in the U.S. has already reached the program’s goal of 100% waste recycling. This objective is backed by an effort to reduce waste production upstream.

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 landfill 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%).

In Australia, since 2013, BIC has been a member of the Australian Packaging Covenant (APC), a governmental initiative to promote the development of more sustainable packaging systems, increase recycling and reduce packaging waste — three priorities shared by the BIC Group. As an APC member, BIC Australia has defined a number of goals in this area: to ensure that all new packaging complies with the recommendations, to work with its suppliers toward more sustainable packaging, to track the percentage of recycled materials used in its packaging, etc. The site has been sorting and recycling its packaging waste since 2013.

◆ Performance



* BIC Graphic excluded.

RESULTS FOR 2015: The objective of having 90% of certified and/or recycled cellulose is met and exceeded thanks to the efforts carried on all zones. Regarding the decrease of PVC material in our packaging, BIC is in line with forecasts. Efforts are still being made, mainly in the United States, Brazil and Mexico.

◆ 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 (86% of the Group's net sales are generated by products manufactured in its own factories; 90% in the Consumer Goods business and 65% in the Advertising and Promotional Products business of BIC Graphic). Secondly, in the Consumer business, 58% of the products sold on a given continent are also manufactured on that continent (88% in Europe and 46% 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.

Since 2010, this policy applies to all of the Group's factories (excluding Cello Pens).

In 2014, BIC developed a formal procedure to review the BIC EH&S Policy and to ensure that it remains pertinent and appropriate to the business. This procedure includes in particular regular assessment of its pertinence in light of changes in the Group's activities and products, acquisitions and changing 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**. If needed, 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 soil

In Europe and the U.S., where most of the Group's sites are located, whenever an industrial site is closed, BIC ensures that plant decommissioning is performed in accordance with local laws and best environmental practices. When appropriate or when required by law, BIC carries out studies of the soil and subsoil, although most sites are not subject to compulsory examination. Such studies of 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 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 would 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 2015, 4.8 million euros were invested in environmental improvement programs.

Provisions and guarantees for environmental risks

None.

The guarantees received regarding the environment are listed in Note 25 "Off-balance sheet commitments: sureties, deposits and guarantees" of the consolidated financial statements for the year.

Compensation paid during the fiscal year under court order

None.

◆ Progress made in 2015

Again in 2015, the management systems of BIC Sport (France) were recognized for best practice. The subsidiary also earned the renewal of its Ecoride label to the gold level, an initiative of the board sports association EuroSIMA Cluster (in partnership with ADEME Aquitaine). This label stresses the high level of commitment of BIC Sport.

Since 2014, the startup of the WCA platform for auditing subcontractors' working conditions (see page 87) enabled the inclusion of a comprehensive questionnaire on their environmental performance, accounting for 10% of the total number of questions posed. Of the 69 suppliers, who were active and audited in 2015, 24 suppliers had deficiencies relating to the environment. A total of 59 of such deficiencies were raised. 73% of them were minor and 27% were moderate.

BIC Ecriture 2000 (France) and BIC Sport (France) have both received certification to the ISO 9001:2015 quality certification, allowing BIC to have 22 factories certified ISO 9001. BIC's continued and steady progress in systems registrations underlines BIC's commitment to the highest standards of environmental protection and quality.

◆ Performance

→ A SECOND FACTORY OBTAINS LEED CERTIFICATION

Following the granting of LEED (Leadership in Energy and Environmental Design) certification to the BMT 11 factory in Tunisia in 2013, the BIC (Nantong) Plastic Products lighter factory that opened in China in 2015 has also earned this certification. The factory was commended for its optimized water management, its numerous measures to reduce energy consumption (with the goal of -14.5% in relation to a baseline conception), the elimination of coolants that could damage the ozone layer, the promotion of eco-friendly transport methods for the people who work in its building, the sourcing of more than 20% of its materials within an 800-kilometer radius, the choice of certified wood for sustainable forest management, its strict air quality management, etc.

In 2015, the implementation rate for BIC management systems at BIC-owned product factories is 89% complete for the environment and 88% complete for health and safety. These rates for management system implementation vary every year as new plants join the scope and others make progress, but rates remain consistently high.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

In addition, 80% of BIC employees work in factories that are registered or engaged in ISO 14001 and 40% of 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 2015 and performance

Water consumption per ton of production decreased by 7% between 2014 and 2015. Total water consumption decreased by 2.8% over the same period while production increased by 4.5%. 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 is more relevant reading for BIC Group activities with high tonnage of production (which is not the case for product storage and packaging or for advertising and promotional product printing);
- The gross indicators are disclosed on page 96 for additional information.

In 2015, 15 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 (30%), reported an almost 16% 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. Furthermore, Conté-Samer (France) has reduced its water consumption per ton of production by more than 30% thanks to different actions, such as, for example the implementation of a recovery tank.

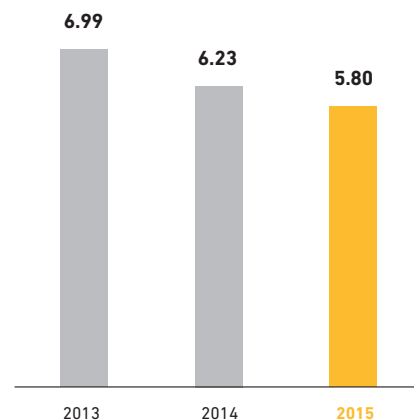
Some improvements have also been reported by BIC Écriture 2000 (France), Conté-Boulogne (France), BIC Mexico (Mexico), BIC Amazonia (Brazil), BIC Iberia (Spain), BIC Violex (Greece) and BIC Graphic Sleepy Eye (U.S.), among others. These plants, which represent 32% of the water consumption of the Group and 55% of the production of finished and semi-finished products, have improved their water consumption ratio per ton of production by 6% overall.

BIC Group plants completed or implemented 11 projects targeted specifically at water savings during 2015.

→ EWS CERTIFICATION FOR THE BIC VIOLEX FACTORY (GREECE)

In April 2015, the BIC Violex factory (Greece) was granted European Water Stewardship Gold certification in recognition of its adoption of a water management system that optimizes consumption, reduces pollution, encourages the sharing of good practices, etc. EWS certification also requires close cooperation with the other users of the catchment basin for the joint management of this resource.

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



Assessing the scarcity of water resources at our factories

In 2015 the BIC Group consumed 551,968 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).

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. 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 2015 and performance

Optimizing energy consumption

At the Group level, the Purchasing departments have 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 2014 and 2015 (-0.5%), 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 4.5%.

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 is more relevant reading for BIC Group activities with high tonnage of production (which is not the case for product storage and packaging or for advertising and promotional product printing);
- the gross indicators are disclosed on page 96 as additional information.

13 sites improved their ratio of energy consumption per ton of production in 2015.

Conté-Samer (France), BIC Mexico (Mexico), B.J.75 (France), BIC CORPORATION Milford (U.S.), BIC Violex (Greece), and BIC Graphic Sleepy Eye (U.S.), representing almost 50% of the Group's energy consumption and 59% of the production of finished and semi-finished products, have improved their energy efficiency by 0.4%. In particular, Conté-Samer (France) achieved a 10% reduction in its energy consumption ratio per ton of production through various actions including optimization of centralized energy management systems, work on equipment decreasing their

electricity consumption, continuous operation in the factory requiring no energy intensive reboot of machines and finally to the purchase of two cooling units with heat recovery.

Improvements were also reported by BIC South Africa (South Africa), BMT 11 (Tunisia), BIC Iberia (Spain), BIC Shavers Mexico (Mexico), BIC Graphic Red Wing (U.S), BIC Technologies (France) and BIC Sport (France), which represent nearly 10% of the Group's energy consumption and production of finished and semi-finished products. These sites have improved their energy consumption ratio per ton of production by 11% overall.

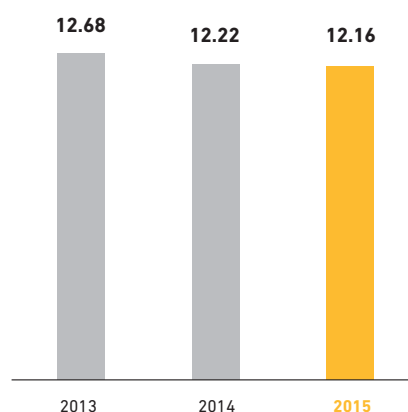
Finally, energy consumption programs have been pursued this year on the sites including the replacement of light bulbs with energy saving bulbs or LED, the replacement of equipment (such as boilers) with more efficient ones or the optimization of heating and cooling systems.

BIC plants completed or implemented 38 projects targeted specifically at energy savings during 2015.

→ TWO FACTORIES EARN ISO 50001 CERTIFICATION

In 2015, the Conté-Samer (France) and BIC Violex (Greece) factories obtained ISO 50001 certification, the international standard for energy management. This certification requires the definition of goals to improve energy consumption and the adoption of a system to track the results achieved in order to ensure ongoing improvement in energy management.

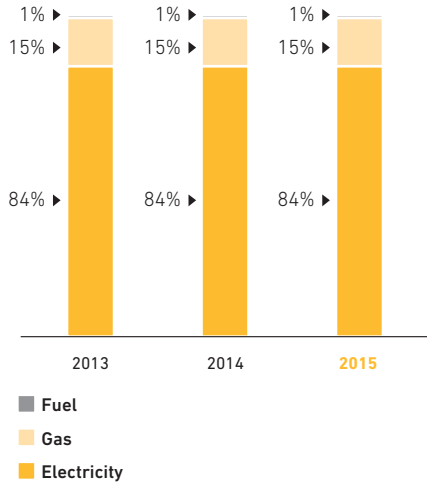
ANNUAL ENERGY CONSUMPTION NORMALIZED TO BIC FACTORIES PRODUCTION - IN GIGAJOULE/TON





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Environmental responsibility concerning our operations

CATEGORIZATION OF THE BIC FACTORIES ENERGY CONSUMPTION



The use of renewable energy

The BIC Group continues to seek and seize opportunities to promote 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: the headquarters, a factory and an R&D facility. BIC renewed this commitment in 2015 for the period from 2015 to 2017, in order 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 9,800 teqCO₂ emissions per year 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 6,501 teqCO₂, 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 eco-design 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 65).

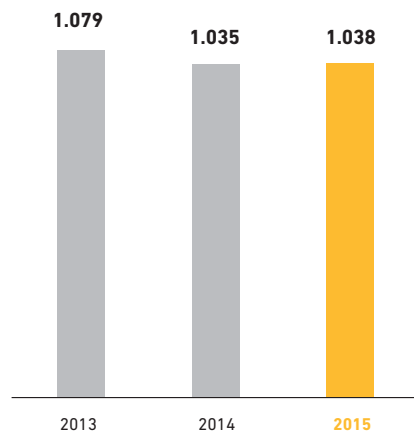
Lastly, a carbon footprint assessment was conducted at the BIC headquarters in Clichy (France) and in two factories, BIC Amazonia (Brazil) and BIC Rasoirs (France), using the Bilan Carbone® ADEME methodology. The studies in the factories showed that the indirect GHG emissions (issued by suppliers during 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 2015, on the scope of its plants, the BIC Group quantified the direct and indirect emissions of GHG 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 2015 was estimated at 9,275 teqCO₂, i.e. a 3.7% increase compared to 2014;
- **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 2015 was estimated at 89,580 teqCO₂, i.e. an increase of 4.9% compared to 2014.

The total amount of direct and indirect GHG emissions was thus estimated to be 98,855 teqCO₂ in 2015. Given that production increased by 4.5% between 2014 and 2015, the ratio of direct and indirect GHG normalized to the Group's production has slightly increased (+0.3%). The ratio of energy consumption normalized to production decreased (-0.5%) over the same period.

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



For the past eight years, BIC has been providing information to the Carbon Disclosure Project (CDP). In 2015, the Group was once again included in the Carbon Disclosure Leadership Index (CDLI) and ranked among the 19 companies in France and Benelux that achieved a score of 100 out of 100. With an A- rating, BIC is one of the 16 companies rated A or A- in "Performance", highlighting the Group's ongoing efforts to limit its emissions and its impact on climate change.



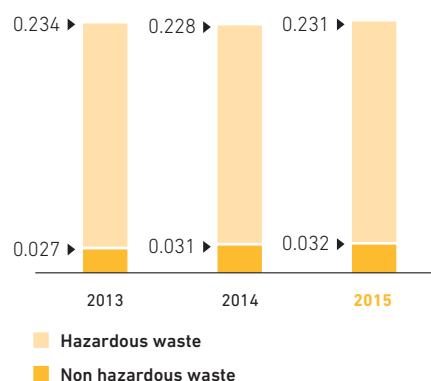
→ **BIC PARTNER OF THE COP21**

To mark its support for the COP21, BIC offered the official ballpen and pencil of the Climate Conference included in the welcome kit given to official representatives (30,000 BIC® 4 Colours™ pens and 30,000 BIC® Evolution® Ecolutions® pencils, both products certified by the eco-label NF Environnement). The Group also participated from December 4-10 at "COP21 Solutions", an awareness raising initiative for the general public about the solutions that exist to fight against climate change, organized in Paris by ADEME and Comité 21.

waste generated and the elimination of equipment tests that generate waste.

BIC plants completed or implemented 10 programs targeted specifically at waste reduction during 2015.

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



Adapting to the consequences of climate change: Extreme rainfalls, floods, droughts

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 2015 and performance

In 2015, the BIC Group reported a slight increase (+2%) in the amount of waste generated per ton of production compared to 2014. This primarily results from an increase in non-hazardous waste (+1.7%), which represents almost 88% of the waste generated by the Group, and from an increase in hazardous waste generated per ton of production (+4.2%). The increase in non-hazardous waste is mainly due to expansion work or renovation of buildings or equipment. For hazardous waste, the increase is mainly due to the destruction of obsolete products and the implementation of new waste regulations. Programs to sort, recycle and reuse certain types of waste (e.g. pallets) have been carried out in factories such as BIC Amazonia (Brazil), BIC Graphic Europe (Spain), BIC Graphic Sleepy Eye (U.S.) or BIC Graphic Tampa (U.S.).

Since 2014 Conté-Boulogne (France) has also implemented a major program to increase plastic recycling thanks to the optimization of settings for 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. At Conté-Samer (France), the decrease in the ratio of waste per ton of production can be explained by various factors, among them a weighing operation to increase the operators' awareness of

Hazardous waste

In 2015, the BIC Group registered a 4.2% increase in hazardous waste generated per ton of production compared to 2014. This increase can be explained by changes in the regulatory framework reclassifying certain non-hazardous wastes in hazardous wastes in 2015, the increase in production of certain products generating more hazardous wastes, the disposal of some obsolete products and the realization of maintenance operations in 2014. Thus, nine sites improved their ratio of hazardous waste generated per ton of production between 2014 and 2015.

BIC Amazonia (Brazil) reported a 31% decrease in its ratio of hazardous waste per ton of production, following maintenance operations in 2014 and the stabilization of some manufacturing processes in 2015. BIC CORPORATION - Gaffney (U.S.) improved its ratio by almost 2% through careful management of color changes in production reducing the amount of waste solvents produced. Improvements were also reported by BIC Mexico (Mexico), PIMACO (Brazil), BIC Stationery (Shanghai) Manufacturing (China), BIC Rasoirs (France), BIC Viorex (Greece), BIC Shavers Mexico (Mexico) and BIC Technologies (France).

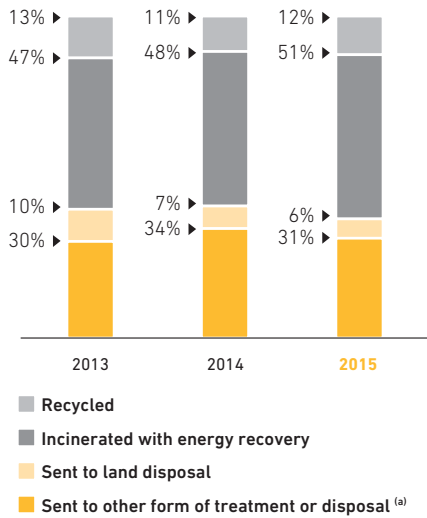
These factories, which represent 40% of the Group's annual production of finished and semi-finished products, reported a 26% decrease overall in their ratio of hazardous waste generated per ton of production.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Environmental responsibility concerning our operations

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.

Non-hazardous waste

In 2015, the BIC Group's ratio of non-hazardous waste generated per ton of production increased slightly compared with 2014 (+1.7%).

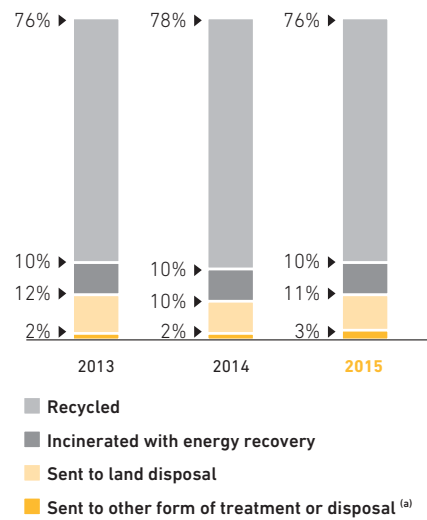
Eight factories improved their ratio of non-hazardous waste generated per ton of production between 2014 and 2015.

Improvements were reported by Conté-Samer (France), BIC Technologies (France), BIC South Africa (South Africa), BIC Iberia (Spain), BIC Violex (Greece), BIC Shavers Mexico (Mexico), BIC

Graphic Tampa (U.S) and BIC Sport (France). These factories, which represent 25% of the Group's annual production of finished and semi-finished products, reported an 11% decrease overall in their ratio of non-hazardous waste generated per ton of production.

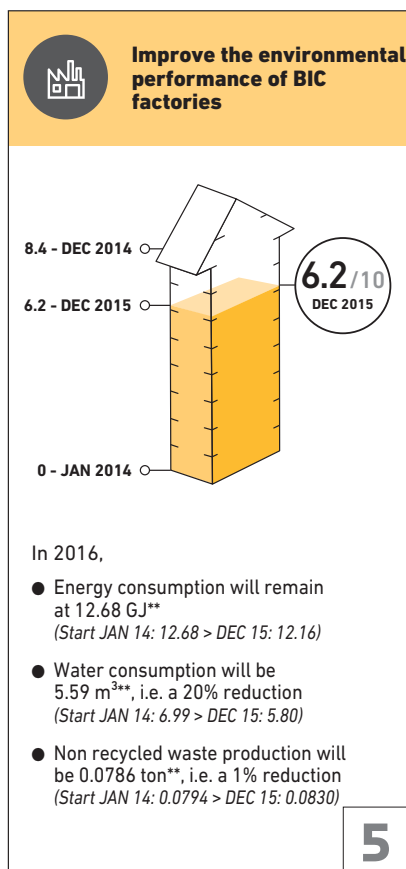
In addition in 2015, BIC CORPORATION - Gaffney (U.S.) carried on with its initiative to grind and re-use some materials instead of sending them off site. Specifically, 23 metric tons of plastic were re-ground and re-used in 2015.

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.





** Per ton of production.

RESULTS FOR 2015: The score of the commitment is decreasing due to increased production of non-recycled waste. Otherwise, reductions in energy and water consumptions are in line with expectations. These indicators are calculated per ton of production.

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 2015

For the fifth year in 2015, 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 airfreight, the key challenge for the Group is to use this form of shipping as little as possible. Even though it accounts for only 1.4% of the total tonnages shipped, air freight is still the transport method that generates the most GHG: in 2015 it represented 58.9% of the Group's total emissions from transport.

◆ Approach and progress made in 2015

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, 58% of products sold in a continent are manufactured on this same continent (88% in Europe and 46% in the Americas).





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

In the Consumer business:

- ***88% of BIC® products sold in Europe are also manufactured on this continent***
- ***46% 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 airfreight, BIC decided to devote Commitment #6 of its new Barometer specifically to this challenge (see page 67). For further improvement, BIC is studying the implementation of a system to offset the emissions generated by this shipping method.

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 2015, new countries in the Africa-Middle East zone, Oceania and Australia joined the "Transport Community", thus expanding the sharing of know-how within the Group. Since 2014, the "Transport Community" has been working closely with the Categories (Stationery, Lighters, Shavers) and steering working group tasked with identifying solutions to achieve a significant and long-term reduction in air freight. In 2015, the "Transport Community" continued in 2015 to consult with transport companies that are committed to sustainable development on topics such as the pooling of shipments, reducing GHG emissions and optimized routing.

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, such as Production and Sales, as well as its service providers.

A great many actions were undertaken in 2015 to optimize shipping and routing:

- since 2014, shipments of shavers from Greece to Mexico have been optimized by shipping only blades, which are then assembled on handles at the Saltillo site (Mexico). In 2015 this optimization made it possible to cut the number of containers from 18 to 14, for a reduction of 22%;
- in 2015, the use of train/road multimodal transport continue to rise for shipments from the shaver-packaging factory in Saltillo (Mexico) to the warehouse in Charlotte (U.S.), reaching more than 76%, saving 747 tons of CO₂-e emissions;
- in 2015, nearly 40% of the shipments arriving in Mexico by sea were transported by rail to the Mexico factory;
- the opening of a packaging factory in Dubai and a subsidiary in Morocco, with a new warehouse in Casablanca, will reduce the carbon footprint of the Group's logistics in North Africa and the Middle East. In parallel, an ongoing effort is made to optimize the filling of containers.

Selecting responsible carriers

The 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.

In conjunction with the Group's responsible purchasing policy, BIC selects carriers that allow it to reduce the ecological footprint of its shipping operations. For example, in the U.S. and Canada, the Group only works with carriers that have received SmartWay® certification. Launched in 2014, SmartWay® is an American Environmental Protection Agency program designed to reduce GHG emissions and air pollution from shipping operations.

In order to encourage its transport service providers to adopt responsible practices, BIC has implemented a 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. To facilitate their carriers' efforts, in 2015 the Brazilian teams developed a methodology for auditing a transporter's commitment in relation to the requirements of the BIC Code of Conduct, with the goal of rewarding the most committed approaches.

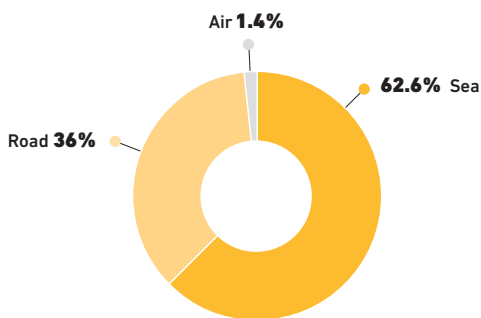




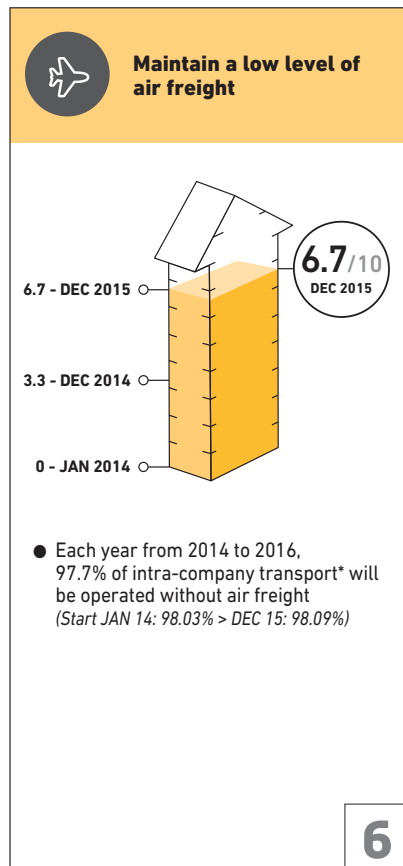
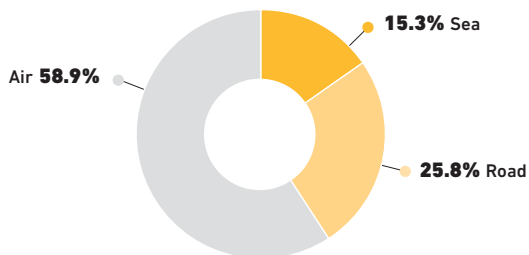
◆ Performance

In 95% of the Group's calls for transport tenders, the reduction of GHG emissions is a criterion for selection

BREAKDOWN OF TONNAGE SHIPPED – AS % OF TOTAL



BREAKDOWN OF GHG EMISSIONS – AS % OF TOTAL



*in tons kilometers.

RESULTS FOR 2015: The goal is to keep air freight at a low level throughout the three-year period. This goal was achieved again in 2015

◆ Perspectives

In 2016, BIC will continue the programs that are already underway and launch new ones:

- a more direct route — bypassing Mexico — from France to Central America (Guatemala, Dominican Republic, Honduras) will be opened in 2016 to further reduce shipping costs and the related GHG emissions;
- the quarterly reporting on the use of air freight, which completed its first full year in 2015, will be analyzed in detail and an action plan will be defined;
- a study will be conducted to evaluate sea transport on a Group-wide scale;
- the Group will also focus on optimizing the shipping of packaging and reducing the related GHG emissions.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Environmental responsibility concerning our operations

2.3.3. OUR SALES AND SUPPORT ACTIVITIES

◆ Challenges

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

◆ Approach and progress made in 2015

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 such as accidents or the fleet's GHG emissions.

In 2015 the average level of GHG emissions dropped from 111.9 to 105.9 g CO₂-e./km for sales force vehicles, and from 120 to 112.9 g CO₂-e./km for the business account Directors' vehicles.

In France in 2015, BIC experienced an increase in the number of accidents involving company vehicles, in particular due to difficult weather conditions.

Reporting of main headquarters

Since 2014, BIC has implemented KPI reporting for its three main headquarters facilities: Clichy (France), Shelton (U.S.), and Cajamar (Brazil).

Environment

In 2015, the annual energy consumption efficiency for the three BIC headquarters operations was 0.80 GJ/m². This result, steady compared with 2014, is influenced by a number of factors, some unique to each site:

- In 2014 the Clichy headquarters implemented a program to reduce energy consumption by stopping air treatment operation on weekends and nights when the site is closed. Since 2015, a hot air curtain has been installed at the back entrance to improve the building's insulation. Also in 2015, an energy audit of the Clichy headquarters was undertaken to assess the costs and benefits of various possible improvements;
- The Shelton site was designed in compliance with LEED (Leadership in Energy and Environmental Design) standards, and certified as a "sustainable building" by the U.S. Green Building Council in May 2009. This internationally recognized certification confirms that the structure meets the highest standards for environmental design and construction. Energy consumption is also influenced by the presence of a large data center;

- The Cajamar site includes some production activities, which may result in higher than normal consumption for an office building.

The greenhouse gas emissions attributed to energy consumption of the headquarters represented around 2,170 tCO₂-e, including 1,933 tCO₂-e of indirect emissions and 237 tCO₂-e of direct emissions. The Shelton location purchased renewable energy certificates covering 100% of its electricity consumption.

In 2015, water consumption increased slightly (+2%) to 17,473 m³, or approximately 19 m³/workstation occupied. Paper consumption, the main raw material consumption for any office facility, decreased in 2015 and was 22 tons, or 23 kg/workstation occupied.

Waste production was 279 tons, which represented an increase of 10% compared to 2014, in particular because of the inclusion of Clichy's restaurant and an increase in headcount at Cajamar. The Shelton headquarters does not send any waste to landfill, instead relying on recycling and waste-to-energy facilities. All three sites have a dedicated program to responsibly manage end-of-life for computer equipment. In 2015, 69 screens collected at the Clichy headquarters (France) were donated to the Collège Albert Camus (France). Equipment that cannot be reused is donated to an association that hires disabled employees, who disassemble the devices and recover the parts.

Furthermore, four recharging stations for visitors' electric vehicles were installed in Clichy and one electric car is available to employees for their business trips. In 2015, the bicycle parking areas were revamped to facilitate access to the site for employees who cycle to work.

◆ Perspectives

At the Clichy site, plans have been made to study the revamping of the cafeteria space to enable other uses before and after lunch hour. This light, heated space could be put to good use as a place for discussions and group work outside of mealtimes.

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.

In 2012, the Group initiated an effort to virtualize all of its servers, both internal and external. This program has made it possible to reduce the number of machines and to use increasingly efficient equipment, thus reducing the amount of energy needed for cooling. In 2015, the virtualization of 30 new machines at the Clichy site (France), the shutdown of old equipment and the optimization of storage systems resulted in a 20% drop in electrical consumption.

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. Applications are configured for automatic standby and to improve ergonomics, only useful software functions are activated, in order to optimize the energy consumption resulting from their use. To guarantee data security, only service providers with ISO 27001 certification are chosen for externalized "cloud" storage.





The "Skype for Business" tools 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. Since 2013, in the Europe and Middle East-Africa zones, 100% of the employees who use a computer are now equipped with Skype for Business, bringing the total number of users to more than 2,200. The Clichy headquarters (France) is equipped with four videoconferencing rooms, and some 15 BIC subsidiaries in Europe have at least one equipped room. 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 and Redon in

France, Athens in Greece, Shelton in the U.S., Toronto in Canada, Johannesburg in South-Africa and São Paulo in Brazil).

◆ Perspectives

Migration to the "cloud" will continue in 2016. The functions to be virtualized include the sales planning tool for the Europe zone, which is used by more than 600 employees, and the office automation package, which will be made available to all BIC employees.

The Group also plans to hire an employee whose duties will include ensuring data security and handling installations and coordination for the Green IT approach.





2.4. Our social responsibility to our employees

The women and men who make up the BIC Group have been the key to its success from the very beginning. With factories all around the world, distribution teams in 57 countries and more than 3.2 million sales outlets spanning the globe, BIC thrives on a shared corporate culture, enriched by local specificities. The challenge for its Human Resources organization is to continue to nurture this common culture, founded on BIC's values and philosophy, across geographic, professional and organizational borders. Shared protocols, based on the Group's history and conceived to serve its industrial and commercial goals both present and future, are deployed to develop the skills and strengthen the commitment of everyone in the Company, while protecting and improving their health, safety and well-being. Working with its social partners, BIC strives to create a favorable environment for the long-term development of its employees, and of the Group as a whole.

2.4.1. THE WORKFORCE

The following sections describe the profile and evolution of BIC's workforce in 2015.

For the year ending December 31, 2015, the BIC workforce totaled 9,640 permanent and 1,504 temporary employees located in 57 countries around the world.

The seven legal entities of Cello Pens that joined the BIC Group in 2013 reported 8,165 permanent employees and 2,316 temporaries present on December 31, 2015.

Globally, BIC Group reported 17,805 permanent employees and 3,820 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 - IN FULL-TIME EQUIVALENT AT DECEMBER 31 (EXCLUDING CELLO PENS)

Workforce by region	Dec. 2013	Dec. 2014	Dec. 2015	Variation 2015/2014
Europe	3,758	3,850	3,928	+2.0%
North America	2,254	2,311	2,317	+0.2%
Developing markets	3,361	3,389	3,395	+0.2%
TOTAL PERMANENT STAFF	9,373	9,550	9,640	+1.0%
Temporary	1,389	1,475	1,504	+2.0%
TOTAL	10,762	11,025	11,144	+1.1%

In 2015, permanent employees increased by +1%

This essentially reflects the headcount increase in the plants in Brazil (+43 in the Manaus plant), in Greece (+29 in the Shavers plant) and in China (+24 in the Lighters plant). The headcount of the BIC Graphic sector remains stable in 2015 compared with 2015.

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

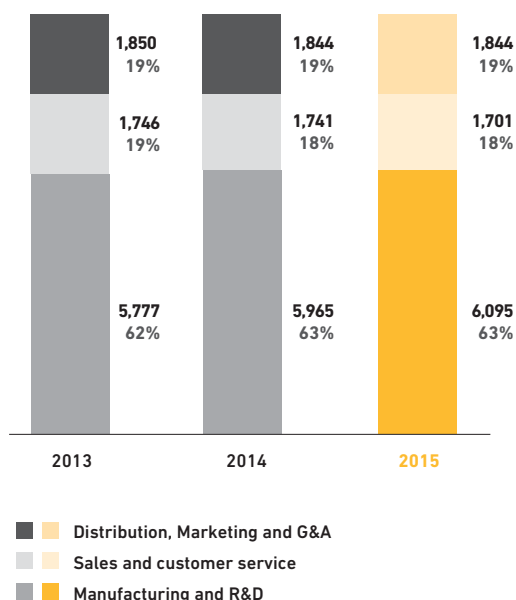
staff, fixed-period contracts and school and university interns. At December 31, 2015, the number of temporary workers was higher than at December 31, 2014: +29 (1 504 vs.1 475)

As last year, temporary workers are employed in manufacturing (69% of temporary staff), sales support (23%) and distribution and administration (8%), essentially due to the highly seasonal nature of BIC's activities.





PERMANENT EMPLOYEES BY ACTIVITY (EXCLUDING CELLO PENS)

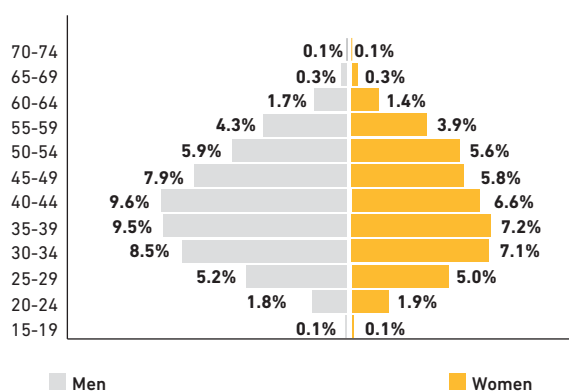


The workforce, across each activity, has remained proportionally constant for the last years, reflecting the stability of BIC's system of organization.

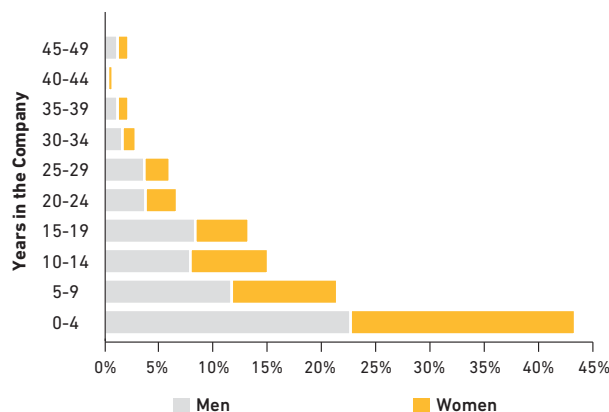
2.4.1.2. Age and seniority

In November 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 2014 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)



SENIORITY STRUCTURE - 2014 (EXCLUDING CELLO PENS)



Employees covered by both indicators above: 9,484 permanent employees in 2014.

2.4.1.3. Breakdown of the workforce by category

PERMANENT HEADCOUNT BY CATEGORY (EXCLUDING CELLO PENS)

	December 2013	December 2014	December 2015	Variation 2015/2014
Managers	2,440 (26%)	2,513 (26%)	2,680 (28%)	+6,6%
Non-managers	6,933 (74%)	7,037 (74%)	6,960 (72%)	-1,1%

Managers accounted for around 28% of permanent Group employees in 2015. 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 335** external candidates for entry-level or middle management positions, and **1,014** for factory and staff positions, a 20% increase compared with 2014. In 2015, the external recruitment rate was 12% for managers and 15% 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



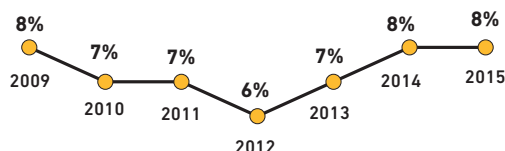


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its managers' expertise in recruitment techniques and has developed a more efficient selection and tracking procedure.

VOLUNTARY TURNOVER



Voluntary turnover in the Group workforce reached 8% representing 737 resignations and voluntary retirements. The highest voluntary turnover took place in North America, 11% in 2015 up two points versus 9% in 2014. Asia shows a 20 points decrease with a rate of 10% in 2015 versus 30% in 2014. For the second year in a row, 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 Group's values.

The Group has carried out 480 terminations in 2015, of which 50% took place in Latin America, in particular in Mexico (106) and Brazil (76). BIC has seen rapid growth in both countries, resulting in the adjustment of the workforce. Within this context, many reorganizations are ongoing and have generated job eliminations and the dismissals of profiles non adapted to the changes.

In the event of **staff restructuring**, Group policy is to respect local legal obligations as a minimum, 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 2015 Cello Pens reported permanent headcount as follows:

- manufacturing: 7,489 (92%);
- sales: 525 (6%);
- distribution, marketing & administration: 151 (2%).

Managers accounted for around 2% of permanent employees of Cello Pens.

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 970 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.

◆ Performance and progress made in 2015

The adherence to Values survey

BIC carried out its sixth "Values in Action" survey in June 2015. This time, the perimeter was expanded to 9,485 employees, compared with 8,992 in 2013, and the participation rate was 85%, which is stable compared with 2013 (84%). This survey assesses adherence within the BIC Group to its five shared values and shows how employees apply those values day-to-day in their unit or subsidiary. In 2015, its findings rated overall adherence to values at 85%, which represents a 10-point increase over the first values survey, conducted in 2005.

The good results achieved in 2013 were maintained in 2015, with the most strongly shared values being Responsibility (89% adherence) and Ethics (88.5%)⁽¹⁾. Teamwork, which had gained six points in 2013, held steady with 81% adherence.

The survey's findings were shared with the teams in the units and subsidiaries, and their analysis confirmed the impact of the action plans implemented after the engagement survey of 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.

The results of the 2014 engagement survey, covering more than 9,000 employees, show a very high participation rate, at 90%, and an overall engagement level of 85%, thus placing BIC in Towers Watson's High-Performance norm. The Group's specific strong points include a good understanding of the goals, the perception of BIC as a responsible company, and a good balance between professional duties and personal life.

(1) These rates represent the total number of responses qualifying the Group's values as "always" or "often" being applied.





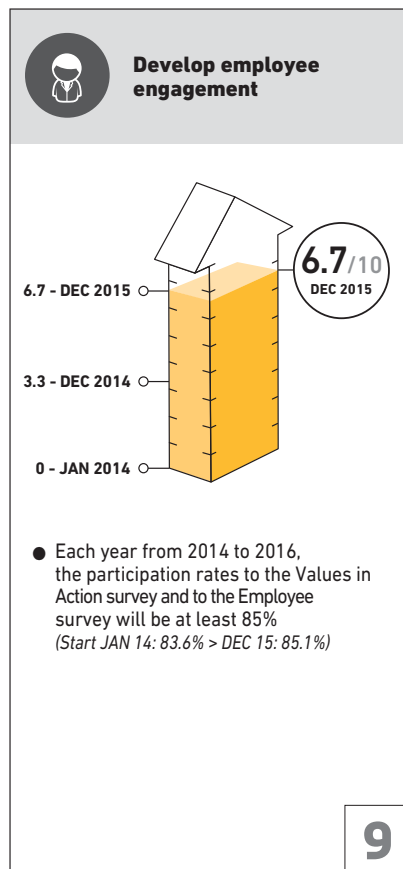
The Sustainable Development Survey

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 points 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. Starting in 2016, the Engagement and Values surveys will be combined in a single survey to be conducted every other year, still with the goal of being attentive to the Group's employees and implementing plans for improvement. The third survey on BIC's Sustainable Development Program is scheduled for the first quarter of 2016.

◆ Performance



RESULTS FOR 2015: The objective is reached for 2015 as the Values in Action survey conducted in 2015 had a 85.1% participation rate with a perimeter of 83.1% of the permanent and temporary workforce.





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2.4.3. SAFETY 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) risks that differ in type and severity from function to function (headquarters, factories, sales force). For the Group, workplace safety means ensuring its employees' physical well-being by preventing accidents. To this end, the Group deploys all useful means: health and safety management, ongoing improvement of working environments and the organization of working hours, and actions to raise employees' awareness of the issue 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 Environment.

The self-assessments 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 São Paulo (Brazil). The adoption of this measurement system marks the first phase of an effort to further improve working conditions and accident prevention at headquarters.

◆ Progress made in 2015

In 2015, a new series of social audits was launched covering all BIC factories worldwide. The topics and questions on health and safety were reviewed in 2014, giving the program new impetus, and a new inquiry method is being tested. To supplement the self-assessment process, certain BIC factories have been assessed through the WCA assessment protocol (see page 87), similar to that used for contract manufacturers. At the Mexico factory in 2015 a WCA audit was conducted by BIC's external monitoring agency.

Every year, the Group's factories and sites focus on various initiatives to improve their safety conditions. Examples in 2015 include:

- the BIC Graphic Tarragona (Spain) and BIC Graphic Sleepy Eye (U.S.) factories have held manager-training sessions to improve hygiene, health and environmental management. The programs included modules on incident follow-up and reporting,

ergonomics, equipment protection, chemical hazard awareness, handling and labeling. Action plans were also launched to ensure ongoing improvement;

- the BIC Violex factory (Greece) launched a hygiene and health training program in 2015 primarily for its production, maintenance and laboratory teams, covering the topics of chemicals, first aid and fire protection. In October 2015, the site began improving its traffic plan for the greater safety of its workers, subcontractors and visitors.

BIC Group plants completed or implemented 220 projects targeted specifically at safety in 2015.

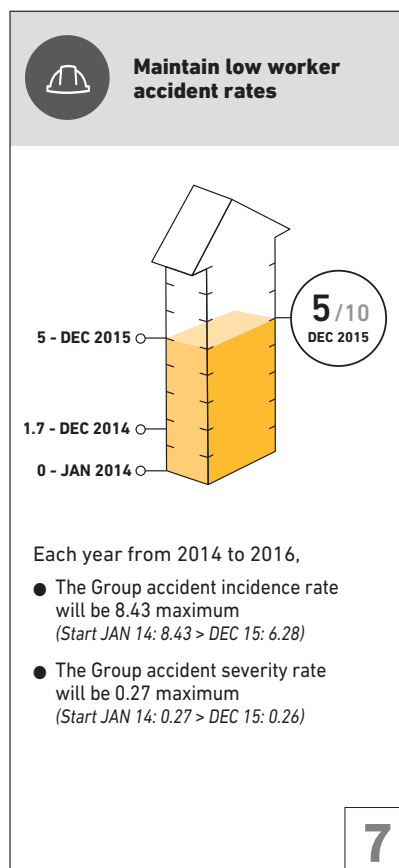
◆ Performance

In 2015, health and safety management systems were operational at 88% of BIC's sites.

The work accidents in factories were mainly caused by, falls at floor level, manual handling. Occupational diseases are only monitored in France. Most are related to musculoskeletal disorders.

In 2015, the Group experienced three injuries with more than one lost workday (excluding commuting injuries) at its three main headquarters, representing a frequency rate of 1.8 and a severity rate of 0.01.

In addition, the Group reported one death by heart attack at one of its industrial sites in 2015.

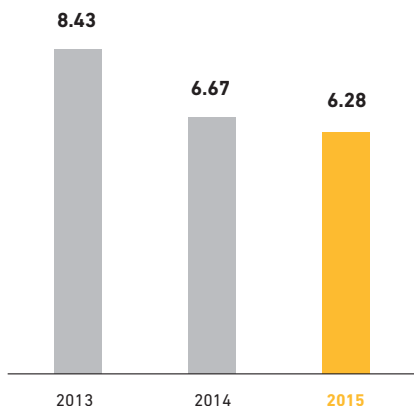


RESULTS FOR 2015: Progress was made, with a consistently low incidence rate and low severity rate.

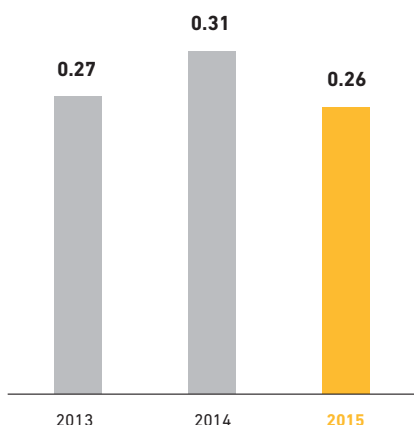




INCIDENCE RATE: NUMBER OF ACCIDENTS LEADING TO LOSS OF WORKTIME – BIC PLANTS – PER MILLION HOURS WORKED



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



◆ Perspectives

Starting in early 2016, the Stationery category will have a central HSE manager in addition to the HSE managers at each site. This additional expertise will make it possible to coordinate the HSE approach more effectively, enabling further improvement in this area.

2.4.4. HEALTH AND WELL-BEING IN THE WORKPLACE

◆ Challenges

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

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

◆ Approach

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 2015: health and well-being

2015 was marked by a great many projects adapted to each local context:

The "You First by BIC" program in the U.S.

In the United States, BIC CORPORATION continues to build a framework that takes all aspects of employee health and well-being into consideration. In 2015 this approach was highlighted by the successful launch of the brand "You First by BIC." This initiative places emphasis on motivating and building personal responsibility for employees and their families, to make them active participants in their health and well-being in three areas: physical, psychological and financial well-being. The goal of "You First by BIC" is to foster sustainable change to support a high-performing workforce.





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Our social responsibility to our employees

To promote physical well-being, BIC CORPORATION continues to offer its employees a number of on-site preventive screening programs (for osteoporosis, glaucoma, oral cancer, high blood pressure, mobile mammography, etc.). In 2015, the Group launched MDLive, a telemedicine service offering employees and their dependents real time interactive communication with licensed physicians by phone or video. The system provides a more convenient and cost-effective way for participants to obtain medical care for common illnesses (colds, flu, etc.). Healthy meals are available at every site, and various "well-being" events are scheduled throughout the year.

Psychological well-being was bolstered in 2015 by the presence of health/lifestyle coaches at every site in the U.S., to help employees reach their well-being goals.

Wealthcare has been integrated into the well-being framework by providing employees with tools to optimize their savings strategies, refresh their awareness of Group benefits (savings, retirement planning, etc.) and highlight solutions to help them plan their financial future. The pilot "Wealthcare Week" operation in Shelton, (U.S.) was well received: a growing number of employees have diversified their savings portfolios. Other Wealthcare operations were held at other American sites, with the aim of improving employees' understanding of savings and retirement strategies.

Prevention/awareness campaigns in Latin America

In Argentina, BIC pursued its preventive health campaigns, in particular by offering employees free medical checkups.

For the past several years, the Brazilian sites (BIC Amazonia, PIMACO and the headquarters in Cajamar) have offered weekly exercise sessions to help reduce stress and prevent work-related diseases. In 2015 these sites also continued their campaigns for cancer prevention (breast and prostate cancer), flu vaccination and heart disease screening (at PIMACO).

The BIC Amazonia site supplemented these initiatives with a pregnancy monitoring program for expectant mothers, as well as the "Healthy BIC Project," conceived to foster a "culture of health" in the Group. All employees are encouraged to have regular checks of their blood pressure, body mass index and blood sugar levels.

In Mexico, a monthly communication program addresses topics like food poisoning, flu prevention, avoiding stress, nutrition and exercise programs to promote general health, etc.

Lastly, for BIC health week, the Colombian sites offered their employees a range of activities: annual medical checkups, screening for diseases, eye exams, etc.

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

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 Group 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. If needed, seropositive employees can be vaccinated against hepatitis B. The 15th anniversary of BIC South Africa's commitment to the fight against AIDS was an opportunity to reflect on progress made and re-emphasize the importance of not stigmatizing the victims of this disease. Once again in 2015, the program achieved good results: the treatments to reduce viral load have proven effective and no new cases were diagnosed.

The in-house clinic also provides primary medical care for health problems and work-related diseases, in particular for shift-work employees. It also conducts numerous preventive and screening campaigns: eyesight, hearing, blood pressure, blood sugar, cholesterol, complete annual checkups, screening for various forms of cancer and tuberculosis, etc.

Reducing physical stress on the job in France

In line with the three-year commitments made in 2012 and 2013 concerning strenuous working conditions in France, various actions and employee awareness operations were continued in 2015, including training and awareness in movement and posture, investments to reduce noise or improve workstation ergonomics, and arrangements to avoid the necessity of alternating shift teams and to reduce the physical stress endured by employees who are nearing retirement.

In addition, and in compliance with new regulations, the parameters for diagnosing strenuous working conditions have been updated at all sites for 2015-2016.

Developing the social protection systems available to BIC employees

In the U.S., BIC CORPORATION continues to offer its employees best-in-class, competitive health and welfare benefits, and plans to expand and adapt them in response to the reform of the U.S. healthcare system (see Perspectives concerning health and well-being).

In France, 2015 was marked by the harmonization of supplementary mutual healthcare schemes, which made it possible to perpetuate the current system while reducing long-term costs, to adopt more effective monitoring against fraud, and to raise employee awareness of the social and financial issues involved in healthcare coverage.

Similarly, BIC Iberia in Spain has adopted a private supplementary health insurance program that offers employees faster access to better healthcare than the public system.

◆ Perspectives concerning health and well-being

In 2016, BIC CORPORATION will partner with the private health care exchange OneExchange, enabling BIC to offer a broader range of plan choices while complying with U.S. healthcare reform. In keeping with BIC's health and well-being strategy, employees will be offered "health savings accounts" and the opportunity to participate in healthy actions throughout the year that will earn them monetary incentives that can be used to defray future healthcare costs.





"Well-being Committees" will be established at each site in the U.S. to implement programs that best meet the needs of employees and their families. In 2016, these committees will undergo a certification process for health and well-being programs, defining responsibility criteria as well as a system of metrics that will help meet the goals for each site.

In 2016, the "job strain account," which was adopted in France in 2015 for the first four criteria defined by law, will be extended to include the eight new criteria coming into effect.

◆ **Progress made in 2015: 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.

In 2015, these modules were made available to the vast majority of the Group's managers through a network of local trainers. With this local approach, the managers are trained in accordance with their own professional cultures and issues, making them better able to help their teams. The 300 managers around the world who took the "Manager at BIC" module in 2015 have learned to identify "interferences" in each of their employees' working environments — the factors that can lead to stress, dissatisfaction and underperformance.

In certain regions, this effort has resulted in managerial actions: managers in southern Latin America (Argentina, Chile and Uruguay) have been asked to adopt a roadmap that includes promoting the five Values, improving the social climate through participation in the action plan based on the results of the 2014 engagement survey, and regular feedback sessions with each of their employees.

Lastly, specific actions have been carried out for teams identified as "under stress," including the development of employees' time management skills in order to help reduce their stress levels.

◆ **Progress made in 2015: workstations and workspaces**

Local initiatives are carried out to improve the ergonomics of the Group's workspaces and workstations.

In North America, monthly ergonomics consultations are available to BIC Corporation employees. Following tests conducted in 2013, 40 sit-stand workstations have been installed (in Shelton, Milford and as a trial in Toronto). Noting that these workstations can indeed greatly reduce MSDs, the teams involved want to gradually increase their number. A standing conference room is also being studied.

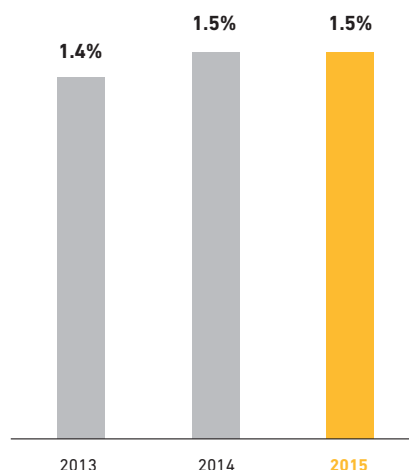
◆ **Progress made in 2015: employee services**

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.

◆ **Performance**

In France, BIC had recorded 38 recognized cases of occupational diseases by the end of 2015.

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 2015, similar to 2014, compared with 1.4% in 2013.

The total absenteeism rate (including on-site accidents and maternity) is also low and stable, at around 2% during the last three 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.

The launch of an Employee Assistance Program, offering the same services as in the U.S. and France, is planned for the Asia-Pacific zone in 2016.





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Our social responsibility to our employees

2.4.5. EMPLOYEE DEVELOPMENT

◆ Challenges

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

The employee development is the cornerstone of BIC's Human Resources policy, as it is strategic to:

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

◆ Approach

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 commitment of BIC to its employees.

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

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

The Talent Development team makes this model actionable across the organization. It is for example used to structure BIC tools like the Taleo system, the People Acceleration Plan, etc.

◆ Progress made in 2015

In 2015, BIC refreshed its competencies framework. Capitalizing on the Group's existing competencies systems, this framework specifies the core competencies BIC needs team member to display and invest everywhere in the world in order to ensure BIC's success today and in the future. Those six Core Competencies are: "displays

strategic agility", "drives for results", "champions MPD" (Method, Precision, Discipline), "engages others", "acts with courage" and "develops self and others". These core competencies are being embedded in all BIC University training and 800 managers have been specifically trained on them in 2015.

In addition, numerous actions have been undertaken to encourage the use of the 70/20/10 model. Some examples are given below.

Learning from new professional experiences ("70")

Talent Frameworks roll-out

In 2015, Human Resources rolled-out an awareness training across the world to consistently share a transparent message on what is the role of a manager at BIC and how the HR function support this role with processes and tool. More than 500 managers worldwide attended this workshop. It sets forth:

- **the missions** shared by the managers and HR: to recruit employees, develop their skills and build their loyalty;
- **the core competencies** that constitute "BIC's way of working and being together";
- **the tools** that managers can use to fulfill their HR role.

The presentation of these Talent Frameworks was rolled out from region to region, emphasizing different aspects depending on local needs.

For example, in Europe, an HR Roadshow presented the Talent Frameworks and the managers' HR toolbox (recruiting, developing, evaluating, anticipating successions) in parallel with a transparency update on the remuneration policy and the "levels" system.

Also in Europe, BIC Graphic trained all of its managers in the Talent Frameworks (including missions, competencies and tools) and workshops were held for all employees, including non-managers, to promote the adoption of the core competencies.

Job mobility and succession plans

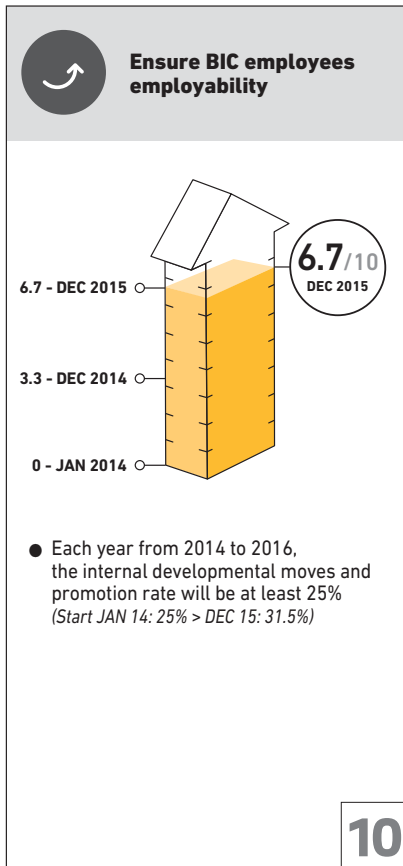
The "People in Play" sessions, launched in 2014 at the Leadership Team level and designed to facilitate the mobility process, were extended Group-wide in 2015. At these meetings, leaders discuss detailed situations of specific people to make sure that they are offered the best options for their own development and for the business. This creates better cross-entity mobility and anticipation of moves.

At the Group level, a succession planning process has been implemented to make sure that employees can access succession plans across all entities. In this spirit, the "Talent Review" conducted in 2015 offered an opportunity to clarify the criteria for identifying successors, offering even greater transparency.





◆ Performance



RESULTS FOR 2015: The goal is to maintain a rate of 25% for each of the three years. This goal was achieved in 2015 thanks to 616 internal promotions.

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



In 2015, the internal promotion rate was 66% for the four top manager levels. This rate was 65% in 2014, 64% in 2013, 76% in 2012 and 63% in 2011. For all managers' categories, the internal promotion rate has remained stable for several years at 45%.

Learning from others ("20")

At BIC, the development of a feedback culture is a cornerstone of personal development, performance development and therefore career development. In 2015, BIC continued to promote development and the feedback culture through training:

- Feedback is a key point of the "Manager at BIC" and "Recruiter at BIC" programs;
- Specific workshops on feedback were held in Europe and the U.S.

The development of the feedback culture can also be integrated into the managers' roadmap. In South America, improving the quantity and quality of feedback is one of the managers' defined goals and they are required to have a quarterly feedback exchange with each of their employees. Local employee surveys are conducted to assess the number of feedback reports and their quality.

As part of the effort to integrate it into the Group's culture, feedback is gradually being included in the manager performance evaluation criteria, and greater use is being made of 360° feedback (in which employees receive feedback not only from their managers but also from a selection of co-workers or internal clients representative of their professional relations.)

Learning from training ("10")

The programs developed by BIC University

With plants and sales teams in 57 countries, it is critical for BIC to make training accessible to everyone, everywhere in the world. This is the main mission of BIC University. Created in 1998, BIC University is a network of training centers aiming at developing team members potential and promoting the BIC Group's culture. Since its creation, BIC University has developed numerous training programs that serve as vehicles for developing the core competencies that must be shared by everyone in the Group.

In 2015, BIC University strove to increase access to training for all employees, whether they are managers or not.

For non-managers:

- A time management program was offered to the administrative teams (50 people trained in Europe) to help them better handle stress;
- Training in languages and office automation is now available anywhere in the Group in the form of individual lessons by telephone and online exercises.

For managers, the training efforts in 2015 focused mainly on the adoption of the Talent Frameworks (see page 78), in particular with the "Recruiter at BIC" and "Manager at BIC" programs, which are available worldwide.

The third edition of the Executive Management Program took place in Europe, with three executive seminars in leadership, Human Capital development and the supply chain. Leveraging the 70/20/10 approach, this program combines theoretical training, peer learning and practical work in the field.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

→ LAUNCH OF THE “LEADERS IN ACTION” PROGRAM

Launched for the first time in the United States in 2015, “Leaders in Action” is a program for the development of high-potential team members. It incorporates all three types of development: learning from experiences, learning from others and learning from training. Over the course of one year, two teams worked on real business issues and proposed concrete solutions to the senior leadership. One developed a web-based Direct to Consumer (D2C) solution for providing customer access to BIC® products anywhere at any time. The other team developed a repeatable and reusable strategy for wellness initiatives based on extensive survey data. Their project led to the successful launch of a stress relief program at the Charlotte site (U.S.).

Assessing the training and increasing BIC University’s impact

The quality and impact of BIC University’s trainings are assessed by the ForMetris system, which uses questionnaires to measure an array of qualitative aspects and make comparisons with the results achieved by other companies (with more than 1.5 million questionnaires processed per year). For the past several years, it has rated BIC University’s programs as “well above average.”

In 2015, BIC focused on developing its network of local trainers certified in BIC University’s core subjects. The presence of local trainers greatly increases the university’s impact perimeter around the world. BIC had 10 certified trainers in 2015 offering core training worldwide in multiple languages: English, Spanish, French and Portuguese.

Technical/functional training

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

All production sites offer technical skills programs. In France, in 2015, 413⁽¹⁾ employees received technical training.

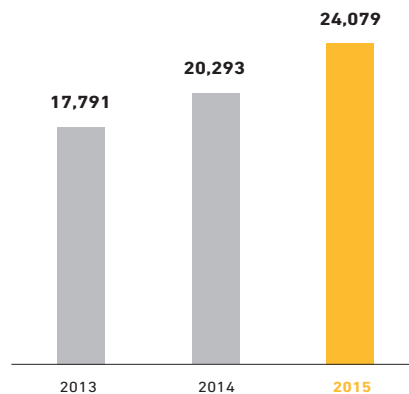
2015 saw the launch in Europe of two specific skills development programs. The first, called the “Best In Class Program for Sales,” was designed for all sales personnel, while the second, the “Best In Class Program for Customer Service,” was designed for the Customer Service departments. For these programs, 17 customer relations situations were identified (15 for Sales, two for Customer Service). For each situation, a course is offered consisting of several modules designed to develop the trainees’ personal capacities, improve their performance and encourage them to take on new responsibilities. Each program’s content is adapted to each country, taught by internal trainers or external facilitators, and introduced by an implementation kit for managers. These two programs are available to both managers and non-managers.

(1) Source: Agefos

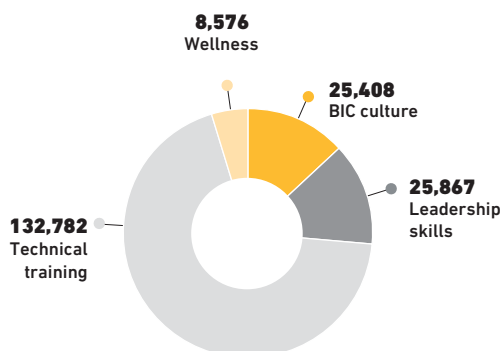
◆ Performance

In 2015, 8,874 employees received training with an average of 2.7 days per employee.

NUMBER OF TRAINING DAYS - BIC GROUP



NUMBER OF TRAINING HOURS (PER THEME) - BIC GROUP 2015

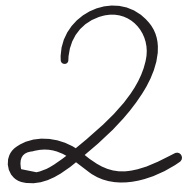


◆ Perspectives

The progressive adoption of the Talent Frameworks by all managers in the Group will continue in 2016, using methods adapted to each local context.

The Group will also continue to expand BIC University’s scope of action, in particular by compiling a catalogue of solutions for developing core competencies, and by forming a community of “BIC U pilots” in charge of making those solutions available in all countries, guaranteeing their quality and sharing local best practices.





2.4.6. 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.

The acknowledgement of the performance of the individuals and the teams is an essential element in the BIC Group's remuneration policy. Thus, for managers, salary increases reflect individual merit (except in certain countries with legal obligations regarding general increases). A total of 85% of the managers (excluding Cello Pens) present during whole year 2015 received a base salary increase in 2015.

In 2015, variable remuneration relating to performance represented an average of 15% of fixed remuneration for Group employees (excluding Cello Pens).

For the 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.

◆ Performance

Within the Group (excluding Cello Pens), the average annual cost (including payroll taxes) of each employee totaled 56,800 euros in 2015, or a 7% increase versus 2014, at actual exchange rates.

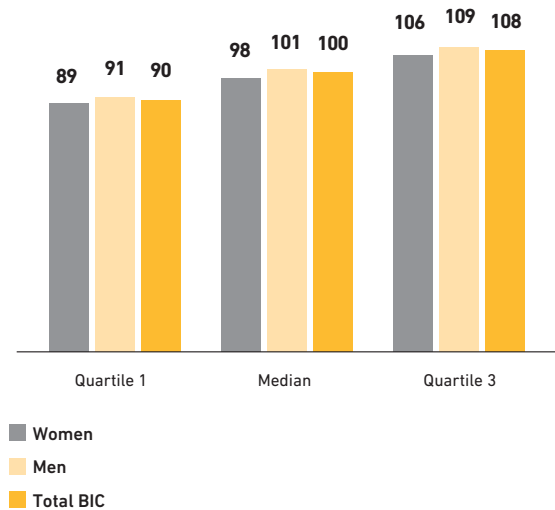
Analysis using constant exchange rates shows a 4% increase compared with 2014. Overall, this increase in the average annual cost of each employee is due to:

- a +4% increase in average fixed remuneration;
- a +14% increase in variable remuneration compared to 2014;
- a +5% increase in payroll taxes and other benefits.

Information on managers' remuneration is provided on pages 117 to 130.

In 2015, a complete analysis of the external competitiveness of managers' base salaries was conducted. For the 57 countries in which BIC has employees, Hay Group supplied 2015 market median data for all levels of responsibility.

COMPARISON OF MANAGERS' SALARIES WITH THE MARKET (IN 2015)



Results showed that, on average, BIC managers are positioned at their local market median for both men and women. Overall, the three-point gap between men and women at BIC is explained by the structure of the population (seniority and experience). This gap has reduced by 1 point compared to 2013, our previous study.

The differences in pay between employees reflect responsibilities, experience, performance, potential and take into account the characteristics of local markets.

The median compa-ratio of women gained one point from 2013 (98 versus 97). The median compa-ratio of men remains the same as in 2013 (101).

2.4.7. 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 in 2014, the BIC Graphic site in Spain, which had 350 permanent employees at December 31, 2015, exemplifies the Group's diversity.

Diversity also contributes to making the Group 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.





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Our social responsibility to our employees

◆ **Approach**

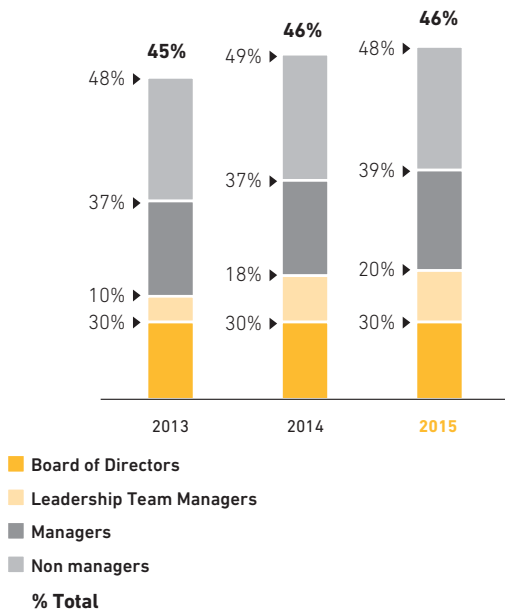
The BIC Charter of Diversity, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates BIC's desire to take action to promote diversity. It is shared by all of the Group's entities worldwide and has been translated into the main languages spoken in the Group.

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

◆ **Progress made in 2015 and performance**

Male/female equality

PERCENTAGE OF WOMEN - BIC GROUP (EXCLUDING CELLO PENS)



In 2015, 29% of Directors and executives are women i.e., similar to 2014.

In 2015, women accounted for 46% of permanent employees of the Group. They accounted for 38% of the workforce in Europe, 54% in North America, 49% in Developing Markets (Latin America, Middle East, Africa, Oceania and Asia).

Since 2014, the "Young Female Leadership" program has been helping young women who are starting out with BIC in Europe. Its goal is to improve their understanding of certain key issues and challenges in order to help them make the right decisions as they pursue their careers.

In 2015, BIC sponsored memberships in the Network of Executive Women for 30 women from its North American entities. The network was founded in 2001 by a group of industry executives who believed that the retail and consumer goods sectors would benefit from hiring more female leaders. Today it is the industry's largest learning and leadership community, uniting more than 10,000 members from 750 companies in the U.S. and Canada. It sponsors

training, events, the sharing of best practices, research and leadership development programs for women, seeking to promote their professional advancement and create better working conditions for all.

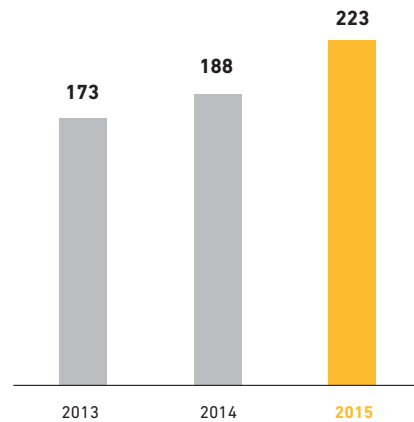
BIC Graphic Europe has signed an Equality Agreement with its labor representative organizations calling for the creation of an organization to guarantee equal treatment of women and men. The majority (60%) of the entity's personnel are women, with an average age of 35, which makes questions of equal treatment, as well as balancing private life with professional duties, vitally important.

Disabled employees

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

- for the past several years, BIC Graphic Europe has been working with BAIX CAMP, a supplier that hires disabled people (or subcontracts other organizations that hire disabled people), to help these people gain access to the job market;
- many of the Group's South American subsidiaries have won various awards for their efforts to hire and integrate disabled workers.

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



In 2015, disabled workers at the Group's largest sites totaled 223 (excluding indirect jobs associated with outsourcing). They numbered 56 in Europe, 127 in North America (versus 82 in 2014), 40 in Developing Markets (Latin America, Middle East, Africa, Oceania and Asia). 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.



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 2015 the North American teams pursued initiatives for improving understanding and collaboration among employees of different ages. Examples include:

Lunch quiz: employees at the Shelton site were invited to bring their own lunch and join people from other BIC departments for a quiz session, in which they could participate on stage or root for their co-workers. The questions called upon the knowledge of different generations, to encourage the formation of multigenerational 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 39 managers have volunteered for "Nos Quartiers ont des Talents". Since the beginning of the program, BIC mentors have coached and advised a total of 123 young graduates, 53 of whom had found jobs by the end of 2015.

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.

2.4.8. 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 sets up the initiatives on listening to employees mentioned on page 72 and 73. 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 2015

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 (see pages 74 to 77).

The following table gives a few examples of such agreements.

Perimeter	Topic
Mexico – Stationery category – in progress	Negotiations on classification and career paths within the industrial unit. The goal is to give all employees a better view of career development possibilities while ensuring equitable remuneration linked to each job's skill and responsibility levels.
France – Local negotiations, all entities combined	<p>Large-scale renegotiation of the employee savings agreements for the French industrial units, in order to:</p> <ul style="list-style-type: none"> ● review and reward the achievement of performance goals at the local level; ● directly link the Group's profits to the amounts generated by the employee savings program. <p>In 2016, large-scale negotiations will be initiated at the BIC Services administrative entity concerning working hours and the revision of employment agreements, including, for example, gender equality and the hiring of seniors.</p>





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our social responsibility to our employees

◆ Performance

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

It should be noted that, for employees at the American and Greek sites (i.e. 30% of BIC employees) who do not have formal representation, a direct dialog with the management is actively pursued.

In addition to regular meetings between management and employees to identify possible improvements, there are specific and original ways for employees to raise any concerns that they might

have, such as: including employees as members of internal Health and Safety Committees, suggestion boxes placed all over the campus, or, once a month, inviting ten employees, selected at random, to have lunch with the sites directors and HR manager.

Overall, as a consequence, 93% of the Group's employees can be considered to have access to a dialog channel with their management, either through a conventional form of staff representation (63%) or through direct dialog.

◆ 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

In September 2015, the United Nations adopted a new Sustainable Development Program comprising 17 worldwide goals for combating poverty, inequality and injustice. These goals emphasize the crucial role of universal access to education and hygiene. The Group strives to meet these challenges through its local economic presence, with 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 52).

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

Lastly, BIC seeks to support local communities through 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 86% 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, the Purchasing departments analyze all risks: stock levels, diversification of suppliers and sourcing zones, risks associated with the country and the rarity of the resource. BIC also strives to extend the high standards that it applies in its own operations, in terms of quality, respect for the environment, ethics and Human Rights, to all 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 2.5.1.2 "Ensuring respect for Human Rights in the workplace" page 87.

◆ Approach and progress made in 2015

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.

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





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 inks)	X		
Contract manufacturers, licensed manufacturers, manufacturers of BIC® promotional products		X	X
Transport carriers		X	

Evaluation of suppliers' CSR performance and collaboration for continuous improvement

Since 2011, BIC has assessed 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.

The most recent EcoVadis assessment campaign focused on strategic categories of raw materials: Plastics, Metals, Packaging and Inks. In all, 213 strategic suppliers were contacted and 97 responded positively, for a response rate of 46%. The average score resulting from the evaluation of these suppliers was 45, which is higher than the EcoVadis average score of 41.

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 departments and the Group's various operational units

The representatives of the Purchasing department in each category work in close cooperation with the different staffs in order to locate and supply innovative, high-performance materials and offer operational solutions for all R&D and production needs. Their role is also to centralize and share best practices throughout the Group.

Regarding sustainable development, the Purchasing departments 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 departments 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 as well as secondary and recycled raw materials (reliability of sourcing, availability, price stability). All people involved in supplier relations work closely together in order to keep the system running smoothly and share best practices.

◆ Performance

- **45: Average score of the strategic suppliers assessed by EcoVadis according to sustainable development criteria**
- **2% of the suppliers received a score of less than 24 out of 100**
- **50% of BIC's suppliers have been working with the Group for more than ten years**

◆ Perspectives

Starting in 2016, a follow-up process will be implemented in partnership with strategic suppliers to make the management of the EcoVadis assessment program more efficient. BIC Group plans to use the results of the second EcoVadis strategic suppliers evaluation campaign to define and implement action plans in collaboration with the factories.

Also in 2016, the Group plans to launch a responsible purchasing training program for its buyers.





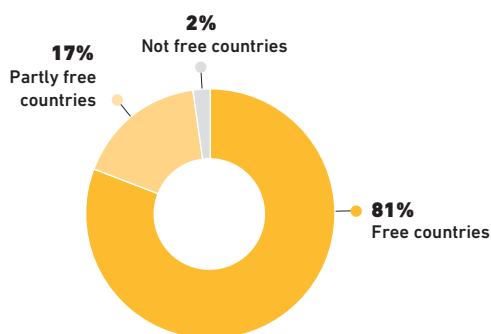
2.5.1.2. Ensuring respect for Human Rights in the workplace

◆ Challenges

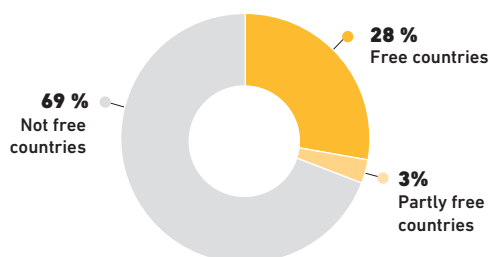
BIC's reliance on contract manufacturing is relatively low. Overall, 86% of the Group's net sales are generated from products made in its own factories: 90% for the Consumer business and 65% in BIC Graphic's Advertising and Promotional Products business. 86% of these factories are located in countries 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 2015 - BIC GROUP



GLOBAL CONTRACT MANUFACTURERS BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK⁽¹⁾ IN 2015 - BIC GROUP



◆ Approach

An approach guided by the BIC Group 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, which are primarily located in China, the U.S. and Italy.

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. BIC has had an audit program in place for 15 years to ensure worldwide compliance with its Code of Conduct by **contract manufacturers**. The program applies to both **global contract manufacturers** and **manufacturers under local contracts** that make BIC® products for local markets. This program covers all of **BIC's Consumer Products and BIC Graphic** (Advertising and Promotional Products) activities. Regular 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. In 2014, the BIC Group introduced a new tool: the Workplace Condition Assessment (WCA) platform. Considered the next generation in social auditing, the WCA will give brands and manufacturers improved performance measurement tools and more meaningful, indicative results, while helping improve workplace conditions. This assessment tool is based on national laws, integrating ILO standards and best practices, and is consistent with the BIC Group Code of Conduct. The WCA comprises more than 180 evaluation criteria covering a range of topics: child labor, forced labor, discrimination, harassment, freedom of association, working hours, salaries, employment contracts, health and safety and environmental responsibility.

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

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





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Our societal responsibility

All contract manufacturers are audited over a 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 help contract manufacturers correct recurring deficiencies.

BIC sees 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 a partner. The box below explains the main steps in the evaluation of contract manufacturers.

- For BIC Graphic contract manufacturers, the audit process combines external audits and audits by specially-trained BIC employees.
- 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 cooperation with the Human Resources Department.

→ THE SIX STEPS FOR EVALUATING CONTRACT MANUFACTURERS

1. The BIC contract manufacturer signs the BIC Group Code of Conduct.
2. An independent external monitoring agency (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 three-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. In 2015, as in every odd-numbered year, three finished product suppliers of BIC Graphic North America were selected by QCA and successfully audited in these five areas. In 2016, as in every even-numbered year, the BIC Graphic factories in the U.S., the Asian sourcing office and three other finished product suppliers will undergo the auditing process. All of these audits must be successful for BIC Graphic North America to retain its QCA accreditation.

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 (Ethical Trading Initiative) Base Code, SA 8000 and ISO 14001. In 2015, the U.S. factories in Sleepy Eye, Clearwater and Red Wing were audited according to the SMETA standard and one major client's audit program. All three sites were granted certification.

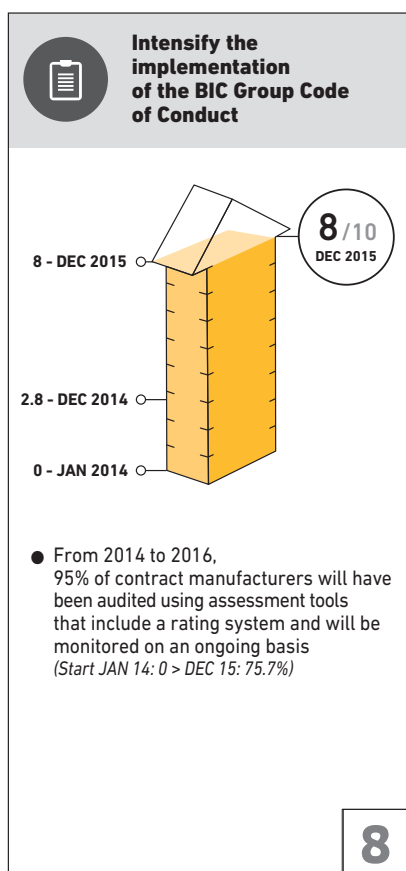
◆ Progress made in 2015

In 2015, 42 Consumer products contract manufacturers were audited, representing 61%, along with 147 contract manufacturers of Advertising and Promotional Products (BIC Graphic), representing 31%. The Consumer Products audits conducted in 2015 revealed two zero tolerance, 56 major, 337 moderate and 311 minor deficiencies, and 42 corrective action plans were implemented. The three biggest areas of deficiency were found in management systems – (1) not properly implementing emergency preparedness processes and procedures, (2) not properly implementing employee safety processes and procedures and (3) not conducting periodic assessments of management systems to identify improvement opportunities. In 2015, 50% of these factories had deficiencies in (1), 50% in (2) and 42% in (3).

The factory of a Sri Lankan licensed manufacturer, E B Creasy & Co. PLC, was presented a Silver Award at the National Green Awards ceremony on October 5, 2015, under the patronage of the President of Sri Lanka. The winners of this distinction are assessed according to 17 criteria, including the quality of their environmental policy and related strategies, funds allocated for environmental activities, strategies for optimizing resources, waste management, regulatory compliance, etc.



◆ Performance



RESULTS FOR 2015: The acceleration of audits announced for 2015 has taken place, whether for Consumer or BIC Graphic activities. The schedule for 2016 targets an achievement of objectives.

- **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**

◆ Perspectives

BIC wants to put a targeted initiative in place to assess environmental performance of all contract manufacturers and will use for this purpose the evaluation of each contract manufacturer's environmental management system currently being assessed.

2.5.1.3. 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 (such as Brazil, Mexico,

India, 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 commitments, and relationships 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 15 languages. The text of the Code is available to all employees on the BIC Intranet.

This Code has been approved by the CEO and the Board of Directors.

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 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.

◆ Progress made in 2015

The BIC Code of Ethics was revised in 2014 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. In 2016, the Code will be shared with all employees, accompanied by a video introduction from SOCIÉTÉ BIC CEO Mario Guevara and Executive Vice-President Marie-Aimee Bich-Dufour. In the United States, the publication of the updated Code of Ethics will include a one-hour e-learning module incorporating the introductory video plus quizzes, and ending with the "signing" of the Code, indicating each employee's acknowledgement of its contents.





2.5.2. ACTING AS LOCAL AND HUMANITARIAN FORCE

2.5.2.1. 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 74 expatriated employees today (0.76% of permanent employees). BIC thus contributes directly to local economies by generating jobs.

BIC has been historically developing and maintaining industrial jobs in Europe, 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 values the local manufacturing of its products highly 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 six licensed factories solely for the Middle East-Africa 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.

2.5.2.2. 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 2015

The launch of the BIC Corporate Foundation

The BIC Corporate Foundation was founded in late 2015. Born of the Group's desire to promote its civic activities and structure its philanthropic approach while bolstering its employees' sense of pride and belonging, the Foundation supports access to education, putting the emphasis on the funding of social entrepreneurship and innovation in education. It takes action in two main fields, namely reducing the school dropout rate and developing education for girls, and also advances environmental education.

Its board of directors consists of nine members, six from BIC Group plus three external experts.

Encouraging handwriting

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 (Europe and U.S.), created in association with psychomotor specialists, ergonomists and teachers;
- the BIC's 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 website in Europe, offering fun, creative learning activities in two spaces, one for children and the other for teachers;





- in South Africa, an annual roadshow to teach children about the importance of education, writing and educational guidance and the fight against bullying.

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 2015, 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 the previous years, the operation was a huge success, with 1.2 million pens donated once again in just three months, for a total of 5 million pens donated in three years.

In Europe, for the sixth consecutive year, the "Kit Scolaire 2015" operation, to which BIC contributes through the French NGO *Dons Solidaires*, a specialist in philanthropic product donations for 10 years, met with great success. In all, 140 associations received shipments and distributed the products to 20,000 underprivileged

children at the beginning of summer vacation and the start of the school year. Containing school supplies as well as hygiene products, the kits are very much appreciated for the quality and variety of the items they contain, donated by 15 partner companies. In parallel with this operation, the products donated by BIC also met the needs of other people in financial difficulty through the *Dons Solidaires* food bank network.

In 2015, BIC took this partnership one step further through the participation of five employees who volunteered to help assemble the "Kit Scolaire" school kits. The employees took a half-day of leave and the Group matched their donation by offering them the other half of the day with pay.

In France, as it has every year since 2008, BIC supported the AFEV association with a financial donation. AFEV (*Association de la Fondation Étudiante pour la Ville*) was founded in 1992 to combat inequality among children and young people who are experiencing social or scholastic difficulties. Funded in part by the French national education system, this association promotes scholastic tutoring through a network of volunteer students working in underprivileged neighborhoods.

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 below).

Program type	Examples of volunteer activities among BIC Group subsidiaries to promote education
Product donations	<p>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. For the second year, in return for each e-signature on the petition, BIC will donate one pen or pencil to a child in need.</p> <p>U.S.: donation to the Pinellas Education Foundation of pens to be distributed to children whose families cannot afford school supplies, allowing them to concentrate on their education without having to worry about the cost of the products.</p> <p>Spain, France: donation of writing supplies to schools and charitable associations.</p> <p>Brazil: donation of products and volunteer work by employees to renovate the libraries of three schools. Since 2013, some 3,200 students have benefited from this project.</p>
Financial aid	<p>U.S.: for 17 years BIC has been 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.</p> <p>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.</p> <p>France: donations to "l'enfant@l'hôpital", 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.</p> <p>Spain: Talita is a foundation that supports the social integration of special needs of 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 2015, for the seventh 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.</p>

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, "2.5.2.3 Other philanthropic actions."

◆ Perspectives

The Group is studying the possibility of creating an observatory to evaluate the impact of writing by hand on neurocognitive development.





2.5.2.3. Other philanthropic actions

◆ Approach and progress made in 2015

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 aiming 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. All BIC subsidiaries around the world participate in these campaigns. In 2014, 120,000 euros was raised and the Group, as in 2010 and 2012, teamed up with the NGO *Planète Urgence* to offer financial and scholastic aid to Haitian families through the initiative "*Haiti: Sur le Chemin de l'École*" ("Haiti: Back to School").

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 donations	<p>France: donation of writing instruments and shavers to charitable associations (e.g. <i>Secours Populaire, Restos du Cœur</i>, etc.).</p> <p>U.S.: BIC HONORS, the charitable giving and community care program of BIC USA Inc., strives to build stronger communities, help those in need and inspire positive change across a variety of causes. BIC HONORS supports a diverse group of national and local charitable organizations that align with BIC's values and demonstrate a strong track record of effectiveness, teamwork, responsibility and integrity.</p>
Employee volunteer work	<p>France: more than 100 BIC employees and members of their families participated in a charity race organized by the <i>Odyssea</i> association. The registration fees were donated to the <i>Gustave Roussy</i> Institute, which specializes in treatments for cancer.</p>
Financial aid	<p>U.S.: in 2015, BIC Consumer Products USA renewed its support for <i>Susan G. Komen for the Cure®</i>, 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 <i>Susan G. Komen Connecticut</i>.</p> <p>Canada: BIC employees rallied together to support the victims of the devastating earthquake in Nepal by making a contribution to <i>Nepal Relief</i>, the fundraising marathon organized by the <i>Red Cross</i>. The donation was matched by BIC Inc. and then matched again by the <i>Red Cross</i>.</p> <p>France: BIC Graphic and BIC Citizens in Action organized a sale of stock sample items to team members in Clichy in support of the French association <i>Proximité</i>, a local organization near BIC headquarters in France that helps disadvantaged young people make the transition from school to work through mentoring schemes, scholastic support, internships and training programs.</p> <p>Singapore: the <i>Singapore Children's Society (SCS)</i> holds an annual fundraising event consisting of a walkathon and a fair with stalls selling various items. BIC decided to sponsor the event by setting up a stall to sell stationery products (writing instruments, markers) and shaver sets with refills. All proceeds went to the <i>SCS</i>, which protects and nurtures children and youth of all races and religions. In 2014, the Society reached out to 68,292 children, youth and families in need.</p>

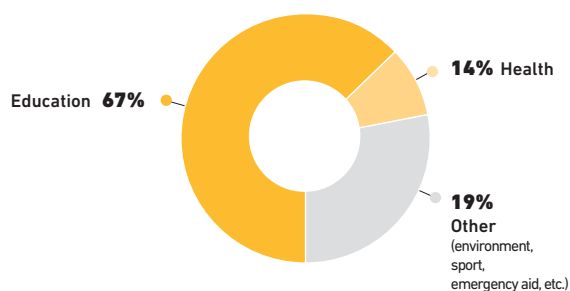
◆ Performance

→ BIC Group objective is achieved: the contribution toward communities is more than 0.5% of pretax profit

→ 206 philanthropic projects involving volunteer work, product donations and financial aid carried out in 2015 (all fields combined)

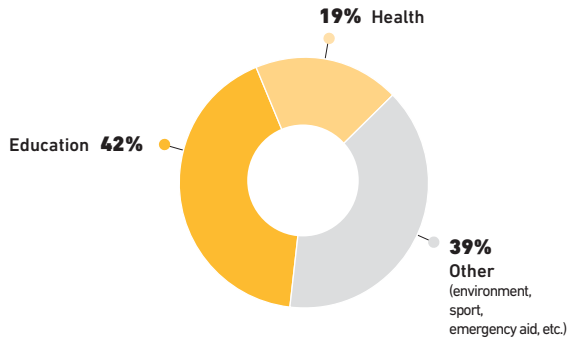
In 2015, product donations and financial aid carried out worldwide have represented 2.7 million euros (internal valuation), primarily in education and health. These two sectors account for 61% of BIC's community activities in number, and represent 81% of their total estimated financial value.

FINANCIAL BREAKDOWN OF ACTIVITIES - BIC GROUP - 2015

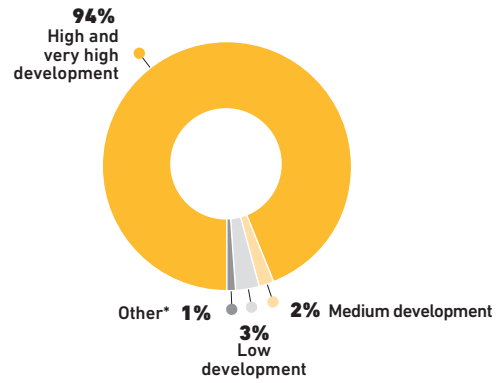




BREAKDOWN OF ACTIONS BY FIELD - BIC GROUP - 2015



DISTRIBUTION OF ACTIVITIES BY COUNTRY ACCORDING TO THE UNITED NATIONS HUMAN DEVELOPMENT INDEX (HDI) - 2015



* Countries not listed in the Human Development Index.





2.6. Milestones

2.6.1. EXTRA-FINANCIAL RATINGS

In 2015, BIC was once again listed on the following socially responsible investment Indexes:

- The FTSE4Good indexes;
- Ethibel Excellence Investment Register;
- Ethibel Pioneer Investment Register;
- Ethibel Sustainability Index (ESI), Excellence Europe;
- Euronext Vigeo – Eurozone 120;
- Stoxx Global ESG Leaders Index;

The Carbon Disclosure Project: For the seventh consecutive year, BIC retained its place on the CDLI (Carbon Disclosure Leadership Index). For 2015, the index lists 19 companies that achieved a score of 100 points out of 100. In terms of performance, BIC is one of 16 companies that earned a rating of A or A- (BIC's rating: 100 A-, improving from 96B to 100 A- between 2014 and 2015).

2.6.2. PRIZES

In 2015, BIC Group was honored once again for the transparency of its financial information by Labrador's *"Grands Prix de la Transparence Financière"* for French listed companies. BIC received first prize in the Consumer Goods category and now ranks fourth among the 120 French companies included in the SBF 120 index.

BIC also received Second Prize for Ethics and Risk Evaluation in the AGEFI *"Grands Prix de la Gouvernance"* corporate governance awards for 2015.

BIC Sustainable Development Director Christine Desbois was one of the three finalists in the Sustainable Development category for Usine Nouvelle's *"Trophée des Femmes de l'Industrie"* (Women in Industry Trophy).

BIC is also ranked in the Top 6 among Lyreco suppliers in terms of sustainable development (Lyreco Supplier Sustainability Assessment).

In Canada, BIC received the Outstanding Partner Award from the National Association of Convenience Distributors and the Canadian Convenience Store Association, honoring the Group's contribution to maintaining a sustainable distribution chain.

2.6.3. PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1, to December 31, 2015.

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 reporting 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.

BIC Group's share in the capital of the seven Cello Pens entities went from 75% to 100% in December 2015. Cello Pens activities have not been included in the environmental, social and societal reporting for 2013 to 2015. 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 information and data sent annually by 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 proposed annually 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 293).

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 products for everyone, everywhere, every time"), 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 Program).

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-labeled (NF Environnement, etc.).

This commitment is calculated on 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 on 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/kilometer.

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

Environmental indicators	Barometer	Unit	2013	2014	2015
Management systems of factories					
Factories with environmental and health & safety management systems (or with implementation under way)		%	99.7	89.0	89.0
BIC employees working in ISO 14001 certified factories (or engaged)		%	81.0	84.0	80.0
Energy consumption					
Annual energy consumption		Gigajoules	1,100,313	1,113,281	1,157,395
Annual energy consumption normalized to production	Barometer	Gigajoules per ton	12.68	12.22	12.16
Greenhouse gas (GHG) emissions					
Total amount of annual GHG emissions		tCO ₂ -e	93,679	94,375	98,855
• Direct GHG emissions		tCO ₂ -e	9,354	8,941	9,275
• Indirect GHG emissions		tCO ₂ -e	84,325	85,434	89,580
Total amount of annual GHG emissions normalized to production		tCO ₂ -e/ton	1.079	1.035	1.038
Water consumption					
Annual water consumption		m ³	606,884	568,084	551,968
Annual water consumption normalized to production	Barometer	m ³ /ton	6.99	6.23	5.80
Waste production					
Annual waste production		Tons	22,682	23,575	25,118
• Non-hazardous waste		Tons	20,314	20,744	22,036
• Hazardous waste		Tons	2,368	2,831	3,082
Annual production of waste normalized to production		Tons/tons	0.261	0.259	0.264
Annual production of non-recycled waste normalized to production	Barometer	Tons/tons	0.0794	0.0780	0.0830
Recovered waste		%	84	84	83
Transportation					
GHG emissions related to intra-company transport*		tCO ₂ -e/ton of products	0.592	0.662	0.633
Intra-company transport operated without air freight	Barometer	%	98.03	98.15	98.09
Products					
Products certified with the French <i>NF Environnement</i> ecolabel			22	22	22
Innovative responsible products launched	Barometer		n/a	2	4**
Products adapted to developing market created	Barometer		n/a	2	7**
Products that have at least one environmental benefit*	Barometer	%	49.9	49.6	50.0
Packaging					
BIC cardboard packaging from a certified and/or recycled source	Barometer	%	75.9	87.7	90.3
BIC plastic packaging PVC free	Barometer	%	70.6	78.2	83.1

* BIC Graphic (Advertising and Promotional Products) excluded.

** For 2014 and 2015





Social indicators	Barometer	Unit	2013	2014	2015
Group workforce					
Total workforce (full-time equivalent) – BIC Group			10,762	11,025	11,144
• Permanent employees			9,373	9,550	9,640
• Temporary workers			1,389	1,475	1,504
Voluntary turnover		%	7	8	8
Workforce by region					
Permanent workforce by geographical area					
• Europe		%	40.0	40.5	40.7
• North America		%	24.0	24.0	24.0
• Developing countries		%	36.0	35.5	35.3
Workforce by activity					
Permanent workforce by activity					
• Manufacturing and R&D		%	62	63	63
• Distribution, marketing et G&A		%	19	19	18
• Sales force and customer service		%	19	18	19
Training, career management and engagement					
Employees that have received one training		%	85	92	92
Number of training days		days	17,791	20,293	24,079
Number of training days per employee		days	1.89	2.21	2.70
Number of training hours per theme		hours	142,327	162,347	192,633
• Technical training		hours	101,762	100,837	132,782
• Leadership skills		hours	17,921	21,648	25,867
• BIC culture		hours	22,644	35,384	25,408
• Health & Wellbeing		hours	n/a	4,478	8,576
Internal promotion rate among managers (levels 3 to 6)					
• External recruitment		%	36	35	34
• Internal recruitment		%	64	65	66
Participation rates in surveys	Barometer	%	84	90.5	85.1
Internal development moves and promotion rate	Barometer	%	25	30.5	31.5
Diversity					
Percentage of women in management and workforce					
• Board of Directors		%	30	30	30
• Leadership Team		%	10	18	20
• Managers (highest levels: 3 to 6)		%	28	29	29
Safety					
Incidence rate of workers' accidents in the factories (accidents with temporary or permanent incapacity)	Barometer	Number per million hours worked	8.43	6.67	6.28
Severity rate of workers' accidents in the factories (in days of temporary incapacity)	Barometer	Number per thousand hours worked	0.27	0.31	0.26
Absenteeism					
Absenteeism rate (excluding on-site accidents and maternity)		%	1.4	1.5	1.5





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY
Milestones

Societal indicators	Barometer	Unit	2013	2014	2015
Respect for Human Right in the workplace					
Net sales from BIC® products manufactured in its own factories		%	84.6	84.6	86.0
BIC permanent employees working in countries with no Human Rights risk ^(a)		%	80.0	80.4	81.0
BIC factories located in countries with no Human Rights risk ^(a)		%	84	83	86
Contract manufacturers located in countries with no Human Rights risk ^(a)		%	33	22	28
Contract manufacturers that have been audited using assessment tools that include a rating system and will be monitored on an ongoing basis	Barometer	%	-	26.8	75.7
Net sales in countries with no Human Rights risk ^(a)		%	87.3	87.4	88.3
Sponsorship					
Contribution to communities (percentage of the Group's pretax profit)		%	>0.5	0.49	>0.7

(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 December 31, 2015

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 2015, presented in chapter 2 of the reference document including the management, 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 December 2015 (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 accordance with the Criteria;

Our verification work was undertaken by a team of four people between October 2015 and February 2016 for an estimated duration of twelve 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 2015.

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 a dozen of interviews with the people responsible for the preparation of the CSR Information in various departments, namely Sustainable Development, Human Resources, Safety at the workplace, Eco-design, Product safety and Business ethics, the people in charge of the data collection process and, if applicable, with 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





OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY Milestones

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 21%

of the workforce as at 31 December 2015, 15% of the annual production (in tons), 14% of energy consumption, 9% of water consumption and 12% of waste generation.

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:

Regarding social indicators, improvements have been made on reporting methods and local contributors have been trained to the definitions of the indicators. However, the internal control system failed to detect many disparities, which have been corrected.

Paris-La Défense, 1st March 2016

Independent Verifier
ERNST & YOUNG et Associés

Eric Mugnier,
Partner, Cleantech & Sustainability

Bruno Perrin
Partner

(1) Quantitative information :

Products: number of innovative responsible products launched in 2015, number of products created in 2015 for developing markets, share of BIC® products with at least one environmental benefit, production of finished and semi-finished products, score for commitments 1, 2 and 3 within the BIC Sustainable Development Barometer;

Environment: percentage of cardboard packaging from a certified and/or recycled source, percentage of plastic packaging PVC free, water consumption per ton of production, energy consumption per ton of production, direct and indirect emissions of greenhouse gases, hazardous and non-hazardous waste generation, Annual production of non-recycled waste normalized to production, share of intra-company transport that is operated without air freight, score for commitments 4, 5 and 6 within the BIC Sustainable Development Barometer;

Safety: accident incidence and severity rate and score for commitment 7 within the BIC Sustainable Development Barometer;

Societal: share of contract manufacturers that have been audited using assessment tools that include a rating system and that will be monitored on an ongoing basis and score for commitment 8 within the BIC Sustainable Development Barometer;

Human resources: participation rates to the Values in Action survey and to the Employee survey, internal developmental moves and promotion rate, workforce as of 31 December 2015, percentage of women in workforce, recruitment and terminations, absenteeism rate, number of training hours, score for commitments 9 and 10 within the BIC Sustainable Development Barometer.

Qualitative information:

Implementation of the BIC Sustainable Development Barometer, general policies for Human Resources, environment and safety at the workplace, eco-design solutions, products safety, well-being and employee development and business ethics.

(2) BIC Mexico (Mexico), BIC Graphic Red Wing (United States), BIC Graphic Europe and BIC Iberia (Spain).





CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE



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 16, 2016, after it had been checked by the Audit Committee and the Compensation and Nomination Committee.

The Company refers to the AFEP/MEDEF's Corporate Governance Code for listed corporations (version dated November 2015 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.

As at the date of the present report, the Board of Directors is chaired by Bruno Bich, whose office is separated from that of the Chief Executive Officer. This separation, implemented in 2006, helps clearly distinguish the missions of the President and of the Chief Executive Officer who thus focus on their respective missions. The President participates, within the Board of Directors, in the determination of the strategic orientation and in the control of the Company whereas the Chief Executive Officer is in charge of operational functions. On February 16th, 2016, the Board of Directors took note of the upcoming retirement of Mario Guevara, Chief Executive Officer, and decided to propose the Shareholders' Meeting of May 18th, 2016 to modify the articles of incorporation in order to allow the Chairman, the Chief Executive Officer and the Executive Vice-Presidents to exercise their functions until 72 years old. Following the Shareholders' Meeting, the Board of Directors intends to combine the Chairman and Chief Executive Officer functions and to appoint Bruno Bich as Chairman and Chief Executive Officer. The temporary combination of these functions will allow Bruno Bich to continue to develop a Chief Executive Officer successor.

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's 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 16, 2016.





CORPORATE GOVERNANCE

Chairman's Report on corporate governance and internal control

RESULTS OF THE REVIEW OF THE CHARACTERIZATION AS INDEPENDENT DIRECTOR BY THE BOARD OF DIRECTORS:

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
Business relationships: not to be ^(a) a customer, supplier, investment banker or commercial banker: <ul style="list-style-type: none"> that is material to the Company or its Group; or for a significant part of whose business the Company or its Group accounts. 				
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) or be bound directly or indirectly to

When business relationships defined in the table above 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. The existing business relationships are considered non-significant because they represent less than 0.01% of the commercial flows of each group involved. Moreover, the Director concerned doesn't interfere in these business relationships that have been implemented before his appointment as Director of the Company.

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's 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.

DIRECTORS RENEWED IN 2015:

Date	Event	Position within the Board of Directors
May 6, 2015	Renewal of John Glen as a Director	Independent Director President of the Audit Committee
May 6, 2015	Renewal of Marie-Henriette Poinot (maiden name: Bich) as a Director	Member of the Compensation and Nomination Committee
May 6, 2015	Renewal of SOCIÉTÉ M.B.D. (represented by Édouard Bich) as a Director	Member of the Audit Committee
May 6, 2015	Renewal of Pierre Vareille as a Director	Independent Director Member of the Audit Committee

As they consist in the renewal of existing mandates, these events had no impact on diversity within the Board of Directors (in terms of feminization, nationality or international experience).





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.





CORPORATE GOVERNANCE

Chairman's Report on corporate governance and internal control

In 2015, the Board of Directors met eight times for meetings of an average of three hours and thirty-two minutes. The rate of attendance at the meetings was 98% and breaks down as follows:

Director	Attendance
Bruno Bich - Chairman	8/8 meetings
Mario Guevara	8/8 meetings
François Bich	8/8 meetings
Elizabeth Bastoni	8/8 meetings
Marie-Pauline Chandon-Moët	8/8 meetings
John Glen	8/8 meetings
Marie-Henriette Poinot	7/8 meetings
Frédéric Rostand	7/8 meetings
SOCIÉTÉ M.B.D. (Édouard Bich)	8/8 meetings
Pierre Vareille	8/8 meetings

Additionally, non-Executive Directors met several times during the fiscal year. These meetings allowed them to discuss the governance arrangements in the Group and the future of its management.

In 2015, 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, 2014 and for the first half of the year 2015,
 - review of the quarterly results,
 - revision of the 2015 budget and 2016 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:
 - strategy relating to growth acceleration on all of our markets,
 - analysis of the strategy for the Stationery and Shaver activities and for BIC Graphic,
 - analysis of the Group's strategy in India,
 - increase of the BIC Group's stake from 75% to 100% in the seven Cello Pens entities;

- miscellaneous:
 - sale of fuel cell,
 - BIC Group's Sustainable Development Program,
 - share repurchase program,
 - analysis and recommendation regarding the structure of the Group's information system.

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 2016, 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		
N°	Paragraph	Justification
10.3	Evaluation of the Board of Directors	
	<i>"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."</i>	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 2015 did not allow the Board to carry out such an evaluation in 2015. The Board considers implementing a formal evaluation within the next two years.
23.2.4.	Performance shares	
	<i>"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."</i>	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% are 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 23 years. The Company considers that these elements sufficiently demonstrate the high level of personal investment and commitment of these officers to the Group.
23.2.6.	Supplementary pension schemes	
	<i>"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."</i>	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, members of the Group Leadership Team promoted before 2007, 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.
	<i>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).</i>	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.

Moreover, with regard to the representation of men and women, the Board of Directors will not be able to propose Shareholders an appointment that would allow reaching the proportion of 40% of women in the Board of Directors in 2016. This proportion should however be complied with in 2017 as provided by the legislation.

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 2015, 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 2015, 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;
- the preparation and planning of the Auditors renewal in 2017.

b) Compensation and Nomination Committee

Frédéric Rostand – Chairman (Independent Director).

Marie-Henriette Poinot.

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 2015, the Compensation and Nomination Committee met four 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 2015;
- details of their supplementary pension plans and other benefits;
- 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 Officer Succession Plan (for which the contribution of the Chairman of SOCIÉTÉ BIC has been requested).

The Committee also gave its opinion on the remuneration 2015/2016 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 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 section 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 section 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 section 3.1.2.3.5. "Employees");
- Vision and Values (see section 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" – section 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" – section 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 that 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 section 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 means used 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

The risk identification and analysis is performed 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

Since 2015, within a framework defined by Group Risk Management, a self-assessment of significant risks is made at the subsidiary level on a voluntary reporting basis.

Questionnaires are addressed to the representatives of the targeted level (General Manager/Chief Financial Officer). They are requested to complete and return the questionnaire to Group Risk Management whenever a risk has to be notified. Their feedback covers the main risks.

Top-down approach

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 enables 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 2015, the Top-down approach also included questionnaires sent to contributors outside of the Leadership Team.

Risks listed by this approach have been considered in the "Group Presentation" – section 1.6. "Risk factors" and are taken into account for the internal audit schedule.

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.

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 section 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" – section 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" – section 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, 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" - section 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⁽¹⁾, 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 and to the two Executive Vice-Presidents, François Bich⁽²⁾ and Marie-Aimée Bich-Dufour, 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:
 - Benoît Marotte, General Manager for Stationery,
 - François Bich, General Manager for Lighters,
 - Thomas Brette, General Manager for Shavers,
 - Edgar Hernandez, General Manager for BIC Graphic;
- representative of transverse functions:
 - Alison James, Human Resources Director.
 - Jim DiPietro, Chief Financial Officer.
 - Marie-Aimée Bich-Dufour⁽³⁾, General Counsel.

Category General Managers are directly responsible for Manufacturing, New Product Development, Research and Quality Assurance. In addition, they 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 section 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 2015

A long-term rotation schedule is in place to ensure that all sites and key processes are reviewed approximately every three years.

The 2015 schedule led the IC&A Department to perform 25 audits, in manufacturing and distribution entities, combining initial visits and follow-up visits.

(1) Bruno Bich, Chairman of the Board of Directors, will succeed in May 2016 Mario Guevara as Chief Executive Officer in May 2016.

(2) François Clément-Grandcourt succeeded François Bich as General Manager for Lighters in March 2016. Since the same date, François Bich is no longer Executive Vice-President.

(3) Edouard Maruani succeeded Marie-Aimée Bich-Dufour as General Counsel in February 2016.





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, quarterly 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 2015 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 2016

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 2016 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 2015, 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 has access to information to design, operate and monitor the internal control system. For connected employees, Group Internal Control Policies including the Group Controllers Manual are available on the Group Intranet.

To reinforce the commitment of all employees to the importance of internal control, the Values of the Group are posted 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 has been carried out every two years to measure the application of the Values across the Group. In 2015, 85% of invited employees participated in the survey and overall compliance was stable versus 2013 at 85% confirming the continued adherence to the Values within the Group.

The Group Code of Ethics exists and is available for all employees on the Group Intranet. The Code of Ethics and its guide have been updated in 2014. 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. 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, 2015

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 statutory auditors of SOCIETE 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, 2015.

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, March 8, 2016

The Statutory Auditors

French original signed by

Grant Thornton
French Member of
Grant Thornton International
Vincent PAPAIZAN

Deloitte & Associés
François BUZY





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 U.S. 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 2015

- The Chairman, Bruno Bich, received no variable remuneration for 2015.
- 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	2015 bonus target as a % of base salary	Actual 2015 bonus paid, as a % of base salary
Group net sales	25.00%	35.00%
Income from operations	25.00%	35.00%
Net income	12.50%	17.50%
Inventory	12.50%	17.50%
Receivables	12.50%	17.50%
Personal objectives	37.50%	52.50%
TOTAL*	125.00%	175.00%

* The maximum 2015 bonus is 175% of base salary, equivalent to 140% of target bonus.

For 2015, personal objectives dealt with the implementation of the Group strategy. At the end of the year, individual and collective achievements on each criteria have been assessed as excellent and have been rewarded with the maximum bonus, 140% of the target bonus of each criteria. The Board of Directors has decided to pay to Mario Guevara a bonus amounting to 1,417,500 U.S. dollars representing 175% of base salary and 140% of the target bonus.

- 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	2015 bonus target as a % of base salary	Actual 2015 bonus paid, as a % of base salary
Net sales for Lighters category	12.00%	18.00%
Income from operations for Lighters category	12.00%	18.00%
Group net Income	6.00%	9.00%
Inventory for Lighters category	12.00%	18.00%
Personal objectives and general appraisal	18.00%	27.00%
TOTAL*	60.00%	90.00%

* The maximum 2015 bonus is 90% of base salary, equivalent to 150% of target bonus.





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At the end of the year, individual and collective achievements on each criteria have been assessed as excellent and have been rewarded with the maximum bonus, 150% of the target bonus of each criteria. The Board has decided to pay to François Bich a bonus amounting to 441,000 euros representing 90% of base salary and 150% of the target bonus.

BONUS - MARIE-AIMÉE BICH-DUFOUR

Criteria	2015 bonus target, as a % of base salary	Actual 2015 bonus paid, as a % of base salary
Group net sales	9.00%	9.27%
Income from operations	13.50%	14.58%
Net Income	4.50%	5.31%
Personal objectives and general appraisal	18.00%	18.00%
TOTAL*	45.00%	47.16%

* The maximum 2015 bonus is 67.5% of base salary, equivalent to 150% of target bonus.

The bonus paid to Marie-Aimée Bich-Dufour for 2015 represents 105% of the bonus target, amounting to 139,122 euros.

3.3.1.1.3. Fixed part of the Remuneration in 2016

The Board has set the annual fixed parts of the remunerations 2016:

- 200,000 euros (+2% vs. 2015) for Bruno Bich, Chairman;
- 810,000 U.S. dollars (730,256 euros⁽¹⁾) (+0% vs. 2015) for Mario Guevara, Chief Executive Officer, to be paid prorata temporis until his retirement;
- 490,000 euros (+0% vs. 2015) for François Bich, Executive Vice-President, to be paid prorata temporis until February 29, 2016;
- 295,000 euros (+0% vs. 2015) for Marie-Aimée Bich-Dufour, Executive Vice-President.

1,858,070 euros in respect of variable remuneration (bonus). For the fiscal year 2014, those amounts were 1,552,244 euros in respect of fixed remuneration (base) and 1,190,257 euros in respect of variable remuneration (bonus)⁽¹⁾

The total amount of remuneration awarded to the members of the Management team ("Leadership Team" of 11 members, including the Chief Executive Officer and the two Executive Vice-Presidents) for the fiscal year 2015, is equal to 4,004,027 euros in respect of fixed remuneration (base) and 3,244,829 euros in respect of variable remuneration (bonus). For the fiscal year 2014, the team was made up of eleven members and those amounts were 3,638,076 euros as fixed remuneration (base) and 2,545,551 euros as variable remuneration (bonus)⁽¹⁾.

3.3.1.2. Individual remuneration

The total amount of fixed and variable remuneration awarded to the four Corporate Officers for the fiscal year 2015 is equal to 1,711,256 euros in respect of fixed remuneration (base) and

Total compensation and fringe benefits awarded for fiscal years 2014 and 2015 by SOCIÉTÉ BIC and by the companies it controls, within the meaning of Article L. 233-16 of the French Commercial Code, to members of the Management bodies of SOCIÉTÉ BIC in respect of 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 2014 (in euros)	Fiscal year 2015 (in euros)
Compensation due in respect of the year (detailed in table B)	192,000	196,000
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	192,000	196,000

Bruno Bich has been the Non-Executive Chairman since March 2006 and receives a fixed remuneration (with no variable element) from SOCIÉTÉ BIC.

(1) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2015 (1 euro = 1.1092 U.S. dollars) and for 2014 (1 euro = 1.3294 U.S. dollars)





Mario Guevara Chief Executive Officer	Fiscal year 2014 (in U.S. dollars) ^(a)	Fiscal year 2015 (in U.S. dollars) ^(b)
	1,833,945	2,411,714
Compensation due in respect of the year (detailed in table B)	(1,379,529 euros)	(2,174,281 euros)
Valuation of long-term variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
	2,327,713	2,860,322
Valuation of performance shares awarded during the year (detailed in table G)	(1,750,950 euros)	(2,578,725 euros)
TOTAL	4,161,658 (3,130,479 EUROS)	5,272,036 (4,753,006 EUROS)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2014 (1 euro = 1.3294 U.S. dollars).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2015 (1 euro = 1.1092 U.S. dollars). (See Note 3 to the consolidated financial statements).

François Bich Executive Vice-President	Fiscal year 2014 (in euros)	Fiscal year 2015 (in euros)
Compensation due in respect of the year (detailed in table B)	829,560	934,672
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)	466,920	916,880
TOTAL	1,296,480	1,851,552

Marie-Aimée Bich-Dufour Executive Vice-President	Fiscal year 2014 (in euros)	Fiscal year 2015 (in euros)
Compensation due in respect of the year (detailed in table B)	425,364	435,610
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)	252,915	372,483
TOTAL	678,279	806,093

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 2014 (in euros)		Amounts for fiscal year 2015 (in euros)	
	Due	Paid	Due	Paid
Fixed compensation	192,000	192,000	196,000	196,000
Annual variable compensation	-	-	-	-
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	-	-	-	-
TOTAL	192,000	192,000	196,000	196,000





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Mario Guevara Chief Executive Officer	Amounts for fiscal year 2014 (in U.S. dollars) ^(a)		Amounts for fiscal year 2015 (in U.S. dollars) ^(b)	
	Due	Paid	Due	Paid
Fixed compensation	786,000 (591,244 euros)	786,000 (591,244 euros)	810,000 (730,256 euros)	810,000 (730,256 euros)
Annual variable compensation	943,200 (709,493 euros)	891,375 (670,509 euros)	1,417,500 (1,277,948 euros)	943,200 (850,343 euros)
Long-term variable compensation	-	-	-	-
Other remuneration ^(c)	-	-	67,406 (60,770 euros)	67,406 (60,770 euros)
Directors' fees	-	-	-	-
	1) Car allowance: 19,200	1) Car allowance: 19,200	1) Car allowance: 19,200	1) Car allowance: 19,200
Fringe benefits	(14,443 euros)	(14,443 euros)	(17,310 euros)	(17,310 euros)
	2) Company contributions to Company U.S. savings plan: a) 401 K: 7,800 (5,867 euros)	2) Company contributions to Company U.S. savings plan: a) 401 K: 7,800 (5,867 euros)	2) Company contributions to Company U.S. savings plan: a) 401 K: 7,950 (7,167 euros)	2) Company contributions to Company U.S. savings plan: a) 401 K: 7,950 (7,167 euros)
	b) "Exec Comp Plan": 31,440 (23,650 euros)	b) "Exec Comp Plan": 31,440 (23,650 euros)	b) "Exec Comp Plan": 32,400 (29,210 euros)	b) "Exec Comp Plan": 32,400 (29,210 euros)
	3) Other: 46,305 (34,832 euros)	3) Other: 46,305 (34,832 euros)	3) Other: 57,258 (51,620 euros)	3) Other: 57,258 (51,620 euros)
TOTAL	1,833,945 (1,379,529 EUROS)	1,782,120 (1,340,545 EUROS)	2,411,714 (2,174,281 EUROS)	1,937,414 (1,746,676 EUROS)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2014 (1 euro = 1.3294 U.S. dollars).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2015 (1 euro = 1.1092 U.S. dollars).

(c) Remuneration equivalent to the dividends unpaid on the shares acquired and held by SOCIÉTÉ BIC until the end of the compulsory holding period.

François Bich Executive Vice-President	Amounts for fiscal year 2014 (in euros)		Amounts for fiscal year 2015 (in euros)	
	Due	Paid	Due	Paid
Fixed compensation	480,000	480,000	490,000	490,000
Annual variable compensation	345,888	305,406	441,000	345,888
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
	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	829,560	789,078	934,672	839,560





Marie-Aimée Bich-Dufour Executive Vice-President	Amounts for fiscal year 2014 (in euros)		Amounts for fiscal year 2015 (in euros)	
	Due	Paid	Due	Paid
Fixed compensation	289,000	289,000	295,000	295,000
Annual variable compensation	134,876	130,349	139,122	134,876
Long-term variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	Vehicle (Value of benefit): 1,488	Vehicle (Value of benefit): 1,488	Vehicle (Value of benefit): 1,488	Vehicle (Value of benefit): 1,488
TOTAL	425,364	420,837	435,610	431,364

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. Bastoni, Mrs. Chandon-Moët, Mrs. Poinot, Mr. Glen, 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 2015, the allocation of Directors' fees is based on the following rules:

- director fixed annual fee: 12,200 euros (+1.7% versus 2014);
- variable part corresponding to 100% Board Meeting Attendance: 21,600 euros (+2.9% versus 2014);
- variable part corresponding to the role of Committee Chairman: 17,800 euros (+1.7% versus 2014);
- variable part corresponding to the role of Committee Member: 13,200 euros (+1.5% versus 2014).

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 2014 (in euros)	Directors' fees paid relating to 2015 (in euros)
Elizabeth Bastoni	46,000	47,000
Marie-Pauline Chandon-Moët	33,000	33,800
John Glen	50,500	51,600
Marie-Henriette Poinot	46,000	47,000
Frédéric Rostand	50,500	51,600
SOCIÉTÉ M.B.D.	46,000	47,000
Pierre Vareille	46,000	47,000
TOTAL	318,000	325,000

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.





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TABLE D – STOCK OPTIONS AWARDED DURING THE FISCAL YEAR 2015 TO EACH EXECUTIVE 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 2014 TO EACH EXECUTIVE 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 2015 BY EACH EXECUTIVE 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 2014 BY EACH EXECUTIVE 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 no. 11	Plan no. 12	Plan no. 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 options available for subscription	371,400	360,000	382,950
<ul style="list-style-type: none"> • Among which, options granted to the Corporate Officers (% of BIC Shares as of December 31, 2015) <ul style="list-style-type: none"> • Mario Guevara • Marie-Aimée Bich-Dufour 	-	-	-
Date from which options may be exercised	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiring date	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price (in euros) ^(a)	40.18	47.99	63.71
Number of options exercised as of Dec. 31, 2015	299,470	256,791	223,546
Number of void options as of Dec. 31, 2015	30,550	32,550	41,400
Number of remaining options as of Dec. 31, 2015	41,380	70,659	118,004

(a) No discount on the exercise price.

Bruno and François Bich were not granted any options under the above stock option plans.





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Senior Management compensation and employees' interests in the issuer's capital

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.

BIC Corporate Officers have to keep 20% of free shares acquired, until their mandate expires. The 20% are 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 2015 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	11 (Feb. 10, 2015)	22,500	2,578,725	Mar. 10, 2018	Mar. 10, 2021	1) Net sales growth
François Bich	11 (Feb. 10, 2015)	8,000	916,880	Mar. 10, 2018	Mar. 10, 2021	2) Cash flow from operations, and change in inventory, as a percentage of net sales
Marie-Aimée Bich-Dufour	11 (Feb. 10, 2015)	3,250	372,483	Mar. 10, 2018	Mar. 10, 2021	

PERFORMANCE SHARES AWARDED DURING THE FISCAL YEAR 2014 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	10 (Feb. 11, 2014)	22,500	1,750,950	Mar. 11, 2017	Mar. 11, 2020	1) Net sales growth
François Bich	10 (Feb. 11, 2014)	6,000	466,920	Mar. 11, 2017	Mar. 11, 2020	2) Cash flow from operations, 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	





TABLES H – PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE DURING THE FISCAL YEAR 2015 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	2 S (Dec. 14, 2005)	128	54% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2005
Mario Guevara	5 M (Feb. 10, 2009)	16,450	100% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2009
Marie-Aimée Bich-Dufour	5 M (Feb. 10, 2009)	2,650	100% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2009

PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE DURING THE FISCAL YEAR 2014 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	1 S (May 19, 2005)	166	70% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2005
Mario Guevara	4 M (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 M (Dec. 11, 2007)	2,650	100% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2007





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Senior Management compensation and employees' interests in the issuer's capital

TABLE I - PERFORMANCE SHARE 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, 2015)										
• 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, 2015	20,405	1,162	15,741	640	31,443	1,104	37,550	1,436	57,500	-
Total number of void or lapsed shares as of December 31, 2015 ^(a)	11,395	1,456	16,059	1,978	2,007	1,248	-	1,208	-	734
Total number of free shares outstanding as of December 31, 2015	-	-	-	-	-	-	-	-	-	1,909

	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11
Annual Shareholders' Meeting date	May 23, 2007	May 12, 2010	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013
Board of Directors' Meeting date	February 16, 2010	February 15, 2011	February 14, 2012	February 12, 2013	February 11, 2014	February 10, 2015
Grant	M	M	M	M	M	M
Number of shares granted	83,475	87,650	159,940	161,010	156,660	176,740
• Of which, shares granted to the Corporate Officers (% of BIC Shares as of December 31, 2015)						
• Mario Guevara	20,400 (0.04%)	22,500 (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%)	8,000 (0.01%)
• Marie-Aimée Bich-Dufour	3,500	3,500	3,000	4,250	3,250	3,250
End of the Acquisition Period	March 16, 2013	March 15, 2014	March 14, 2015	March 12, 2016	March 11, 2017	March 10, 2018
End of the Holding Period	March 16, 2016	March 15, 2017	March 14, 2018	March 12, 2019	March 11, 2020	March 10, 2021
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, 2015	76,797	57,551	135,687	-	-	-
Total number of void or lapsed shares as of December 31, 2015 ^(a)	6,678	30,099	24,253	11,000	6,140	1,570
Total number of free shares outstanding as of December 31, 2015	-	-	-	150,010	153,520	175,170

(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 2015 Bruno Bich received 555,360 U.S. dollars.
- b) Mario Guevara contributes to the BIC CORPORATION Supplementary Executive Retirement Plan. This defined benefit 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, 2015 for Mario Guevara is 11,254,098 U.S. dollars (10,232,480 U.S. dollars for the Supplementary Executive Retirement Plan and 1,021,618 U.S. dollars for the U.S. Qualified Pension Plan). As of December 31, 2015, Mario Guevara has accrued a pension benefit equivalent to $2.5\% \times 20$ years of service = 50% of the average remuneration of the last three years of service (i.e., for information, a pension equal to 846,000 U.S. dollars payable at age 57, if he had stopped his activity in December 31, 2015).

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 defined benefit plan is an additional pension plan and is covered by Article 39 of the French Tax Code. It 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, 2015 is 5,660,821 euros for François Bich and 3,060,216 euros for Marie-Aimée Bich-Dufour. As of December 31, 2015, François Bich has accrued a pension benefit equivalent to $1.25\% \times 20$ years of service = 25% of the average remuneration of the last three years of service (i.e., for information, a pension equal to 198,500 euros, if he had stopped his activity in December 31, 2015) and Marie-Aimée Bich-Dufour has accrued a pension benefit equivalent to $1.25\% \times 20$ years of service = 25% of the average remuneration of the last three years of service (i.e., for information, a pension equal to 104,700 euros, if she had stopped her activity in December 31, 2015).

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.





CORPORATE GOVERNANCE

Senior Management compensation and employees' interests in the issuer's capital

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)

Executive Corporate Officers	Employment contract		Supplementary pension plan		Mandate termination indemnities or benefits		Non-competition indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Bruno Bich								
Chairman								
1 st 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)		(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		(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		(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 2015 (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

Summary of notifications established pursuant to Article L. 621-18-2 of the French Monetary and Financial Code (details available on www.amf-france.org):

Declaring	Purchase	Type and number of transactions				Number of shares
		Sale	Exchange	Other		
Elizabeth Bastoni	-	1	-	-	336	
Mario Guevara	-	1	-	-	9,055	





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	No.
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	9,000	50.01	13 Dec. 2015	8
	11,800	49.62	10 Dec. 2015	10
	1,350	40.18	9 Dec. 2016	11
	3,180	47.99	14 Dec. 2017	12
	14,500	63.71	15 Dec. 2018	13
TOTAL	39,830	54.39		

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 plans in force since 2013, performance is assessed over a three-year period according to the achievement of two objectives:

- net sales growth;
- net cash flow from operations 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 2015, 176,740 performance shares were granted to 539 beneficiaries

In 2014, 159,660 performance shares were granted to 536 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 French beneficiaries.

In 2015, 21,700 shares were granted without performance conditions to 258 beneficiaries.

In 2014, 19,700 shares were granted without performance conditions to 243 beneficiaries.

The total number of shares is reported in Note 22 to the consolidated financial statements.





CORPORATE GOVERNANCE

Senior Management compensation and employees' interests in the issuer's capital

FREE SHARES GRANTED AND TRANSFERRED IN 2015 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
<ul style="list-style-type: none">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)	54,250	6,217,593	March 10, 2018	March 10, 2021	11 M
<ul style="list-style-type: none">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)	384	17,318	March 14, 2015	March 14, 2015	2 S
	228	9,282	March 11, 2015	March 11, 2017	4 S
	15,800	570,380	March 10, 2015	March 10, 2015	5 M
	13,630	883,360	March 14, 2015	March 14, 2018	8 M

(a) These shares are all allocated under performance conditions.



3.4. Mandates of the Directors and the Corporate Officers as of December 31, 2015

CHAIRMAN OF THE BOARD OF DIRECTORS

MR. BRUNO BICH



Chairman of the Board of Directors^(a)

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of 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.^(b) - India
- Chairman of the Board of Directors - Cello Stationery Products Private Ltd.^(b) - India
- Chairman of the Board of Directors - Cello Tips and Pens Private Ltd.^(b) - India
- Chairman of the Board of Directors - Cello Writing Aids Private Ltd.^(b) - India
- Chairman of the Board of Directors - Cello Writing Instruments and Containers Private Ltd.^(b) - India
- Chairman of the Board of Directors - Pentek Pen and Stationery Private Ltd.^(b) - India
- Chairman of the Board of Directors - Cello Pens Private Ltd.^(b) - India
- Director, Member of the Control Committee - Seb^(c) - France
- Member of the International Advisory Board - Edhec - France
- Trustee - Harlem Academy - U.S.

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Member of the Supervisory Board - Bluwan - France
- 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 of SOCIÉTÉ BIC, 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 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) In May 2016, Bruno Bich will succeed Mario Guevara as Chief Executive Officer.

(b) BIC Group.

(c) Listed company.





CHIEF EXECUTIVE OFFICER AND DIRECTOR

MR. MARIO GUEVARA



Chief Executive Officer and Director^(a)

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Director: Annual Shareholders' Meeting of 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 – U.S.

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^(b) - U.S.
- Chief Executive Officer, Director - BIC INTERNATIONAL Co^(b) - U.S.
- Director - BIC Japan Co Ltd.^(b) - 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) In May 2016, Bruno Bich will succeed Mario Guevara as Chief Executive Officer.

(b) BIC Group.



EXECUTIVE VICE-PRESIDENT AND DIRECTOR

MR. FRANÇOIS BICH



66 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, 2015, SOCIÉTÉ M.B.D. held 26.37% of SOCIÉTÉ BIC share capital and 36.40% of the voting rights.

Executive Vice-President and Director^(a)

Basis of the appointment

Article L. 225-18 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 of 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"^(b)) - 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) Since March 1st, 2016, François Bich is no longer Executive Vice-President and General Manager for Lighters.

(b) BIC Group.





CORPORATE GOVERNANCE

Mandates of the Directors and the Corporate Officers as of December 31, 2015

DIRECTORS

MRS. ELIZABETH BASTONI



50 years old

Nationality:
American

**Number of BIC
shares held:**
500

Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 15, 2013

Expiration date

Annual Shareholders' Meeting in 2016, for fiscal year 2015

Member of a committee

Compensation and Nomination Committee

Professional address

Bastoni Consulting Group, LLC
2606 E Garfield Street
Seattle, WA 98112
U.S.

Main position

- President of Bastoni Consulting Group, LLC (non-listed company)

Other current mandate or function

None

Expired mandates or functions in the previous five years (non BIC Group companies)

- Head of Human Resources at B.M.G.I. – U.S.
- Human Resources consultant - EBB LLC - U.S.
- 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 - U.S.

Biography

An American citizen, Elizabeth Bastoni holds a Bachelor of Arts degree with a concentration in Accounting from Providence College, Providence, RI (U.S.). She also has a degree in French Civilization from Paris' Sorbonne University (Paris IV). She is a former student of the École du Louvre.

Having lived and worked for over 18 years in France, Elizabeth Bastoni held various executive roles 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, GA (U.S.).

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)



Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of 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 (U.S.).

48 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, 2015, SOCIÉTÉ M.B.D. held 26.37% of SOCIÉTÉ BIC share capital and 36.40% of the voting rights.





CORPORATE GOVERNANCE

Mandates of the Directors and the Corporate Officers as of December 31, 2015

MR. JOHN GLEN



56 years old

Nationality:
British

**Number of BIC
shares held:**
500

Director

Basis of the appointment

Article L. 225-18 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 of May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2018 for fiscal year 2017

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 mandates or functions

- Director - Thames River Property Investment Trust^(a) - United Kingdom
- Member of the Board – The Three Stills Company - United Kingdom

Expired mandate or function in the previous five years (non BIC Group companies)

None

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)



Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 21, 1997

Expiration date

Annual Shareholders' Meeting in 2018 for fiscal year 2017

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 Poinso 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.

54 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, 2015, SOCIÉTÉ M.B.D. held 26.37% of SOCIÉTÉ BIC share capital and 36.40% of the voting rights.





CORPORATE GOVERNANCE

Mandates of the Directors and the Corporate Officers as of December 31, 2015

MR. FRÉDÉRIC ROSTAND



53 years old

Nationality:
French

**Number of BIC
shares held:**
1,000

Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of 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
1-3 rue des Italiens
75009 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
- Director, Chief Executive Officer - Sodiaal International - France
- Director - Entremont Alliance - France
- Member of the Supervisory Board - Candia - France
- Director - Eurosérum - France
- Director - Monts & Terroirs (ex-Juragruyere) - France
- Vice Chairman and Chief Executive Officer - CF&R Gestion (Compagnies des Fromages & RichesMonts) - France
- Vice-Chairman of the Board - CF&R Gestion (Compagnies des Fromages & RichesMonts) - France
- Director - Nutribio - France
- Chairman of the Supervisory Board - Yoplait - France
- Member of the Management Board - Orlait - France
- Director - Fondation des Foyers de Charité - France
- 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)

- Director - 3A Groupe - France
- Chairman of the Directory Board - Générale de Santé SA^(a) - France
- Chairman - 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 Management Board of Saint-Louis Sucre in 2001 and Member of the Management Board of Südzucker AG in 2002.

From 2007 to 2010, Frédéric Rostand was Chairman of the Management Board of Groupe Générale de Santé. Since June 22, 2011, he has been Chief Executive Officer of Sodial Group.

(a) Listed company.





CORPORATE GOVERNANCE

Mandates of the Directors and the Corporate Officers as of December 31, 2015

SOCIÉTÉ M.B.D.



Number of BIC shares held:

26.37% of SOCIÉTÉ BIC share capital and 36.40% of the voting rights (as of December 31, 2015)

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. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 24, 2006

Expiration date

Annual Shareholders' Meeting in 2018, for fiscal year 2017

Member of a committee

Audit Committee

Address

1 place Paul Verlaine
92100 Boulogne-Billancourt – France

Permanent representative and Managing Director

Mr. Édouard BICH

51 years old

Nationality: French

Edouard Bich spent eight years in the Finance Department of Procter & Gamble and holds an MBA in Finance from Wharton University (U.S.).

Other current mandates or functions

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

Managing Director - Platypus Capital SPRL (non-listed company) - Belgium

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



Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2018, for fiscal year 2017

Member of a committee

Audit Committee

Professional address

CONSTELLIUM
Max Högger-Strasse 6
8048 Zürich - Switzerland

Main position

- Chief Executive Officer of CONSTELLIUM N.V. (Netherlands – company listed in New York).

Other current mandates or functions

- Chairman of the Board of Directors - CONSTELLIUM Switzerland AG – Switzerland
- Director - VERALLIA – France

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 - France
- Chairman and Chief Executive Officer - FCI USA, Inc. - U.S.
- Director - FCI Asia Pte Ltd. - Singapore
- 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, financial 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).

58 years old

Nationality:
French

Number of BIC
shares held:
1,000





EXECUTIVE VICE-PRESIDENT

MRS. MARIE-AIMEE BICH-DUFOUR



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^(a)

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 - METI (Mouvement des Entreprises de Taille Intermédiaire) - France
- Director - BIC Australia Pty. Ltd.^(b) - Australia
- Managing Director-BIC GmbH^(b) - Germany
- Director-BIC Violex SA^(b) - Greece
- Chairman of the Board of Directors - BIC (NZ) Ltd.^(b) - New Zealand
- Director - BIC Portugal SA^(b) - Portugal
- Director - BIC Holdings Southern Africa (Pty.) Ltd.^(b) - South Africa
- Director - BIC Iberia SA^(b) - Spain
- Director - BIC (Malawi) Ltd.^(b) - Malawi

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.

57 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, 2015, SOCIÉTÉ M.B.D. held 26.37% of SOCIÉTÉ BIC share capital and 36.40% of the voting rights

(a) Marie-Aimée Bich-Dufour is no longer General Counsel since February 1st, 2016.

(b) 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 INTEREST 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.





CORPORATE GOVERNANCE





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4.1. Operations and consolidated results

THE GROUP IN 2015

2015 Key Events

April	BIC's Portable fuel cell Technology is sold to Intelligent Energy for 14 million euros. The transaction included all assets (patents and related technology and know-how).
October	The BIC Group presents an investment project intended to modernize its industrial facilities in the North of France (Pas-de-Calais). Planned over a 5 year period, the project includes an investment of 12 million euros to extend the production facility at Samer.
December	BIC increases its stake in Cello Pens to 100% for an amount of 5.4 billion Indian rupees (approximately 74 million euros).

In 2015, BIC realized net sales of 2,241.7 million euros (+6.2% on a comparative basis⁽¹⁾) and reached 432.0 million euros normalized IFO⁽¹⁾ (19.3% of net sales). Net income Group share was 325.1 million euros and earnings per share Group share was 6.89 euros.

In 2015, 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.

In 2015, 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.

Consumer business

- In the Stationery category, net sales increased 3.6% 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 increased a high-single digit growth. In developing markets, full year 2015 net sales increased double digit.
- In the Shaver category, net sales increased 11.9% on a comparative basis with high-single digit growth in Europe and double digit increase in North America. Developing markets grew double digit.

Promotional Products

BIC Graphic net sales increased 1.6% on a comparative basis.

(1) See Glossary § 8.9.





COMPARISON OF KEY FIGURES 2014-2015

(in million euros)	2014	2015	Change 2014/2015	
			As reported	On a comparative basis ^(a)
NET SALES	1,979.1	2,241.7	+13.3%	+6.2%
Gross Profit	971.1	1,113.0	+14.6%	-
Normalized Income From Operations ^(a)	370.0	432.0	+16.7%	-
Income From Operations	369.3	439.9	+19.1%	-
Financial income/(costs)	11.1	26.8	-	-
Income Before Tax	380.4	466.7	+22.7%	-
Income Tax Expense	(114.2)	(140.2)	-	-
Income From Joint Ventures	-	-	-	-
Group Net Income	266.2	326.5	+22.7%	-
Non-controlling Interests	(4.1)	(1.4)	-	-
Net Income Group Share	262.1	325.1	+24.0%	-
EPS Group Share	5.57	6.89	+23.7%	-
Number of shares ^(b)	47,063,465	47,173,339	-	-

(a) see Glossary § 8.9.

(b) Average number of shares outstanding net of treasury shares.

BIC Group 2015 Net Sales stood at 2,241.7 million euros, compared to 1,979.1 million euros in 2014, up 13.3% as reported and +6.2% on a comparative basis.

- Our Consumer business increased 6.9% on a comparative basis in 2015, turning in solid performances in all of its geographical markets. Developed markets showed solid performance, with Net Sales up +5.7% in Europe and +7.3% in North America. In developing markets, total Net Sales grew 7.5%, with Latin America up low-double digit.
- BIC Graphic Net Sales increased 1.6% on a comparative basis.

2015 gross profit margin was 49.7% of Net Sales, versus 49.1% in 2014. Excluding the negative impact of the Argentinian ARS in 2015 and the Venezuelan VEF in 2014, change in gross profit margin including FX impact was +0.4 point, benefiting from sales growth and favorable raw material impact.

Full Year 2015 Normalized IFO was 432.0 million euros (19.3% normalized IFO margin). Full Year Consumer business normalized IFO margin was 21.9%, an increase of 0.8 point notably driven by higher gross profit.

2015 Income from operations increased 19.1% as reported to 439.9 million euros. 2015 IFO included a total of -7.9 million euros of non-recurring items.

(in million euros)	2014	2015
INCOME FROM OPERATIONS	369.3	439.9
As % of net sales	18.7%	19.6%
Non-recurring items	0.7	7.9
Of which Restructuring costs (including those related to distribution reorganization in the Middle-East and Africa regions)	2.9	4.5
Of which Gains on real estate	-	-9.2
Of which Profit and restructuring expenses related to Sheaffer sale	+2.4	-
Of which fuel cell divestiture net of restructuring costs	+1.9	-2.2
Of which Retiree medical adjustments in the U.S.	-13.7	-
Of which Impact of lump sum election for terminated vested pension participants in the U.S.	-	-4.6
Of which Impact of the reevaluation of intercompany accounts payable in Argentina (IAS 21)	-	+3.6
Of which Impact of the revaluation of intercompany accounts payable in Venezuela in dollars at SICAD II rate (IAS 21)	+7.2	-
NORMALIZED IFO	370.0	432.0
As % of net sales	18.7%	19.3%





COMMENTS ON THE YEAR

Operations and consolidated results

NORMALIZED IFO MARGIN

	2014	2015
Group	18.7%	19.3%
• Consumer business	21.1%	21.9%
• BIC Graphic	3.5%	3.3%

Income before tax increased 22.7% as reported to 466.7 million euros.

Net finance revenue was 26.8 million euros compared to 11.1 million euros in 2014, mainly due to the increase of the USD against most currencies during the year, generating a favorable impact on the valuation of financial assets denominated in that currency and higher interest income.

Net income Group Share was 325.1 million euros, a 24.0% increase as reported. The Full Year 2015 tax rate was 30.0%.

EPS Group Share amounted to 6.89 euros, compared to 5.57 euros in 2014, up 23.7%. Normalized EPS Group Share was up 21.3% to 6.77 euros, compared to 5.58 euros in 2014.

2015 GROUP PERFORMANCE BY CATEGORY

BIC GROUP NET SALES AND INCOME FROM OPERATIONS (IFO) BY PRODUCT CATEGORY 2014-2015

(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
2014	676.9	83.0	581.6	226.4	380.0	64.7	65.1	(14.3)	275.6	9.6
2015	727.0	83.7	675.7	260.9	452.0	83.3	67.6	(1.2)	319.3	13.1

(a) See Glossary § 8.9.

BIC GROUP IFO AND NORMALIZED^(a) IFO BY PRODUCT CATEGORY 2014-2015

(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
2014	84.5	83.0	219.3	226.4	67.7	64.7	(11.3)	(14.3)	9.7	9.6
2015	83.4	83.7	257.9	260.9	83.6	83.3	(3.4)	(1.2)	10.4	13.1

(a) See Glossary § 8.9.

Consumer business

Stationery

Full Year 2015 Stationery Net Sales increased 7.4% as reported and +3.6% on a comparable basis. Full year 2015 volumes were up 2%.

2015 results were good thanks to the success of our "Champion brand" strategy fueled by successful new product introductions, continued investments in brand support, and sustained investments in geographic expansion. Our sales grew in all geographies where we operate, with market share gains or stability across the board. We continued to invest in brand support with a special focus on fast growing markets to take full profit of the market dynamics but also increased investments in selected developed countries. On one hand, our brand support investments have been dedicated to

support our commitment to Education such as our "Donate a pen" CSR initiative in South Africa. On the other hand, we actively supported our brand and our Champion brands such as the "4-Color" campaigns in Europe and the "Cristal" campaigns in Latin America, Middle-East and Africa.

- **Developed markets:** Net Sales grew high-single digit in Europe with market share gains in most countries and increased low-single digit in North America, thanks notably to good results during Back-to-School. We benefited from the success of our "Champion Brand" strategy with strong growth in our core segments such as ball pens, coloring and correction. We actively supported our products with communication programs such as the "Fight for your write" campaign in North America and the TV campaign to promote BIC® Kids learners' range in Europe.





- **Developing markets:** Net Sales increased low-single digit with most of the regions delivering good performances. We continued our successful expansion in key Latin America countries such as Brazil, where we gained leadership in coloring, and we reversed trend in Mexico, where we re-gained market share. In the Middle-East and Africa, BIC registered good performance, with market share and distribution gains across the region. We also reinforced our proximity strategy through the creation of a subsidiary in Morocco. In India, Cello Pens Net Sales decreased low-single digit. Domestic sales were flat in an aggressively competitive market and as we focused on core products. The increase in Cello ownership to 100% in December will allow us to focus our efforts on improving operations and building capacity to accelerate growth in 2016 and beyond.

Full Year 2015 Stationery normalized IFO margin was 11.5% compared to 12.5% in 2014 as a result of higher manufacturing costs and higher brand support investments (promotional activities).

Lighters

Full Year 2015 Lighter Net Sales increased 16.2% as reported and +8.3% on a comparative basis. Full year 2015 volumes were up 5%.

- **Developed markets:** in Europe, net sales grew mid-single digit. Northern and Western regions registered a good year. Eastern European countries showed very dynamic trends, with high-single digit growth thanks to distribution gains. In all these countries, we benefited from the solid performance of our classic products and our utility lighters. In North America, Net Sales growth increased high-single digit, driven by the impact of second quarter 2015 price adjustment, continued distribution and market share gains as well as the success of added-value sleeves, notably Special Edition series such as Fashion, Favorites and Trendsetter. In the U.S., we also benefited from the success of our "complete the convo" marketing campaign addressing millennial consumers.
- **Developing markets:** Full year 2015 net sales increased double digit. In Latin America, sales growth benefited from distribution gains especially in Mexico and Brazil. In Middle-East and Africa, growth continued to be strong thanks to our proximity strategy aimed at gaining distribution and improved visibility. In Asia, the strong performance was driven by Japan and improved in-store visibility and we continued to focus on building distribution channel through convenience stores. In Oceania, the sales increase was driven by the success of both classic and added-value product lines.

Full Year 2015 Lighter normalized IFO margin was 38.2%, compared to 37.7% in 2014. This improvement is due to sales growth, the impact of Q2 2015 price increase in the U.S. and lower raw material costs.

Shavers

The Shaver category reported a rise in Net Sales of 18.9% as reported and +11.9% on a comparative basis. Full year 2015 volumes were up 1%.

In 2015, we continued to strengthen our positions in all geographies. Thanks to the "Great Value" positioning of all our products, we maintained our consumer base on core products and brought new consumers to the BIC franchise with our successful new products.

- **Developed markets:** in Europe Net Sales increased high-single digit as we continued to show solid trends both in Western and Eastern regions thanks to the success of our triple blades products such as the BIC® 3 for men and BIC® Miss Soleil® for women. In North America, Net Sales increased double digit with market share gains in both men's and women's segments. The performance was driven by our best value/quality positioning across our entire range, as well as a very strong new product pipeline (BIC® Flex 5, BIC® Simply Soleil® Click). In 2015, we have continued to invest in advertising in the U.S. with the digital "Smooth up" campaign for the BIC® Flex 5 shaver. We have also launched a radio campaign in France to improve the brand awareness of the BIC® 3 shaver for men.
- **Developing markets:** Net Sales grew double digit, with a solid performance across all regions. In Latin America, sales increase was driven by a strong performance in Mexico and continued growth in Brazil thanks notably to the success of our triple blade disposable shavers such as BIC® Soleil® and BIC® Comfort 3®. In the Middle-East and Africa, we grew across all regions and in all product ranges, from double-edge to triple blades as we maintained our solid positions in our core products and continued to expand our business with added-value products.

Full Year 2015 Shaver normalized IFO margin was 18.5% compared to 17.8% in 2014 driven by Net Sales growth, positive FX impact on Gross Profit which more than offset the increase in brand support compared to last year.

Other Consumer Products

Other consumer products Net Sales increased 3.9% as reported and declined 0.5% on a comparative basis.

Other consumer products 2015 Normalized IFO was -3.4 million euros, compared to -11.3 million euros in 2014, which included expenses related to the portable fuel cell project (sold in April 2015).

BIC Sport Net Sales (46% of the Other Consumer Products category) reached 31.1 million euros, up 15.6% as reported and +5.0% on a comparative basis, driven by the success of our Stand-Up-Paddle boards.





COMMENTS ON THE YEAR

Operations and consolidated results

Advertising and Promotional Products

BIC Graphic Net Sales increased 15.9% as reported and 1.6% on a comparative basis.

In the industry, quality, safety compliance and trademark continued to be major drivers of the growth and customers recognized the deep expertise of BIC Graphic on these fields. In Europe, Northern countries continued to show signs of recovery and Southern countries started to improve. In North America, the Advertising and Promotional Products business trend was driven by the consolidation of the industry and the e-commerce move up.

- **Stationery:** In Europe, BIC Graphic confirmed its sales recovery thanks to the success of new product launches. In North America, despite the low price competition, sales have shown improving

trends thanks to new product launches and our "good value" proposition. In developing markets, net sales growth was driven by good performances in Latin America and Asia.

- **Hard goods:** In Europe, sales were driven by the innovative BritePix® imprinted technology and key products such as bags and drinkware. In North America, we registered a good performance, supported by the success of the "good value" range of value priced items, new products and the BritePix® technology.
- **Calendars:** The U.S. promotional calendar industry overall has been challenging and our sales continued to be unfavorably impacted.

In 2015, BIC Graphic normalized IFO margin reached 3.3%, compared to 3.5% in 2014.

2015 GROUP PERFORMANCE BY GEOGRAPHICAL AREA

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA

(in million euros)	2014	2015	Change 2014/2015	
			As reported	On a comparative basis ^(a)
Europe	509.1	527.8	+3.7%	+5.3%
North America	830.1	1,040.1	+25.3%	+5.5%
Developing markets	639.8	673.8	+5.3%	+7.8%

(a) See Glossary § 8.9.

IMPACT OF CHANGE IN PERIMETER AND CURRENCY FLUCTUATIONS ON NET SALES

In %	2014	2015
Perimeter	+2.9	-0.6
Currencies	-3.0	+7.7
• Of which U.S. dollar	+0.0	+8.7
• Of which Brazilian real	-0.9	-1.7
• Of which Argentinian peso	-1.0	+0.1
• Of which Indian rupee	+0.1	+0.5
• Of which Mexican peso	-0.2	+0.1
• Of which Russia and Ukraine	-0.3	-0.4

SENSITIVITY OF NET SALES TO KEY CURRENCY CHANGES

In %	2014	2015
+/-5% change in U.S. dollar	+/-2.0	+/-2.2
+/-5% change in Brazilian real	+/-0.5	+/-0.4
+/-5% change in Mexican peso	+/-0.2	+/-0.2





Europe

The Europe region includes Western and Eastern Europe. In 2015, Net Sales in Europe reached 527.8 million euros, an increase of 3.7% as reported and +5.3% on a comparative basis compared to 2014.

Consumer business

Europe registered a good performance in 2015 in the three consumer categories, despite the continued unfavorable political and economic environments in Russia and Ukraine.

- **In Stationery**, the performance was good in both Western and Eastern countries thanks to the successful back-to-school season and to the strong demand for some of our product lines such as BIC® 4 colors™. We reinforced our leadership and continued to gain market share in most regions, notably in France, and in major stationery products such as ball pens, coloring and correction. 2015 was also a year of successful digital actions, with the BIC® Kids digital advertising and website which offers qualitative content around coloring and handwriting activities, the Mybicpen Facebook page (BIC® Cristal® and BIC® 4 colors™) as well as the TV campaign to promote the BIC® Kids Learners' range run during Back to School in France.
- **In Lighters**, the good results were driven by continued growth in Western and Eastern Europe thanks to distribution gains and consumer demand for our products which offer both quality and safety. Most of the growth has been driven by the decorated pocket lighters and the utility range.
- **In Shavers**, the growth was driven by market share gains in most countries, despite an aggressive competitive environment (high level of promotions). The increase in market shares took place in both the men and women segments. We delivered strong results on 3-blades shavers thanks to the continuous trend of trading up to the 3-blade segment: the main contributors were the new BIC® Flex3 Comfort and the BIC® 3 range (BIC® 3 Sensitive and BIC® 3 Action).

Advertising and Promotional Products

Northern countries continued to show signs of recovery and Southern countries started to improve. The expertise of BIC in terms of quality, safety and compliance and the launch of the new website allowed us to offer better service and consequently to register additional customers.

North America

The North America region includes the U.S. and Canada. In 2015, Net Sales in North America reached 1,040.1 million euros, up 25.3% as reported and up 5.5% on a comparative basis compared to 2014.

Consumer business

BIC continued to deliver an overall strong performance in both the U.S. and Canada. BIC grew market share in most categories and the performance continued to be driven by increased emphasis on our added value products, on driving quality distribution, and by the impact of our targeted advertising and marketing programs.

- **In Stationery**, BIC performed in line with the market despite an increasingly aggressive competitive environment and continued turbulence in the office superstore channel. We continued to focus on our "Champion brand" strategy (including Atlantis and Velocity range) and on new product introductions such as BIC® X-tra fun graphite pencils, Brite-Liner and Wite-Out® correction products. In the U.S., BIC performance was particularly strong driven by strength in the Food & Drug and Office products channels. In Canada, our performance was driven by office superstores. Across the continent, we focused our investments on two key initiatives:
 - For the second consecutive year in the U.S and the first time in Canada, we leveraged our "BIC Fight for your Write" campaign to promote the benefits hand-writing provides for learning and development;
 - We supported the launch of BIC® X-tra fun graphite pencil, which has been well received by both consumers and customers.
- **In Lighters**, Net Sales growth reflected continued share gains in both the U.S. and Canada. Our strong performance was driven by our continued premium safety/quality/value positioning, our increased emphasis on impactful added value sleeve designs, U.S. pocket lighter price adjustments, and a strong performance in utility lighters. The highly engaging "complete the convo" pocket lighter social media campaign also fueled our success.
- **In Shavers**, Net Sales growth reflected market share gains in the disposable segment despite continued aggressive competitive promotional activity. BIC's performance was driven by expanded distribution and shelf presence, the strength of our core "value" products, the BIC® Soleil® franchise, the continued solid growth of our added value flexible blade products and the introduction of new products such as the BIC® Flex 5 for men and BIC® Simply Soleil® Click for women. In Men's Shavers in the U.S., the BIC® Flex 5 introduction was supported by the "Men, it's time to smooth up" digital campaign and in Canada by the continuation of our successful sponsorship of the "Toronto Raptors", National Basketball team. In Women's Shavers, BIC® Soleil® was supported by a North American "Make your own sun" consumer campaign which incorporated TV, social, digital, and print execution.

Advertising and Promotional Products

The consolidation of the industry continued on both sides (suppliers and distributors) and the online business continued to trend up. The "good value" range, new products and the BritePix® technology were the main drivers of the growth in this region.





Developing markets

Developing markets include Latin America (Mexico, Central America, the Caribbean and South America), the Middle-East, Africa, Oceania and Asia. In 2015, Net Sales reached 673.8 million euros, up 5.3% as reported and +7.8% on a comparative basis.

Consumer business

Latin America

Sales grew double digit in Latin America with strong performance in all categories thanks to distribution gains and new product launches. In all categories, sales were sustained by successful marketing programs such as the BIC® Cristal® advertising campaign in Mexico, Brazil and Argentina.

- **Stationery:** BIC gained market share in key countries thanks notably to ball pen classic, marking and coloring. The main driver of growth was Mexico, where BIC maintained the leadership position. In Brazil, BIC continued to outperform the market with strong market share gains in ball pen, marking and coloring. The BIC® Cristal® 360 campaign "your world opens with a BIC Pen" (launched in Mexico in 2014) was successfully rolled out in Brazil and Argentina, with strong media support and significant investment in in-store visibility.
- **Lighters:** 2015 Net Sales was driven by distribution gains. In key countries such as Mexico and Brazil, the strategy of converting match users to BIC Lighters contributed to improve distribution in areas where consumption and use of matches remain high.
- **Shavers:** Sales growth was driven by strong performance of triple-blade shavers such as BIC® 3, BIC® Comfort 3 and BIC® Soleil®. Mexico registered strong results with market share gains in volume and value, while Brazil solidified its position on the market, especially on the Triple-blade Disposable segment. BIC's commitment to the Value-for-Money proposition was reflected in each of the products in the portfolio, from Single to Triple-blade Shavers, offered to male or female consumers.

Middle-East and Africa

BIC took further steps towards the implementation of the proximity Strategy with the creation of a BIC Subsidiary in Morocco. This has been consistent with the strategy initiated a few years ago with the objective of strengthening BIC's position in the Middle-East and Africa. During the year, BIC continued to work closely with distributors to reinforce our presence and strength of the BIC brand in the region.

- **Stationery:** BIC registered good performance, with market share and distribution gains across the region. In South Africa, BIC gained market share for the third consecutive year, reinforcing its solid leadership position in the category. BIC also benefited from the impactful campaign "BIC® Cristal® – it makes the grade", which started in a few West-African countries and will be extended over the rest of the region over 2017.
- **Lighters:** the performance was good in the region thanks to strong sales of sleeve and utility lighters. North-West-Africa showed strong performance due to continuous focus on improving distribution footprint and visibility.
- **Shavers:** BIC grew across all regions with strong performance in South Africa and North Africa. BIC maintained a solid position in core shavers and continued to expand the business with added value products such as BIC® Flex 5 launched in South Africa.

Asia Pacific

BIC registered a good performance across the region, gaining market share in all three categories across Australia and New Zealand. In Asia, BIC managed to grow the business in core products.

- **Stationery:** BIC continued to gain market share in Oceania thanks to added value products such as ball pen and coloring, as well as strong promotional activities supported by our key retail partners. In Asia, sales benefited from the continued success of the EZ Smooth Asian range as well as the BIC Minions license. In India, Cello Pens Net Sales decreased low-single digit. Domestic sales were flat in an aggressively competitive market and as we focused on core products.
- **Lighters:** in Oceania, BIC extended the market leadership position through increased distribution of pocket lighters into petrol and convenience store channels, as well as the successful launch of the utility range into modern trade. In Asia, Net Sales were driven by good results in convenience stores.
- **Shavers:** BIC delivered a strong year across the region. In Oceania, BIC benefited from additional distribution and new product launches such as BIC® Soleil® range, BIC® 3 and BIC® Flex3. BIC reached its highest market share in Australia, while confirmed its solid leadership position in New Zealand.

Advertising and Promotional Products

Developing markets benefited from a strong performance in Latin America as we continued to focus on the expansion of new categories.





4.2. Financial situation and cash

At the end of 2015, the net cash position⁽¹⁾ was 448.0 million euros, compared to 320.2 million euros as of December 31, 2014.

At the end of December 2014, the net cash position⁽¹⁾ included 77.1 million euros from Cello Pens put option valuation. In December 2015, BIC increased its stake in Cello Pens to 100% for an amount of approximately 74 million euros.

2015 Net Cash from operating activities⁽¹⁾ totaled 367.1 million euros. Working capital as % of sales was 27.0% in 2015, compared to 30.0% in 2014.

2015 cash generation is impacted by the dividend payment for 134.8 million euros, 26.3 million euros of cash paid on share buy-back and 120.7 million euros on CAPEX.

MAIN BALANCE SHEET ITEMS

<i>(in million euros)</i>	2014 ^(a)	2015
Shareholders' equity	1,647.6	1,849.5
Current borrowings and bank overdrafts	6.2	7.8
Non-current borrowings	78.9	2.4
Cash and cash equivalents – Assets	352.2	385.2
Other current financial assets and derivative instruments	53.3	76.3
Net cash position^(b)	320.2	448.0
Goodwill	307.4	324.9
Intangible assets	94.8	96.8
TOTAL BALANCE SHEET	2,428.9	2,536.2

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.

(a) Restated for IFRIC 21

(b) See Glossary § 8.9.

CONDENSED CASH FLOW STATEMENT

<i>(in million euros)</i>	2014	2015
Cash flow from operations	354.5	435.6
(Increase)/Decrease in net working capital	10.0	(24.0)
Other operating cash flows	(15.5)	(44.5)
Net cash from operating activities ^(a)	349.0	367.1
Net cash from investing activities	(88.9)	(113.8)
Net cash from financing activities	(172.7)	(227.8)
Net increase/(decrease) in cash and cash equivalents	87.4	25.6
Closing cash and cash equivalents	348.5	380.6

(a) See Glossary § 8.9.

(1) See Glossary § 8.9.





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 2015, the yearly exposure for commercial flows was hedged at the average rate of 1 euro = 1.2374 U.S. dollars. Regarding the 2016 exposure, as of December 31, 2015, 90% of the identified exposure has been hedged at an average rate of 1 euro = 1.1126 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 between 80% and 100% for the full year 2016.

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, 2015, 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 2015 performance, and confident in the BIC Group's prospects and the sustainability of its

strong financial position, the Board of Directors will propose 3.40 euros as an ordinary dividend per share and 2.50 euros as an exceptional dividend per share, at the Annual Shareholders' Meeting on May 18, 2016. The pay-out ratio (calculated with the ordinary dividend) would be 49% in 2015, compared to 51% in 2014.

The dividends paid for the last three fiscal years were as follows:

	Net ordinary dividend <i>(in euros)</i>	Net ordinary dividend divided by earnings per share (pay-out ratio)
2014	2.85	51%
2013	2.60	51%
2012	2.56	46%





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, Brazil's leading manufacturer and distributor of adhesive labels.

In 2007, BIC acquired Atchison Products Inc., supplier of imprinted promotional bags in the U.S..

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, in June 2009 the BIC Group announced the acquisition of Norwood Promotional Products. Norwood Promotional Products is a U.S. supplier of promotional products with leadership positions in calendars and 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, maker of FlameDisk®, a portable heat source for grilling. On November 30, 2011, the BIC Group acquired the assets of Angstrom Power Incorporated, 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 educational solution for primary schools.

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 in Nantong, China (130 km North of Shanghai) 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 total investment is around 14 million euros.

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⁽³⁾) after Cello group exercised its put option in March 2014, allowing it to sell 20% of Cello Pens to the BIC Group.

PRINCIPAL INVESTMENTS IN 2015

In October 2015, the BIC Group presented an investment project intended to modernize its industrial facilities in the North of France (Pas-de-Calais). Planned over a 5 year period, the project includes an investment of 12 million euros to extend the production facility at Samer.

In December 2015, BIC increased its stake in Cello Pens to 100% for an amount of 5.4 billion Indian rupees (approximately 74 million euros⁽⁴⁾).

(1) 84.53 INR = 1 EUR (Sep.13, 2013, ECB Reference rate).

(2) 83.80 INR = 1 EUR (Sep.26, 2013, ECB Reference rate).

(3) 81.17 INR = 1 EUR (Jul.04, 2014, ECB Reference rate).

(4) 72.69 INR = 1 EUR (Dec.08, 2015, ECB Reference rate).





PRINCIPAL INVESTMENTS IN PROGRESS: GEOGRAPHIC DISTRIBUTION AND FINANCING METHODS

Not applicable.

PRINCIPAL FUTURE INVESTMENTS

Not applicable.





4.6. Prospects for 2016 and strategy

2016 OPERATIONAL OUTLOOK

Group

In 2016, we expect Net Sales to grow mid-single digit on a comparative basis. Excluding major macroeconomic disruptions or currency fluctuations, Normalized IFO margin should decline between 100 and 150 basis points as result of accelerated Brand Support and R&D investments aimed at fueling profitable mid and long term growth. We also expect Net Cash from operating activities to be maintained despite an increase in development CAPEX.

Consumer business

Stationery

In 2015, the stationery market continued to demonstrate strong resilience with value growth estimated low to mid-single digit. We expect this trend to be maintained mid-term. In this context, all regions should benefit from the dynamics, with different drivers:

- demand for improved quality and innovation in developed markets;
- higher income and better access to education in developing markets;
- in 2016, our objective is to grow organic sales mid to high single digit driven by our robust geographical footprint, the quality of our products, our innovation capabilities and a further reinforced proximity with our consumers supported by increased brand support investments.

Lighters

We will continue to rely on our safety and best quality added-value lighters. In Europe, we will widen our distribution and strengthen in-store visibility.

We will also continue to leverage our added-value sleeve design strategy in both Europe and North America, notably through new special edition introductions. In developing markets, we will continue to strengthen our distribution and increase our brand awareness.

Shavers

We will continue to improve our product performance and sell at a fair price. The continued success of the BIC® Flex 5 in North America and the BIC® Soleil® in Latin America, as well as the introduction of our first 5 movable blade shaver for women, the BIC® Soleil® Shine launched in the U.S., will support sales growth.

BIC GRAPHIC

In 2016, the priority for BIC Graphic will be to continue to deliver profitable growth. In Europe, the slight increase in Northern countries should continue to be offset by the weakness of Southern countries. In North America, we will focus on new products and the Good value® line and enhanced service to customers.

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, in brand support and in Research and Development with a focus on quality and innovative new products.
- Maintain strong cash generation to:
 - continue to grow the business organically,
 - finance strategic bolt-on acquisitions,
 - sustain total Shareholders' remuneration.

RISKS AND OPPORTUNITIES

In summary, we foresee the major challenges for 2016 to be:

- continued economic uncertainty;
- 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

In 2016, we will focus on paving the way for profitable long-term growth. This will lead to an increase in brand support in all regions either to strengthen our existing positions or to support new product launches. We will also invest more in Research & Development.

Despite a significant increase in development CAPEX, we aim to maintain Operating Cash Flow Generation to protect total Shareholders' remuneration.





RECENT EVENTS

In Early 2016, the decision was taken to close BIC's Stationery facility in Shanghai (China) and transfer its production to other BIC Stationery sites with higher production volumes.

The Promotional Product Industry has changed throughout 2015 with a consolidation happening in all regions and new entrants arising. In light of this evolution, in early 2016, the Board has decided to initiate a review of strategic alternatives for BIC Graphic. The strategic review is expected to be concluded by the end of 2016.

Acknowledging Chief Executive Officer Mario Guevara's decision to retire in May 2016, the Board of Directors of SOCIETE BIC has decided to propose an evolution of Group governance:

- It will be submitted to the next Annual Shareholders Meeting (to be held on 18 May 2016) a change in company's by-laws in order for the Chairman, the Chief Executive Officer and the Executive Vice-Presidents to exercise their functions until 72 years old.
- The Board of Directors that will follow this Annual Shareholders Meeting will then combine the Chairmanship and Chief Executive Officer functions and will nominate Bruno Bich as Chairman and Chief Executive Officer.





COMMENTS ON THE YEAR



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5.1. Consolidated financial statements

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1. CONSOLIDATED INCOME STATEMENT

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014*	Dec. 31, 2015
Net sales	2-2	1,979,120	2,241,705
Cost of goods	4	(1,007,977)	(1,128,672)
Gross profit		971,143	1,113,033
Distribution costs	4	(291,341)	(314,797)
Administrative expenses	4	(198,181)	(234,175)
Other operating expenses	4	(123,218)	(140,665)
Other income	5	22,311	26,792
Other expenses	5	(11,444)	(10,331)
Income from operations		369,271	439,857
Income from cash and cash equivalents	6	10,507	14,245
Net finance income/(net finance costs)	6	622	12,557
Income before tax		380,400	466,659
Income tax expense	7	(114,239)	(140,158)
Net income from consolidated entities		266,161	326,501
Net income from continuing operations		266,161	326,501
Consolidated income of which:		266,161	326,501
Non-controlling interest		4,085	1,443
NET INCOME GROUP SHARE	8	262,076	325,058
Earnings per share Group share <i>(in euros)</i>	8	5.57	6.89
Diluted earnings per share Group share <i>(in euros)</i> ^(a)	8	5.51	6.81
Average number of shares outstanding net of treasury shares	8	47,063,465	47,173,339

* Freight recharged to customers has been reclassified in 2015 as a reduction to freight costs, booked in other operating expenses (see Notes 4 and 5). As the amount as of December 31, 2014 was significant, the 2014 financial statements have been adjusted.

(a) The dilutive elements taken into account are stock options.





2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014	Dec. 31, 2015
GROUP NET INCOME	A	266,161	326,501
OTHER COMPREHENSIVE INCOME	7-2		
Actuarial differences on post-employment benefits not recyclable to income statement ^(b)		(44,062)	31,516
Deferred tax on actuarial differences on post-employment benefits	7-2	15,129	(11,266)
Total actuarial differences not recyclable to the income statement - Net of tax	B	(28,933)	20,250
Gain/(Loss) on cash flow hedge		(13,884)	(575)
Exchange differences arising on translation of overseas operations ^(a)		81,878	(9,356)
Available for sale investments		(3)	(1)
Deferred tax and current tax recognized on other comprehensive income	7-2	981	(4,787)
Other comprehensive income recyclable to the income statement - Net of tax	C	68,972	(14,719)
TOTAL COMPREHENSIVE INCOME	D = A + B + C	306,200	332,032
Attributable to:			
• BIC Group		294,746	325,605
• Non-controlling interests		11,454	6,428
TOTAL		306,200	332,032

(a) The main items impacting the translation reserve variance for the period, by currency, are as follows: U.S. dollar 49.9 million euros, Indian rupee 15.1 million euros, Brazilian real -53.0 million euros and Mexican peso -10.7 million euros.

(b) The impact of actuarial differences is mainly due to U.S. and French plans.





3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014	Dec. 31, 2015
Property, plant and equipment	9-1, 9-2	482,473	508,533
Investment properties	9-3	2,116	2,150
Net goodwill	10	307,395	324,894
Intangible assets	11	94,841	96,777
Other non-current assets	12	25,092	28,636
Deferred tax assets	13	174,912	163,756
Derivative instruments	23-4	228	549
Non-current assets		1,087,057	1,125,295
Inventories	14	441,139	478,413
Income tax advance payments		10,011	11,614
Trade and other receivables	14	453,771	439,979
Other current assets		16,434	19,391
Derivative instruments	23-4	194	3,296
Other current financial assets	21-6, CF (f)	53,139	73,048
Cash and cash equivalents	21-4, 21-6, 23-7	352,154	385,156
Assets held for sale	9-4	15,014	-
Current assets		1,341,856	1,410,897
TOTAL ASSETS		2,428,913	2,536,192

CF: see Consolidated cash flow statement.





Equity and liabilities

<i>(in thousand euros)</i>	Notes	Dec 31, 2014*	Dec. 31, 2015
Share capital	15-1	179,939	180,169
Accumulated profits		1,418,186	1,652,982
Translation reserve		20,609	16,393
Group Shareholders' equity		1,618,734	1,849,544
Non-controlling interests		28,836	-
Shareholders' equity	SHEQ	1,647,570	1,849,544
Non-current borrowings	16, 21-6	78,890	2,450
Other non-current liabilities		-	1,259
Employee benefits obligation	18-3, 18-7	238,407	208,832
Provisions	17	55,549	41,526
Deferred tax liabilities	13	46,488	52,506
Derivative instruments	23-4	138	134
Non-current liabilities		419,472	306,707
Trade and other payables	14	119,110	124,867
Current borrowings	16	6,246	7,780
Current tax due		17,354	15,183
Other current liabilities	19	215,384	228,406
Derivative instruments	23-4	3,776	3,705
Current liabilities		361,871	379,941
TOTAL EQUITY AND LIABILITIES		2,428,913	2,536,192

* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.

SHEQ: See consolidated statement of changes in equity





4. CONSOLIDATED CASH FLOW STATEMENT

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014	Dec. 31, 2015
Operating activities			
Net income Group share	IS	262,076	325,058
Income and expense without cash impact:			
Non-controlling interests	IS	4,085	1,443
Depreciation and amortization of intangible, tangible assets and investment properties	4, 9, 11	80,704	89,574
Impairment loss	4, 5, 9-2, 11	84	1,650
Provision for employee benefits	18-2	8,112	20,525
Other provisions (excluding provisions on current assets)	17	(3,030)	(11,760)
Hedging and derivative instruments	23-4	(169)	2,076
Option premium expense	23-4	871	187
Recognition of share-based payments	22, SHEQ	10,750	15,126
Deferred tax variation	13	(7,490)	4,772
(Gain)/Loss from disposal of fixed assets	5, (a)	(1,481)	(13,039)
Cash flow		354,512	435,612
(Increase)/Decrease in net working capital	14, (k)	9,998	(23,968)
Payments related to employee benefits	18-2, (l)	(17,076)	(39,975)
Financial expense/(income)	6	(8,264)	(11,742)
Interest (paid)/received		9,518	10,872
Income tax expense	7-1	124,976	139,675
Income tax paid		(124,670)	(143,328)
NET CASH FROM OPERATING ACTIVITIES		348,993	367,147
Investing activities			
Disposal of fixed assets	(b)	2,713	14,901
Suppliers fixed asset variation	(i)	-	2,316
Purchases of property, plant and equipment	9-1, (i)	(105,444)	(112,778)
Purchases of intangible assets	11	(6,830)	(7,945)
(Increase)/Decrease in other investments		(759)	(460)
(Purchase)/Sale of other current financial assets	(f)	12,979	(23,840)
Business and asset (acquisitions)/divestitures	(c)	8,408	13,977
NET CASH FROM INVESTING ACTIVITIES		(88,933)	(113,829)
Financing activities			
Dividends paid	SHEQ, 20, (d)	(122,410)	(134,829)
Non-controlling interest buy-back	SHEQ, 1-2, (m)	(53,464)	(73,977)
Borrowings/(Repayments)	16, (j)	(841)	(78)
Repayments of obligations under finance leases		(139)	(1,104)
Purchase of financial instruments	23-4, (e)	(874)	(1,031)
Increase in treasury shares and exercise of stock options	15-2, 22, (g)	5,066	(16,733)
NET CASH FROM FINANCING ACTIVITIES		(172,662)	(227,752)
Net increase/(decrease) in cash and cash equivalents		87,398	25,566
Opening cash and cash equivalents net of bank overdrafts	BS, 16, 21-4	240,515	348,503
Exchange difference		20,590	6,543
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	BS, 16	348,503	380,612

IS: See consolidated income statement.

SHEQ: See consolidated statement of changes in equity.

BS: See consolidated balance sheet.

From (a) to (m): see explanations in the following page.





As of December 31, 2015 cash and cash equivalents amount to 385.1 million euros and bank overdrafts to 4.5 million euros.

Net cash from operating activities

2015 net cash flows from operating activities amount to 367.1 million euros and include 5.9 million euros in payments related to restructuring (2.5 million euros for 2014).

The main gains on disposal in 2015, correspond to the disposal of ^(a):

- a property in Auckland, New Zealand for 7.8 million euros;
- Fuel Cell Technology assets for 2.8 million euros;
- a manufacturing site in San Antonio, Texas, U.S. for 1.4 million euros.

The main gain on disposal in 2014, was related to the disposal of the Sheaffer assets for 1.1 million euros ^(a).

The working capital increase amounted to 24.0 million euros compared to a decrease in 2014 of 10.0 million euros. The 2015 variance is mainly explained by an inventory increase ^(k).

The payments related to employee benefits are mainly driven by the U.S. ^(l).

Net cash from investing activities

Cash flow from investing activities amounts to -113.8 million euros in 2015 compared to -88.9 million euros in 2014.

The main fixed assets sold during 2015 are ^(b):

- a property in Auckland, New Zealand for 8.8 million euros;
- San Antonio manufacturing site based in Texas, U.S. for 2.8 million euros.

During 2014, there was no disposal of individually significant fixed assets ^(b).

During 2015, the BIC Group disposed of its Fuel Cell Technology assets. This amount is net of cash outflows related to restructuring costs ^(c).

During 2014, the BIC Group disposed of the Sheaffer assets, net of related restructuring costs ^(c).

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, 2015, these investments consist of units of UCITS and negotiable debt securities, all of which are liquid within five days ^(f).

Purchases of property, plant and equipment do not include finance leases booked as a counterpart to assets with a financial debt, as these transactions do not have any impact on cash ^(g).

Net cash from financing activities

Cash flow from financing activities amounts to -227.8 million euros in 2015 compared to -172.7 million euros in 2014.

The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see Note 20) ^(d).

The non-controlling interest buy-back relates to Cello Pens. The BIC Group acquired the remaining 25% of non-controlling interests in December 2015 ^(m).

During the second half of 2014, the BIC Group had repurchased a 20% non-controlling interest ⁽ⁿ⁾.

During 2015, SOCIÉTÉ BIC paid option premiums amounting to 1.0 million euros, compared to 0.9 million euros during 2014 ^(e).

During 2015, 180,213 shares were repurchased by SOCIÉTÉ BIC for 26.3 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 158,419 shares for 22.5 million euros and sold 157,661 shares for 22.4 million euros. In addition, 160,628 options were exercised in the period for 8.7 million euros, including 0.4 million euros which have not been collected at end of December 2015. Moreover, in early 2015, SOCIÉTÉ BIC received 1.4 million euros related to stock options exercised at the end of 2014 ^(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 had 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 ^(g).





5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in thousand euros)</i>	Notes	Share capital	Accumulated profits	Translation reserve	Cash flow hedges	Group Shareholders' equity	Non-controlling interests	Shareholders' equity
At January 1, 2014*		179,004	1,299,410	(55,169)	11,615	1,434,860	36,724	1,471,584
Dividends paid	CF, 20	-	(122,410)	-	-	(122,410)	-	(122,410)
Decrease in share capital		-	-	-	-	-	-	-
Increase in share capital		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 interest	1-2	-	(35,390)	1,270	-	(34,120)	(19,343)	(53,463)
Other movements		-	(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	1,415,395	20,609	2,792	1,618,734	28,836	1,647,570
Dividends paid	CF, 20	-	(134,829)	-	-	(134,829)	-	(134,829)
Decrease in share capital ^(a)		(688)	(25,623)	-	-	(26,311)	-	(26,311)
Increase in share capital ^(b)		614	8,043	-	-	8,657	-	8,657
Treasury shares		305	(413)	-	-	(108)	-	(108)
Recognition of share-based payments	CF, 22	-	15,126	-	-	15,126	-	15,126
Cello Pens - Put on non-controlling interests	16, 21-6	-	77,071	-	-	77,071	-	77,071
Cello Pens - Change in interest	1-2	-	(48,840)	10,126	-	(38,714)	(35,263)	(73,977)
Others		-	4,314	-	-	4,314	-	4,314
Total transactions with Shareholders		230	(105,151)	10,125	-	(94,796)	(35,263)	(130,058)
Net income for the period		-	325,058	-	-	325,058	1,443	326,501
Other comprehensive income		-	17,206	(14,341)	(2,319)	547	4,985	5,531
Total comprehensive income		-	342,264	(14,341)	(2,319)	325,605	6,428	332,032
At December 31, 2015		180,169	1,652,509	16,393	473	1,849,544	-	1,849,544

* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.

(a) 180,213 shares were cancelled during 2015.

(b) Following the exercise of stock options, the share capital was increased by 160,628 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 2015 have been approved by the Board of Directors' Meeting of February 16, 2016 and are submitted for approval to the Annual Shareholders' Meeting to be held on May 18, 2016.

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/finance/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, there are no differences between the reference standards used and the standards adopted by the IASB, whose application is mandatory for the period presented.

The financial statements have been prepared on a historical cost basis, except for the valuation of certain financial instruments. The main accounting policies remain unchanged compared to the prior year, except for the following policies, effective since January 1, 2015.

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, 2015 and have been applied to the consolidated financial statements for the period ended December 31, 2015:

- IFRIC Interpretation 21 – Levies;

This interpretation:

- defines the obligating event that gives rise to a liability to pay a levy (as the activity that triggers the payment of the levy), as identified by the relevant legislation, and

- refers to other standards to determine whether the recognized liability gives rise to an asset or an expense.

The application of this new interpretation had no impact on the income statement as of December 31, 2014 as the amount is not significant. Shareholders' equity has been increased by 1.7 million euros as of January 1, 2014 and in parallel, other current liabilities decreased by the same amount.

- Annual improvements to IFRSs 2011-2013 cycle.

Standards, interpretations and amendments issued with mandatory application after 2015 and adopted by the European Union

As of December 31, 2015, the Group did not elect to early apply any standard, interpretation or amendment approved by the European Union, particularly regarding:

- Annual improvements to IFRSs 2010-2012 cycle;
- Amendments to IAS 16/IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization;
- Amendments to IAS 19 – Defined Benefits Plans: Employee Benefits;
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations.

The Group is currently conducting analysis on the practical consequences of these new regulations and the effects of their implementation on the financial statements.

Standards, interpretations and amendments issued and not yet adopted by the European Union

- Amendments to IAS 1 – Disclosure Initiative;
- IFRS 9 – Financial instruments;
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception;
- IFRS 14 – Regulatory Deferral Accounts;
- IFRS 15 – Revenue from Contracts with Customers;
- Annual improvements to IFRSs 2012-2014 Cycle.

Analysis of the practical consequences of these new standards is in progress.

The Group has initiated the analysis of the IFRS 15 standard and believes that the impact on the financial statements will be low to moderate. At this stage, the Group has not taken any decision regarding the transition mode.





1-1-3 Basis of consolidation

The consolidated financial statements include the financial statements of the parent company, SOCIÉTÉ BIC, and of the 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 align their accounting policies with those used by other entities of the Group.

All intra-Group transactions, balances, income and expenses are eliminated for consolidation purposes.

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

certain 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, especially in some key countries of the Group. 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 made 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 for 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 counterparty; subsequent changes in debt are treated similarly.

Change in the consolidation scope

At end-September 2013, the BIC Group, which had previously exercised joint control over the Cello Pens group, acquired exclusive control with a stake of 55%.

On July 4, 2014, the BIC Group completed the additional acquisition of 20% of Cello Pens.

On December 9, 2015, the BIC Group completed the final acquisition of 25% of Cello Pens for 5.4 billion Indian rupees (approximately 74 million euros as of this date) in accordance with an agreement between the parties, which enabled the BIC Group to increase its stake to 100% for each of the seven Cello Pens entities.

The financial liability related to this option has consequently disappeared at the balance sheet date (see Note 16).





NOTE 2 OPERATING SEGMENTS

Accounting policies

According to IAS 18, 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 provided to 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 necessary.

The categories are as follows: 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, royalty income and financial interest are also included in these category revenues but are insignificant

compared to net sales. As they are not analyzed according to category of products, by the Operational Directors, they are not detailed in the note below.

2-2 Information on income statement and assets by activity

All indicators are determined according to IFRS, except for:

- normalized income from operations, which is the income from operations restated for non-recurring items (in particular real estate gains, the gain or loss on the sale of businesses and restructuring costs). It constitutes the key financial metrics used within the Group;
- capital additions, which are the purchases and internal generation of property, plant and equipment and intangible fixed assets for the period.

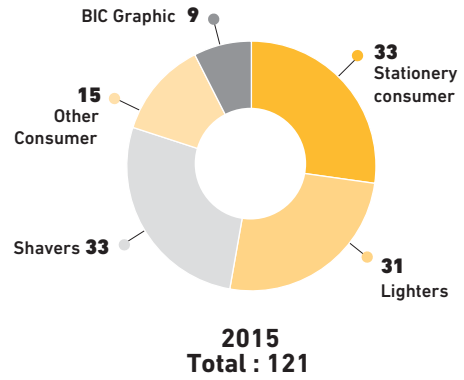
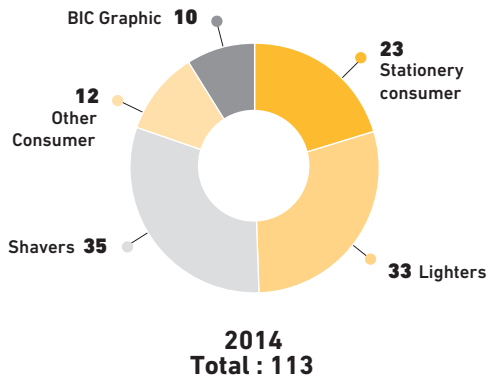
(in million euros)	Dec. 31, 2014						Dec. 31, 2015					
	Stationery consumer	Lighters	Shavers	Other Consumer	BIC Graphic	Total	Stationery consumer	Lighters	Shavers	Other Consumer	BIC Graphic	Total
Income Statement												
• Net sales	677	582	380	64	276	1,979	727	676	452	68	319	2,242
• Depreciation and amortization	(26)	(15)	(18)	(14)	(8)	(81)	(27)	(18)	(21)	(13)	(11)	(90)
• Impairment loss	-	-	-	-	-	-	3	-	(1)	-	-	2
• Income from operations	83	226	65	(15)	10	369	84	261	83	(2)	13	440
Restatements made to obtain the normalized income from operations												
• Real estate gains						-						(9)
• Retiree medical adjustment in the U.S.						(14)						-
• Impact of lump sum election for terminated vested pension participants						-						(5)
• Restructuring costs related to distribution reorganization in the Middle East and in the African regions						-						4
• Profit and restructuring costs related to Fuel Cell assets sale						2						(2)
• Profit and restructuring costs related to Sheaffer assets sale						2						-
• Impact of the revaluation of intra-Group payables at SICAD II (Venezuela)						7						-
• Impact of the revaluation of intra-Group payables (Argentina)						-						4
• Other						3						-
• Normalized income from operations	84	219	68	(11)	10	370	83	258	84	(4)	10	432



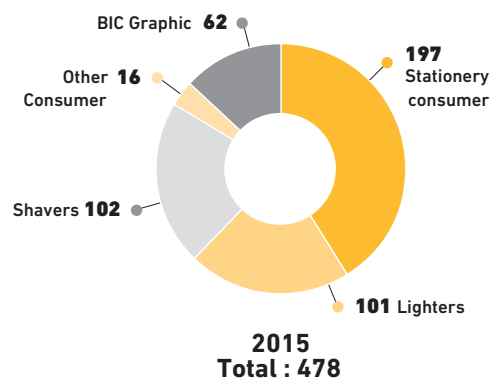
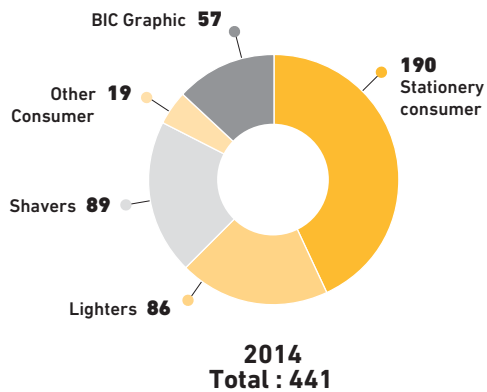


As of December 31, 2015, Walmart Group has been identified as the major customer by the BIC Group.

CAPITAL ADDITIONS (in million euros)



NET INVENTORIES (in million euros)

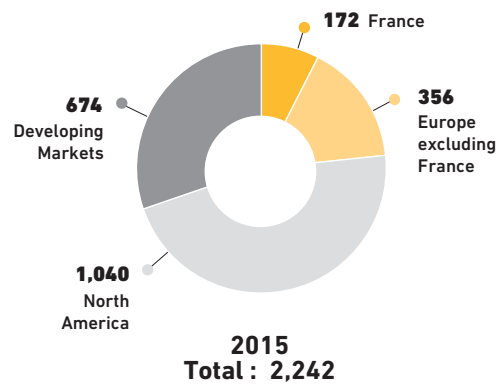
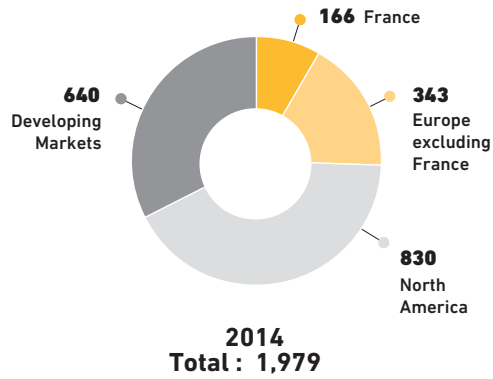




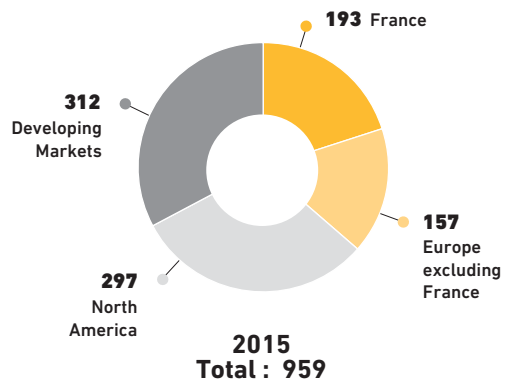
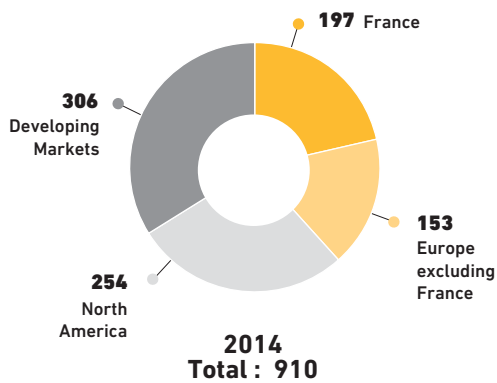
2-3 Informations by geography

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 ^(a) (in million euros)



(a) Other than financial instruments (0.5 million euros in 2015 and 0.2 million euros in 2014), deferred tax assets (163.8 million euros in 2015 and 174.9 million euros in 2014).





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 2015 is 1 euro = 1.11 U.S. dollars).

Foreign currencies	2014 Average	2015 Average	Dec. 31, 2014	Dec. 31, 2015
	Euro	Euro	Euro	Euro
U.S. dollar - USD	1.33	1.11	1.21	1.09
Australian dollar - AUD	1.47	1.48	1.48	1.49
Canadian dollar - CAD	1.47	1.42	1.41	1.51
Swiss franc - CHF	1.21	1.07	1.20	1.08
Chinese renminbi - CNY	8.19	6.97	7.54	7.06
British pound - GBP	0.81	0.73	0.78	0.73
Hong Kong dollar - HKD	10.31	8.60	9.42	8.44
Indian rupee - INR	81.08	71.15	76.72	72.02
Japanese yen - JPY	140.39	134.30	145.23	131.07
Korean won - KRW	1,400.29	1,255.10	1,324.00	1,280.78
Malaysian ringgit - MYR	4.35	4.33	4.25	4.70
New Zealand dollar - NZD	1.60	1.59	1.55	1.59
Philippine peso - PHP	59.01	50.48	54.44	51.00
Polish zloty - PLN	4.18	4.18	4.27	4.26
Swedish krona - SEK	9.10	9.35	9.39	9.19
Singapore dollar - SGD	1.68	1.52	1.61	1.54
South African rand - ZAR	14.41	14.14	14.04	16.95
Argentinian peso - ARS	10.79	10.25	10.37	14.11
Brazilian real - BRL	3.12	3.68	3.22	4.31
Mexican peso - MXN	17.58	17.58	17.87	18.91
Venezuelan bolivar - VEF*	12.86	120.61	60.69	183.09
Ukrainian hryvnia - UAH	15.90	24.55	19.27	26.24
Russian ruble - RUB	50.97	67.89	72.34	80.67

* The Venezuelan subsidiary financial statements as of December 31, 2015, are translated using the SICAMI rate representing the most conservative exchange rate.





NOTE 4 OPERATING EXPENSES

Accounting policies

- Government grants are recognized in profit or loss over the periods necessary to match them with the associated costs and presented as a reduction of the related expenses.
- The research and development tax credit is deducted from operating expenses and the French tax credit for Competitiveness and Employment is deducted from labor costs.
- Research expenses are recognized through the income statement in the period in which they were incurred.

<i>(in thousand euros)</i>	Dec. 31, 2014*	Dec. 31, 2015
Raw materials, consumables used and change in inventory	557,063	596,473
Staff costs	531,283	602,100
Depreciation and amortization expenses	80,704	89,574
Impairment loss	(129)	3,908
Other operating expenses	447,682	499,212
Loss on operational foreign currency translation	4,113	27,042
TOTAL	1,620,715	1,818,309

* Freight recharged to customers has been reclassified in 2015 as a reduction to freight costs, booked in other operating expenses (see Note 5). As the amount as of December 31, 2014 was significant, the 2014 financial statements have been adjusted.

Operating expenses include 0.1 million euros related to Portable Fuel Cell Technology, versus 9.6 million euros for 2014.

On April 7, 2015, the BIC Group disposed of its Portable Fuel Cell Technology assets (see Note 5).

Research and development costs expensed for 2015 amount to 28.6 million euros, versus 32.4 million euros for 2014. They include the French research tax credit for 1.7 million euros, versus 1.9 million euros for 2014.

The tax credit for competitiveness and employment (CICE) amounts to 1.9 million euros in 2015, versus 1.7 million euros in 2014.

In December 2015, the Argentinian peso lost 25% against the Brazilian real. The subsidiary in Argentina held payables in the amount for 45.0 million Brazilian real and recognized an expense of 3.4 million euros as of December 31, 2015.

In 2014, the subsidiary in Venezuela held payables to other Group subsidiaries for a total of 10.3 million dollars. This debt had been previously revalued at the official rate of 6.3 bolivares per dollar. As of December 31, 2014, this debt was revalued at the SICAD II rate of 60.69. The revaluation amounted to an expense of 7.2 million euros as of December 31, 2014.

NOTE 5 OTHER INCOME AND EXPENSES

<i>(in thousand euros)</i>	Dec. 31, 2014*	Dec. 31, 2015
Royalty income	124	106
Gain on disposal of fixed assets	399	10,271
Fuel Cell asset divestiture and related costs reduction plan	-	2,205
U.S. Retiree Medical Plan	13,691	-
Impact of lump sum election for terminated vested pension participants	-	4,552
Other	8,097	9,658
Other income	22,311	26,792
Impairment loss	(213)	(537)
Restructuring costs related to distribution reorganization in the Middle East and Africa regions	-	(4,480)
Others cost reduction plans	(1,874)	(835)
Fuel Cell cost reduction plan	(1,928)	-
Sheaffer asset divestiture and related costs reduction plan	(2,423)	-
Other	(5,006)	(4,479)
Other expenses	(11,444)	(10,331)
TOTAL	10,867	16,461

* Freight recharged to customers has been reclassified in 2015 as a reduction to freight costs, booked in other operating expenses (see Note 4). As the amount as of December 31, 2014 was significant, the 2014 financial statements have been adjusted.





Other income and expenses incurred in 2015 mainly include:

- gain of 2.2 million euros related to the sale of Portable Fuel Cell Technology assets, net of related restructuring expenses;
- restructuring costs for -4.5 million euros related primarily to distribution reorganization in the Middle East and Africa regions;
- 4.6 million euros related to lump sum election for terminated vested pension participants in the U.S.;
- gain of 9.2 million euros related to the sale of the San Antonio site and the property in New Zealand, net of related expenses.

In addition to freight recharged to customers, other income and expenses related to 2014 mainly included:

- a favorable adjustment related to the change in the U.S. retiree medical plan, which had 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 Portable Fuel Cell activity cost reduction plan.

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.

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Interest income from cash and cash equivalents	5,725	8,451
Interest on bank deposits	4,782	5,794
Income from cash and cash equivalents	10,507	14,245
Interest expense	(2,242)	(2,503)
Hedging instruments revaluation	-	(674)
Net financial foreign exchange difference	2,864	15,734
Net finance income/(Net finance costs)	622	12,557
FINANCE (COSTS)/INCOME	11,129	26,802

The rise of the USD against most currencies during the year 2015 has generated a favorable impact on the valuation of financial assets denominated in that currency.

In addition, the Group has benefited from higher income from cash and cash equivalents during the year.





NOTE 7 INCOME TAX

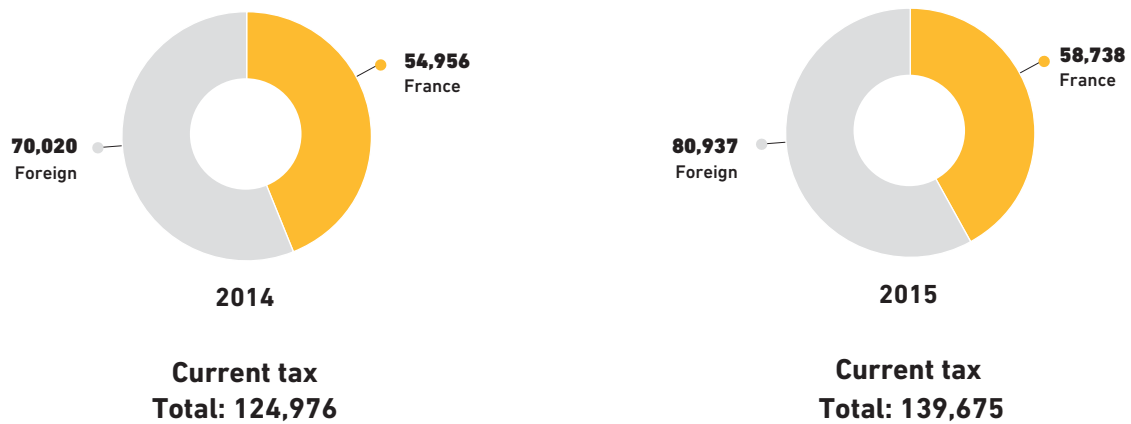
Accounting policies

Income tax expense represents the sum of the tax currently payable and deferred tax.

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 as of 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



The normal income tax rate in France is 38.00% (including social and exceptional contributions) for the fiscal year 2015, as in 2014.

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, 2015, the main contributors are the U.S., Greece, Brazil, Spain and Mexico. (As of December 31, 2014, the main contributors were the U.S., Greece, Brazil and Mexico).





Reconciliation between theoretical tax charge and effective income tax expense:

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Income before tax	380,399	466,659
Tax rate	38.00%	38.00%
Theoretical tax charge	144,552	177,330
Effects of:		
• differences in tax rates	(13,623)	(17,143)
• income taxed at reduced rate	(8,485)	(5,837)
• permanent differences	8,071	8,285
• intra-Group accruals eliminations	(2,776)	(3,586)
• tax assets not recognised on tax losses	3,596	3,242
• tax assets/liabilities not recognised on prior years	-	(1,849)
• tax assets recognised on prior year tax losses	(2,099)	(2,898)
• tax credits	(16,061)	(15,358)
• foreign exchange differences	1,064	(2,027)
Income tax expense	114,239	140,158
EFFECTIVE TAX RATE	30.03%	30.03%

In addition, as of December 31, 2015, the BIC Group has 23.0 million euros of unrecognized deferred tax assets relating to unused tax losses, versus 22.7 million euros in 2014.

7-2 Deferred and current tax recognized on other comprehensive income

Deferred and current taxes recognized on other comprehensive income result from the following items:

At December 31, 2015

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	31,516	(11,266)
<i>Cash flow hedge</i>	4,731	(1,743)
<i>Foreign exchange impact</i>	(9,356)	(3,043)
<i>Other</i>	(1)	-
Total other comprehensive income (2)	(4,627)	(4,787)
TOTAL (1)+(2)	26,889	(16,053)

At December 31, 2014

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	(44,062)	15,129
<i>Cash flow hedge</i>	(13,884)	5,060
<i>Foreign exchange impact</i>	81,878	(4,080)
<i>Other</i>	-	1
Total other comprehensive income (2)	67,994	981
TOTAL (1)+(2)	23,932	16,110



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 period less the weighted average number of shares held in treasury stock by SOCIÉTÉ BIC during the period and presented as a reduction to equity.

The number of shares used to calculate the diluted earnings per share (Group share) is the weighted average number of shares potentially in circulation during the period, which corresponds to the number of shares used for basic earnings per share Group share, adjusted for the dilutive effect of stock options.

As of December 31, 2015, there are no shares with relative impact and the maximum dilutive effect from stock options not exercised is around 0.5% of the share capital.

	Dec. 31, 2014	Dec. 31, 2015
Numerator (in thousand euros)		
Net income Group share	262,076	325,058
Denominator (in number of shares)		
Weighted average number of ordinary shares in circulation	47,063,465	47,173,339
Dilutive effect of stock options	543,277	542,741
Diluted weighted average number of ordinary shares in circulation	47,606,742	47,716,080
Earnings per share Group share (in euros)		
Earnings per share Group share	5.57	6.89
Diluted earnings per share Group share	5.51	6.81

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

<i>(in thousand euros)</i>	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Total
At January 1, 2015	388,760	1,101,531	85,516	29,332	1,605,139
Acquisitions	5,364	34,312	70,918	2,184	112,778
Business disposal	(596)	416	769	(58)	531
Disposals/Write-offs	(1,195)	(14,685)	(3,699)	(2,083)	(21,662)
Other decrease/increase	-	(1)	(6)	26	19
Other transfers	9,006	20,306	(29,309)	(3)	-
Exchange differences	11,383	23,295	(38,210)	720	(2,812)
At December 31, 2015	412,722	1,165,174	85,979	30,118	1,693,993

The gross value of property, plant and equipment includes 7.8 million euros of finance lease assets as of December 31, 2015 (7.1 million euros as of December 31, 2014).

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. When 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.

<i>(in thousand euros)</i>	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Total
At January 1, 2015	216,641	881,146	3,888	20,991	1,122,666
Depreciation for the period	14,019	62,570	-	2,523	79,112
Impairment loss	-	4,435	(2,785)	-	1,650
Disposals/Write-offs	(997)	(14,466)	-	(1,788)	(17,251)
Business disposal	(290)	279	-	(58)	(69)
Exchange differences	359	(806)	-	(201)	(648)
At December 31, 2015	229,732	933,158	1,103	21,467	1,185,460
NET VALUE					
At December 31, 2015	182,990	232,017	84,876	8,651	508,533
At December 31, 2014	172,119	220,385	81,628	8,341	482,473

The net value of property, plant and equipment includes 5.4 million euros of finance lease assets as of December 31, 2015 (4.0 million euros as of December 31, 2014).



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.

<i>(in thousand euros)</i>	Gross value	Depreciation and impairment loss	Net value
At January 1, 2015	3,063	(947)	2,116
Disposals	(37)	-	(37)
Exchange differences	295	(224)	71
At December 31, 2015	3,321	(1,171)	2,150

The main investment properties as of December 31, 2015 are located in the U.S. for 1.7 million euros.

The valuation of the Group's investment property is performed at level 2 (observable inputs).

Thus the Group relies on internal valuations 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 3.3 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 2015 amounts to 0.7 million euros (0.7 million euros for 2014).

Rental payments to be received for the coming years are as follows:

- 0.6 million euros within 1 year;
- 0.1 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 0.3 million euros (0.4 million euros in 2014).

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.

<i>(in thousand euros)</i>	Gross value	Depreciation and impairment loss	Net value
At January 1, 2015	26,044	(11,030)	15,014
Portable Fuel Cell Technology divestiture	(16,955)	4,216	(12,739)
Real estate disposals	(9,918)	7,560	(2,358)
Exchange differences	829	(746)	83
At December 31, 2015	-	-	-

Portable Fuel Cell Technology assets were sold in the first half of 2015 (see Note 5).

During the last quarter of 2015, the property in New Zealand and the San Antonio site were sold (see Note 5).



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.

<i>(in thousand euros)</i>	Notes	Gross value	Impairment loss	Net value
At January 1, 2015		323,972	(16,577)	307,395
Exchange differences		17,846	(347)	17,499
At December 31, 2015		341,818	(16,924)	324,894

The balance, as of December 31, 2015, includes the main following net goodwill:

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
BIC CORPORATION ^(b)	109,063	119,361
Cello Pens	95,767	101,973
BIC Violex	49,174	49,174
Norwood North America ^{(a)(b)}	29,467	32,861
PIMACO ^(b)	7,505	5,606
Others ^(b)	16,419	15,919
TOTAL	307,395	324,894

(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.





To perform the impairment tests, the Group used the following discounted and perpetual growth rates:

	Weighted average cost of capital (wacc) before tax		Perpetual growth rate	
	2014	2015	2014	2015
BIC CORPORATION	10.1%	10.6%	1.5%	1.5%
Cello Pens	17.6%	15.4%	5.5%	8.75%
BIC Viorex	10.3%	11.8%	3.0%	3%
Norwood North America	8.7%	8.6%	1.5%	1.5%
PIMACO	11.7%	13.6%	1.7%	1.7%

Each goodwill item has been allocated to a cash-generating units ("CGU") representing the lowest 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 the cash-generating units linked to the production and distribution by Cello of stationery products.

The remaining goodwill on BIC Viorex is limited to the cash-generating unit linked to shavers developed and/or produced by BIC Viorex 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, 2015, the Group performed impairment tests on these goodwill amounts (except for Norwood, for which a test was performed as of December 31, 2015).

The goodwill impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash-generating units and the 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 taxes used is the Group weighted average cost of capital. Particular attention has been paid to the analysis of the main market items used for the calculation of the discount rate;
- 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 specifics.

For each CGU having significant goodwill, key assumptions used in terms of rates of sales growth and margins 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, 2015, sensitivity to the assumptions used in the calculation indicates that to cover net assets, and for each factor taken independently:

- the discount rate before tax should not exceed 9.2%;
- the perpetual growth rate may not be less than 0.9%;
- sales at constant income from operations margin over the future 3-year period should not be less than 17% compared to the level retained in the impairment test;
- the income from operations on the future 3-year period may not be less than 12% compared to the income from operations retained in the impairment test.

Regarding the test performed on Cello Pens, which was recently acquired, sensitivity to the assumptions used in the calculation indicates that to cover assets, and for each factor taken independently:

- the discount rate before tax should not exceed 15.7%;
- the infinity growth rate may not be less than 8.5%;
- sales at constant income from operations margin over the future 3-year period should not be less than 5% compared to the level retained in the impairment test;
- the income from operations on the future 3-year period may not be less than 14% compared to the margin retained in the impairment test.

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.

When 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 softwares 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 softwares (excluding goodwill)

see Note 9-2

<i>(in thousand euros)</i>	Software	Trademarks & patents	Research & development	Intangible assets in progress	Other	Total
GROSS VALUE						
At January 1, 2015	93,749	95,045	6,179	4,938	3,147	203,058
Acquisitions	684	526	-	5,608	(3)	6,815
Internally-generated	-	-	-	1,130	-	1,130
Disposals/Write-offs	(799)	(5)	-	(100)	(33)	(937)
Business disposal	-	-	-	-	566	566
Other transfers	4,423	-	-	(4,433)	10	-
Exchange differences	6,453	6,373	266	(3,785)	82	9,389
At December 31, 2015	104,510	101,939	6,445	3,358	3,769	220,021
AMORTIZATION AND IMPAIRMENT LOSS						
At January 1, 2015	60,402	40,983	6,168	78	586	108,217
Amortization for the period	9,319	900	8	37	86	10,350
Disposals/Write-offs	(783)	-	-	-	(33)	(816)
Business disposal	-	(237)	-	-	-	(237)
Exchange differences	1,248	4,225	266	(12)	3	5,730
At December 31, 2015	70,186	45,871	6,442	103	642	123,244
NET VALUE						
At December 31, 2015	34,323	56,068	3	3,255	3,127	96,777
At December 31, 2014	33,347	54,062	11	4,860	2,561	94,841

Software

Internally-generated software is principally related to investments linked to the upgrade of information technology systems.

Trademarks and patents

The main trademarks booked in the balance sheet as of December 31, 2015 are the Pimaco® trademark for 4.0 million euros,

acquired in 2006 and the Cello Pens trademark for an amount of 3.6 billion rupees (49.5 million euros at December 31, 2015).

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

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014	Dec. 31, 2015
Other investments		49	42
Guarantee deposits		4,925	4,786
Deferred pensions		2,229	1,849
Other non-current assets		17,888	21,958
TOTAL		25,092	28,636

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.

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Deferred tax assets	174,912	163,756
Deferred tax liabilities	(46,488)	(52,506)
NET POSITION	128,424	111,251

The movement for the year in the Group's deferred tax position was as follows:

<i>(in thousand euros)</i>	Notes	Dec. 31, 2015
At January 1, 2015		128,424
Deferred tax income/(expense) for the period ^(a)	CF	(4,772)
Booked in Shareholders' equity		(17,064)
Exchange differences		4,662
At December 31, 2015		111,251

(a) Excluding amounts booked to provision for risks and charges



As of December 31, 2015, the Group used a deferred tax rate of 34.43% for France.

Origin of deferred tax:

<i>(in thousand euros)</i>	Dec. 31, 2015
Pension and other employee benefits	69,912
Intra-Group profit elimination	30,634
Cello trademark	(16,838)
Other temporary differences	27,543
NET DEFERRED TAX	111,251

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.

<i>(in thousand euros)</i>	Note	Dec. 31, 2014	Cash flows impact	Foreign exchange and others	Dec. 31, 2015
Net inventory		441,139	40,277	(3,003)	478,413
• <i>Inventory - Gross value</i>		459,923	38,222	(2,556)	495,590
• <i>Inventory - Impairment</i>		(18,785)	2,055	(447)	(17,177)
Trade and other receivables		453,771	(5,348)	(8,445)	439,979
Trade and other payables		(119,110)	(4,248)	(1,509)	(124,867)
Other assets and liabilities		(181,085)	(6,713)	(539)	(188,337)
NET WORKING CAPITAL	CF	594,715	23,968	(13,495)	605,188

CF: See Consolidated cash flow statement.

In the course of 2015, a reverse factoring arrangement was established by one of our U.S. customers by which, through the intermediary of a Bank, the Group is able to obtain a faster payment of its outstanding receivables.

At December 31, 2015, the impact on the operating working capital is not significant, but may increase in the future.



NOTE 15 SHARE CAPITAL

15-1 Share capital

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Authorized, issued and fully paid share capital	183,214	183,139
Repurchase of shares of the Company	(3,275)	(2,970)
SHARE CAPITAL	179,939	180,169

As of December 31, 2015, the registered share capital of SOCIÉTÉ BIC is 183,139,039.74 euros divided into 47,942,157 shares of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC holds 777,498 treasury shares, acquired at an average price of 68.85 euros in accordance with Article L. 225-209 of the French Commercial Code, which represent 1.62% of the share capital.

The share capital breakdown is shown in section 6-3 "Shareholding".

15-2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of December 31, 2015

Purpose of the repurchase	Number of shares	Average acquisition price <i>(in euros)</i>	% du capital
Liquidity agreement ^(a)	2,996	151.68	0.01%
Free share grants ^(a)	774,502	68.53	1.62%
TOTAL	777,498	68.85	1.62%

(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, 2015, the liquidity account contained the following:

- 2,996 BIC shares;
- 3,268,998.35 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 6, 2015, to renew its share repurchase program.

Number of shares purchased in 2015^(b)

• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 6, 2015	180,213
• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 14, 2014	100,000
Average share repurchase price for the purchases during 2015 <i>(in euros)</i>	146.00

(b) Excluding shares repurchased under the liquidity contract.

During the 2015 fiscal year, SOCIÉTÉ BIC cancelled 180,213 shares.

To the best of the Company's knowledge, as of December 31, 2015, 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, 2015	
	% of shares (approx.)	% of voting rights (approx.)
M.B.D.	26.37%	36.40%
Bich family	16.35%	22.39%



NOTE 16 BORROWINGS AND FINANCIAL LIABILITIES

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Bank overdrafts	3,651	4,544
Bank loans and non current financial liabilities (see detail below)	79,179	1,984
Obligations under finance leases	2,306	3,702
BANK BORROWINGS AND OVERDRAFTS	85,136	10,230

Bank overdrafts are due within one year.

The long-term part of obligations under finance leases is not significant.

Bank loans and financial liabilities have the following maturities:

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
On demand or within one year	2,109	1,974
In the 2 nd year	-	3
In the 3 rd year	77,071	3
In the 4 th year	-	3
TOTAL	79,179	1,984

Main bank loans/credit lines and financial liabilities are as follows:

Borrowing country	Currency	Euro equivalents	
		Dec. 31, 2014	Dec. 31, 2015
<i>(in thousand euros)</i>			
• Malaysia	MYR	765	745
• South Korea	KRW	1,133	1,171
• Other	Misc.	210	68
Sub-total		2,109	1,984
• Cello Pens ⁽¹⁾		77,071	-
TOTAL		79,179	1,984

Information on interest rates

As of December 31, 2015, remaining loans and credit lines were contracted with floating rates ranging between 3.98% and 4.70%.

Relative exposure, estimated not to be significant, has not been Information on interest rates hedged.

Information on covenants

None of the loans contain any covenants that could require early repayment of the debt.

(1) Cello Pens put option



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 and the outflow required to settle said obligation can reliably be measured. 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 accordance with IAS 12, tax provisions relate to uncertain situations assuming a detection risk of 100% and retaining the most likely amount.

<i>(in thousand euros)</i>	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
At January 1, 2015	44,308	6,471	1,770	3,000	55,549
Additional provisions	5,998	2,318	557	1,329	10,202
Reversals of provisions utilized	(2,590)	(1,355)	(155)	(978)	(5,079)
Reversals of provisions not utilized	(16,036)	(407)	(368)	(71)	(16,883)
Exchange differences	(2,303)	(172)	217	(5)	(2,263)
At December 31, 2015	29,377	6,855	2,019	3,275	41,526

As of December 31, 2015, it was not deemed 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.

Tax and social risks and litigation

Provisions for tax and social risks and litigation relate mainly to:

- tax risks;
- U.S. workers' compensation.

Tax audits are carried out regularly by local tax authorities which may dispute positions taken by the individual local entities of the

Group. In accordance with the Group's accounting policies, it may be decided to record provisions when tax-related risks are considered likely to generate a payment to local tax authorities.

The Group reviews the evaluation of all its tax positions on a regular basis, using external counsels and considers that its tax positions are adequately provided for. However, the Group cannot predict the ultimate outcome of future audits.

Litigation

As of December 31, 2015, the litigation provision mainly represents distributor and commercial agent risks for 2.1 million euros (2.4 million euros at December 31, 2014).

Product liability

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 benefit plans.

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 U.S.**

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") (depending on the site):

- a) *Salaried Pension Plan*

Beneficiaries hired prior to 2007 accrue retirement benefits under a final average pay formula that reflects years of service, average pay, 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 average pay up to the average monthly Social Security wage base multiplied by the number of years of service 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 prior to age 65. Eligible beneficiaries who terminate employment after January 1, 2015 are eligible for a lump sum payment from the plan.

Employees hired after 2006 accrue benefits under a Cash Balance Arrangement. These participants receive annual credits of 5% of their year's pay for plan years before January 1, 2013, and for plan years after December 31, 2012, eligible beneficiaries receive annual credits of 5% for less than 5 years of service, 6% for at least 5 but less than 10 years of service, 7% for at least 10 but less than 15 years of service, 7.5% for at least 15 but less than 20 years of service and 8% for 20 or more years of service, which are accumulated with interest 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 32.5% U.S. equity, 5% global low volatility equity, 12.5% non-U.S. equity, and 50% fixed income.

- 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 per month for 2013, increasing by 1 U.S. dollar each year until 2017).

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, 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 13.6% U.S. equity, 1.8% global low volatility equity, 4.6% non-U.S. equity, and 80% fixed income.

- 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 with 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, age 65 and over, will receive a fixed payment of 3,500 U.S. dollars annually to purchase their own retiree medical coverage. This amount will be reviewed 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 preceding 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 assets, 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 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 benefits plan

<i>(in thousand euros)</i>		Pension	Other employee benefits	Total employee benefits
PRESENT VALUE OF OBLIGATION				
At January 1, 2015		580,486	102,231	682,716
Period costs:		32,214	6,730	38,944
• Current service costs		11,751	2,683	14,434
• Past service costs (including curtailment (gain)/ loss)		(14)	-	(14)
• Settlement		(2,510)	-	(2,510)
• Interest costs		22,988	4,047	27,035
Benefits paid		(73,238)	(2,746)	(75,984)
Actuarial difference on obligation		(39,091)	(17,679)	(56,770)
• Financial assumptions		(33,021)	(8,600)	(41,621)
• Demographic assumptions		(6,070)	(9,080)	(15,149)
Taxes paid included in DBO		(29)	-	(29)
Participant contributions		33	-	33
Administrative expenses		(4)	-	(4)
Exchange differences		51,577	11,515	63,092
At December 31, 2015	A	551,948	100,050	651,999
FAIR VALUE OF PLAN ASSETS				
At January 1, 2015		446,540	-	446,539
Total period income:		18,419	-	18,419
• Interest income		18,419	-	18,419
Benefits paid		(71,497)	(2,625)	(74,122)
Contributions paid by participants		33	-	33
Contributions paid by employer		37,010	2,625	39,635
Taxes paid from plan assets		(6)	-	(6)
Administratives expense		(1,550)	-	(1,550)
Return on assets (excluding interest income)		(25,254)	-	(25,254)
Exchange differences		41,322	-	41,322
At December 31, 2015	B	445,017	-	445,017
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2015	C = A-B	106,931	100,050	206,982
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2014		133,946	102,231	236,177





18-3 Funded/unfunded obligations

<i>(in thousands euros)</i>	Notes	Pension	Other employee benefits	Total
At December 31, 2015				
Fair value of funded obligations		483,744	-	483,744
Fair value of plan assets		(444,935)	-	(444,935)
Surplus of obligation over assets		38,809	-	38,809
Fair value of unfunded obligations		68,122	100,050	168,173
Net value in the balance sheet		106,931	100,050	206,982
• Asset	12,18-7			1,849
• Liability				208,832

<i>(in thousand euros)</i>	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			2,229
• Liability			238,407

18-4 Period costs

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Current service costs	14,250	14,434
Past service costs (including curtailment (gain)/ loss)	(13,945)	(14)
Settlement	169	(2,510)
Net interest costs	7,643	8,616
Administrative expenses and taxes	1,350	1,546
TOTAL PERIOD COSTS	9,465	22,071

18-5 Additional information

Nature of plan assets

At December 31, 2015 <i>(in thousand euros)</i>	Fair value of plan assets		Including fair value of plan assets with a quoted market price	
Equity	37,626	8.5%	37,626	8.5%
Bonds and other fixed income	34,282	7.7%	34,282	7.7%
Cash and cash equivalents	5,238	1.2%	5,238	1.2%
Real Estate	1,253	0.3%	1,253	0.3%
Investment Funds	364,166	81.8%	364,166	82.1%
Assets held by insurance companies	1,831	0.4%	377	0.1%
Other	539	0.1%	538	0.1%
TOTAL	444,935	100%	443,480	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, 2015	United States	United Kingdom	France
Discount rate	4.39%	3.85%	2.09%
Inflation rate	2.50%	3.25%	2.00%
Expected rate of salary increases	3.60%	N/A	2.25%
Average plan duration (years)	14.94	17.53	9.84

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

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 markets.

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 valued with a specific discount rate (from 3.5% to 4.54%).

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, -13.4% and +15.3% 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:

- +0.2% and -0.2% for the U.S.;
- +7.4% and -6.8% for the U.K.;
- +1.3% and -1.6% 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 21.2 million euros in employer contributions for 2016.

The expected total benefit payments, in million euros, is:

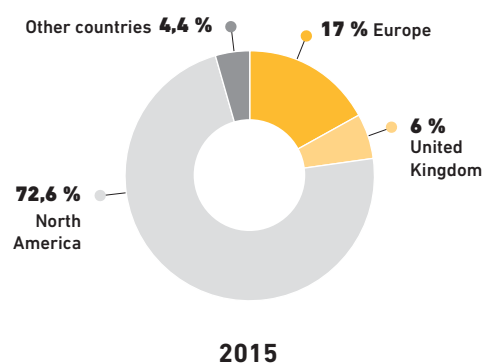
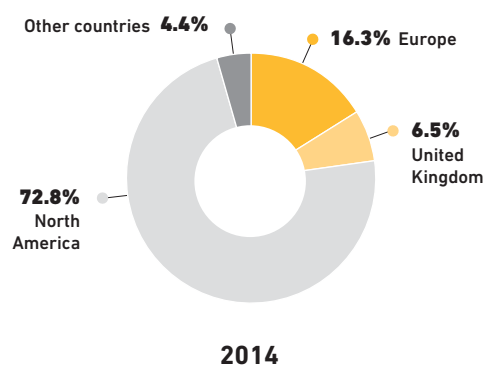
2016	38
2017	32
2018	41
2019	36
2020	53
After 2020	209



18-7 Information by geography

At December 31, 2015 (in thousand euros)	Obligation		Plan assets		Net liability	
Europe	48,349	7.4%	13,251	3.0%	35,098	17.0%
United Kingdom	56,657	8.7%	44,274	10.0%	12,382	6.0%
North America	536,391	82.3%	386,008	86.8%	150,382	72.6%
Other countries	10,520	1.6%	1,400	0.3%	9,120	4.4%
TOTAL	651,917	100%	444,935	100%	206,982	100%

At December 31, 2014 (in thousand euros)	Obligation		Plan assets		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%



For plans located in North America and Europe (mainly the United Kingdom), plan assets levels as of December 31, 2015 comply with minimum funding obligations, as legally or contractually defined.

NOTE 19 OTHER CURRENT LIABILITIES

(in thousand euros)	Dec. 31, 2014	Dec. 31, 2015
Social liabilities	93,910	96,489
Other tax liabilities	6,928	11,585
Other current liabilities	114,547	120,332
OTHER CURRENT LIABILITIES	215,384	228,406

NOTE 20 DIVIDENDS

For the 2014 fiscal year, an ordinary dividend of 2.85 euros per share was distributed to the Shareholders on May 21, 2015.

For the 2013 fiscal year, an ordinary dividend of 2.60 euros per share was distributed to the Shareholders on May 28, 2014.



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 Standard & Poor's long-term rating of the main banking counterparties is A-, the rating range being from A+ 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, 2015 is on investment grade rated supports. Counterparty risk is estimated not significant as of December 31, 2015.

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 liquid 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 valued mark-to-market twice a month by 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 represent 40.76% of the total assets under Group Treasury management.

As of December 31, 2015, the portfolio structure comprises 71.56% "UCITS with daily liquidity", 26.64% term deposits or remunerated accounts, and 1.80% of bonds.

(in thousand euros)

	Dec. 31, 2014	Dec. 31, 2015
Cash equivalents: marketable securities	162,674	211,879
Cash	189,480	173,277
CASH AND CASH EQUIVALENTS, EXCLUDING BANK OVERDRAFTS	352,154	385,156

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, 2015.



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):

<i>(in thousand euros)</i>	Note	Dec. 31, 2014	Dec. 31, 2015
Gross receivables			
Not yet due or past due for less than 60 days		412,516	399,519
Past due for 60 to 90 days		6,562	6,067
Past due for 90 to 120 days		3,750	5,757
Past due for more than 120 days		4,844	7,763
Total gross receivables		427,673	419,106
Doubtful receivables		14,250	15,883
TOTAL BEFORE ALLOWANCE		441,923	434,989
Allowance on specific trade receivables		(17,191)	(19,833)
Allowance on statistically calculated trade receivables		(3,379)	(3,407)
Other receivables		32,419	28,229
TRADE AND OTHER RECEIVABLES - NET	14	453,771	439,979

21-6 Fair value of financial assets and liabilities

Accounting categories and fair value of financial instruments

Dec. 31, 2015

Breakdown by category of instruments

<i>(in thousand euros)</i>	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 assets	Debt at amortized cost	At fair value through equity
Financial assets		902,070	902,027	280,676	3,845	4,251	613,256	42	-	-
Non current										
• Derivative instruments	23-4	549	549	-	549	-	-	-	-	-
• Other investments		42	42	-	-	-	-	42	-	-
Current										
• Trade and other receivables	14	439,979	439,979	-	-	-	439,979	-	-	-
• Derivative instruments	23-4	3,296	3,296	-	3,296	-	-	-	-	-
• Other current financial assets		73,048	73,005	68,797	-	4,251	-	-	-	-
• Cash and cash equivalents		385,156	385,156	211,879	-	-	173,277	-	-	-
Financial liabilities		138,937	138,937	-	3,839	-	-	-	135,097	-
Non-current										
• Borrowings	16	2,450	2,450	-	-	-	-	-	2,450	-
• Derivative instruments	23-4	134	134	-	134	-	-	-	-	-
Current										
• Borrowings	16	7,780	7,780	-	-	-	-	-	7,780	-
• Derivative instruments	23-4	3,705	3,705	-	3,705	-	-	-	-	-
• Trade and other payables	14	124,867	124,867	-	-	-	-	-	124,867	-



Dec. 31, 2014

Breakdown by category of instruments

Balance sheet items <i>(in thousand euros)</i>	Note	Balance sheet value		At fair value through the income statement	Derivative hedging instruments	Held-to-maturity investments	Loans and receivables (including cash)	Available-for-sale assets	Debt at amortized cost	At fair value through equity
		Balance sheet value	Fair value							
Financial assets		859,535	859,489	208,951	422	6,862	643,251	49	-	-
Non-current										
• Derivative instruments	23-4	228	228	-	228	-	-	-	-	-
• Other investments		49	49	-	-	-	-	49	-	-
Current										
• Trade and other receivables	14	453,771	453,771	-	-	-	453,771	-	-	-
• Derivative instruments	23-4	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	23-4	138	138	-	138	-	-	-	-	-
Current										
• Borrowings	16	6,246	6,246	-	-	-	-	-	6,246	-
• Derivative instruments	23-4	3,776	3,776	-	3,776	-	-	-	-	-
• Trade and other payables	14	119,110	119,110	-	-	-	-	-	119,110	-

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, 2015.

As of December 31, 2014, this put option was recorded at its fair value, in non-current liabilities, and were determined on the basis of an estimate of Cello Pens' future results.

The Group has opted for the recognition of changes in fair value through equity, presented in the column "Fair value through equity".

- Derivative financial instruments:

Market values were calculated internally on the basis of last-known closing prices as of December 31, 2015. 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): no such instruments are held as of December 31, 2015.

Category of instruments <i>(in thousand euros)</i>	Dec. 31, 2015			
	Total	Level 1	Level 2	Level 3
At fair value through the income statement - Assets	280,676	280,676	-	-
Derivative hedges - Assets	3,845	-	3,845	-
Derivative hedges - Liabilities	3,839	-	3,839	-





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 December 31, 2015

Breakdown by category of instruments

Nature of impact <i>(in thousand euros)</i>	Breakdown by category of instruments						
	Total	At fair value through the income statement	Derivative hedging instruments	Held-to-maturity investments	Loans and receivables (including cash)	Available-for-sale assets	Debt at amortized cost
Interests income/(expense)	11,742	5,199	-	-	9,046	-	(2,503)
Revaluation at fair value	(674)	-	(674)	-	-	-	-
Translation	4,620	-	-	-	10,735	-	(6,115)
Net depreciation	(2,669)	-	-	-	(2,669)	-	-
TOTAL	13,018	5,199	(674)	-	17,111	-	(8,618)

At December 31, 2014

Breakdown by category of instruments

Type of impact <i>(in thousand euros)</i>	Breakdown by category of instruments						
	Total	At fair value through the income statement	Derivative hedging instruments	Held-to-maturity investments	Loans and receivables (including cash)	Available-for-sale assets	Debt 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)

NOTE 22 SHARE-BASED PAYMENTS

The Group issues equity-settled share-based payment for services 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 on the vesting date 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, 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 share grants subject to 3-year performance conditions. To replace the stock option programs rewarding staff selected by Management and key contributors during the year, free share grants without performance conditions were introduced.





BREAKDOWN BY PLAN	Plan no. 8	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13
Annual Shareholders' Meeting date	May 28, 2003	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 14, 2005	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	575	633	613	602	643
Number of subscription options	427,850	440,500	371,400	360,000	382,950
Date from which options may be exercised	Dec. 15, 2008	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiry date	Dec. 13, 2015	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price (in euros) ^(a)	50.01	49.62	40.18	47.99	63.71
Number of options exercised as of December 31, 2015	337,400	387,539	299,470	256,791	223,546
Number of void options as of December 31, 2015	90,450	52,961	30,550	32,550	41,400
Number of remaining options as of December 31, 2015	-	-	41,380	70,659	118,004

(a) No discount on the exercise price.

Plans no. 8 and no. 10 (subscription plans) expired respectively on December 13, 2015 and December 10, 2015.

Assumptions for fair value calculation of share options plans according to binomial model

	Plan no. 10	Plan no. 12
Expected volatility	25.00%	26.00%
Risk-free rate	4.16%	2.95%
Expected dividend yield	2.50%	2.75%
Expected life in years ^(a)	6.29 & 5.89	6.36 & 5.94

(a) The first figure applies to French tax residents, the second figure is for foreign tax residents.

22-2 Performance Share Plans subject to 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 free share awards subject to 3-year performance conditions.

The shares delivered by the current plans are existing shares.

For plans nos. 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. Beneficiaries must hold the shares during an additional period of three years.

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 vesting period and the actual date of delivery, additional shares will be delivered at that time.

For plans nos. 6 to 11, shares are only granted by SOCIÉTÉ BIC. For French tax resident beneficiaries, shares are delivered at the definitive grant date.

For foreign tax resident beneficiaries, shares are delivered at the conclusion of a 3-year period following the definitive grant date. For plans 6 and 7, as compensation for dividends not received between the conclusion of the vesting period and the actual date of delivery, additional shares will be delivered at that time. From Plan 8, this compensation system by delivery of shares has been terminated and is replaced by a cash compensation system.



	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	Plan no. 11
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	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	Feb. 10, 2015
Grant	M	S	M	S	M	S	M	S	M	S	M	M	M	M	M	M
Number of beneficiaries	12	11	12	11	9	8	11	10	17	16	27	28	536	525	536	539
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	176,740
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	Mar. 10, 2018
Number of free share grants definitively acquired at December 31, 2015	20,405	1,162	15,741	640	32,547	-	37,550	1,436	57,500	-	76,797	57,551	135,687	-	-	-
Of which 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	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	Mar. 16, 2013	Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016	Mar. 11, 2017	Mar. 10, 2018
• French beneficiaries											Mar. 16, 2013	Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016	Mar. 11, 2017	Mar. 10, 2018
• Foreign beneficiaries											Mar. 16, 2016	Mar. 15, 2017	Mar. 14, 2018	Mar. 12, 2019	Mar. 11, 2020	Mar. 10, 2021
• 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	N/A
Shares delivered by BIC CORPORATION as a compensation for dividends not received	1,665	-	1,151	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares to be delivered by BIC CORPORATION as a compensation for dividends not received	-	-	-	-	3,148	-	3,231	-	3,251	-	1,285	-	-	-	-	-
Total number of void free share grants as of December 31, 2015 ^(a)	11,395	1,456	16,059	1,978	903	2,352	-	1,208	-	734	6,678	30,099	24,253	11,000	6,140	1,570
Total number of free share grants yet to vest as of December 31, 2015	-	-	-	-	-	-	-	-	-	1,909	-	-	-	150,010	153,520	175,170

(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

FREE SHARE PLAN GRANT DATE	Plans' unit fair value (in euros)		Expense/(income) booked in income statement (in thousand euros)	
	Main grant	Secondary grant	Dec. 31, 2014	Dec. 31, 2015
May. 19, 2005	40.51	38.00	-	-
Dec. 14, 2005	48.09	45.10	-	-
Dec. 13, 2006	50.67	46.77	-	-
Dec. 11, 2007	44.99	40.71	8	-
Feb. 10, 2009	36.10	32.34	8	2
Feb. 16, 2010	47.17	N/A	-	-
Feb. 15, 2011	58.83	N/A	(840)	-
Feb. 14, 2012	64.81	N/A	3,228	(99)
Feb. 12, 2013	87.99	N/A	4,279	4,708
Feb. 11, 2014	77.82	N/A	3,143	3,926
Feb. 10, 2015	114.61	-	-	5,183
TOTAL			9,826	13,720

The fair value of the free shares is the share price at the grant date discounted by the present value of potential future dividends.

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 plans nos. F1, F2, F3 and F4, the shares are delivered by SOCIÉTÉ BIC at the definitive grant date, whether the beneficiaries are French or foreign country tax residents. French tax residents must hold the shares during an additional period of two years.

These plans provide for the allocation of existing shares.

	Plan no. F1	Plan no. F2	Plan no. F3	Plan no. F4
Annual Shareholders' Meeting date	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013
Board of Directors' Meeting date	Feb.14, 2012	Feb.12, 2013	Feb.11, 2014	Feb.10, 2015
Number of beneficiaries	223	233	243	258
Number of free shares granted	20,050	19,950	19,700	21,700
Definitive grant date	Feb. 14, 2016	Feb. 12, 2017	Feb. 11, 2018	Feb. 10, 2019
Number of free share grants definitively acquired at December 31, 2015	-	-	-	-
Total number of void free share grants at December 31, 2015 ^(a)	3,300	1,600	1,050	100
Total number of free share grants still vesting at December 31, 2015	16,750	18,350	18,650	21,600

(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:

Grant date	Plans' unit fair value - binomial model (in euros)	Expense/(income) booked in income statement (in thousand euros)	
		Dec. 31, 2014	Dec. 31, 2015
Feb. 14, 2012	62.90	277	232
Feb. 12, 2013	85.39	369	393
Feb. 11, 2014	75.70	278	327
Feb.10, 2015	111.49	-	454
TOTAL		924	1.406



NOTE 23 FINANCIAL INSTRUMENTS

Accounting policy

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 12 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

Interest-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 initially recognized directly in equity while the hedge was effective, is retained in equity until the forecasted transaction occurs.

The Group stops hedge accounting if the forecasted transaction is no longer expected to occur, and 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 and the hybrid instrument 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, 2015 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 risk hedging on the consolidated financial statements as of December 31, 2015

The following amounts have been booked as the fair value of derivatives at the end of December 31, 2015 (in thousand euros):

Derivative items and revaluation	Hedge income qualification/hedged risk	Financial net Income/(expense) before tax ^(a) - Note 6	Income from operations - Note 4	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	(674)	(785)	4,491	2,120	549	(3,187)	(134)
Dividends	Net investment/Foreign exchange risk	-	-	239	239	-	-	-
Subtotal (1)		(674)	(785)	4,731	2,359	549	(3,187)	(134)
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk							
Subtotal (2)		(618)	-	-	-	-	(518)	-
TOTAL 1+2		(1,292)	(785)	4,731	2,359	549	(3,705)	(134)

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2015, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2014.

(b) In addition, SOCIÉTÉ BIC held options not yet exercised representing current assets of 937 thousand euros.

23-5 Impact of interest rate and foreign exchange risk 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 2014 (in thousand euros):

Derivative items and revaluation	Classification of hedge/risk hedged	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 related to 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 for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2013.

(b) In addition, SOCIÉTÉ BIC held options not yet exercised representing a current asset of 94 thousand euros.



23-6 Portfolio of foreign exchange risk hedges as of December 31, 2015

To cover its future cash flows, the BIC Group had the following hedges as of December 31, 2015.

Maturity	Hedge	Forward	Currency	Purchase of options	Sale of options	Devise
2016	USD/EUR	290,500,000	USD	31,000,000	62,000,000	USD
	USD/CAD	24,500,000	USD	18,000,000	26,000,000	USD
	USD/AUD	1,000,000	USD	11,000,000	18,000,000	USD
	USD/JPY	4,000,000	USD	6,000,000	8,500,000	USD
	GBP/EUR	15,000,000	GBP	4,000,000	6,500,000	GBP
	AUD/EUR	7,200,000	AUD	23,000,000	34,500,000	AUD
	CHF/EUR	5,300,000	CHF			
	EUR/MXN	7,500,000	EUR			
	JPY/EUR	461,200,000	JPY	800,000,000	900,000,000	JPY
	CAD/EUR	6,600,000	CAD	11,000,000	15,500,000	CAD
	NZD/EUR	12,400,749	NZD	1,000,000	1,500,000	NZD
	PLN/EUR	5,227,718	PLN	33,000,000	40,000,000	PLN
	RON/EUR	17,000,000	RON			RON
	SEK/EUR	20,000,000	SEK			
	USD/NZD	1,770,000	USD			USD
2017	CAD/EUR		CAD	1,000,000	2,000,000	CAD
	USD/EUR	5,000,000	USD			
	CHF/EUR	3,000,000	CHF			CHF
	GBP/EUR	3,000,000	GBP			GBP
	USD/JPY	2,000,000	USD			USD

As of December 31, 2015, the main significant exchange exposure related to EUR/USD for 370 million U.S. dollars. This exposure was 90% hedged as of December 31, 2015 and related cash flows will occur in 2016.

Net income and equity sensitivity to a variance of +/-1% EUR/USD on balance sheet items as of December 31, 2015, as defined in IFRS 7, is not considered to be significant for the Group.

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 occurred in 2015.

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, 2015 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	508,533	278,500	96,141	33,352	42,147	25,926	32,467
Net goodwill	324,894	77,541	132,569	6,688	-	101,365	6,731
Cash and cash equivalents (excluding bank overdrafts)	385,156	209,618	62,966	58,997	6,511	58,997	(11,932)
Employee benefits obligation	(208,832)	(32,688)	(154,376)	-	(4,345)	(1,267)	(16,156)



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, 2015"*) 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 of the Leadership Team

Transactions between the parent company and its subsidiaries as well as transactions between subsidiaries are eliminated through the consolidation process.

<i>(in thousand euros)</i>	Expenses	Net amount in balance sheet
Short-term employee benefits	9,367	116
Post-employment benefits	2,065	37,689
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
TOTAL OF TRANSACTIONS	11,432	37,805

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, 2015, 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 guarantee issued

Nothing to report.

25-2 Sureties, deposits and guarantee received

<i>(in thousand euros)</i>	Due			Dec. 31, 2015	Dec. 31, 2014
	< 1 year	1 to 5 years	> 5 years		
Guarantees for credit lines	-	3,542	-	3,542	3,545
Trade guarants	-	281	-	281	331
Lease guarantees	492	255	212	959	995
Sureties and deposits	196	111	136	443	247
Other guarantees	-	-	220	220	310
TOTAL	688	4,189	567	5,444	5,428

As of December 31, 2015, 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, 2014, the guarantees for credit lines mainly related to the Group's subsidiaries in South Korea, Turkey and Singapore for 3.0 million euros.



NOTE 26 OBLIGATIONS UNDER FINANCIAL LEASES

Finance-leases represent a non-significant portion of the Group's property, plant and equipment (1%).

The Group's obligations under finance-leases are secured by the lessor's charge over the leased assets.

The fair value of the Group's lease obligations approximates to their carrying amount.

NOTE 27 CONTINGENT LIABILITIES

As of December 31, 2015, neither SOCIÉTÉ BIC nor its subsidiaries has any 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

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Rentals under operating leases recognized as an expense in the year	8,899	8,851

At the balance sheet date, the BIC Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Within one year	7,634	9,104
In the second to fifth years inclusive	18,621	17,159
Beyond five years	2,656	3,788
TOTAL	28,911	30,051

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, 2015, 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	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
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 of consumer products
BIC International Development SASU	Clichy	BIC Clichy SAS	100.0%	Delivery of services
EUROPE				
BIC Deutschland GmbH & Co. OHG	Germany	BIC Erzeugnisse GmbH 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 BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Violex SA	Greece	BIC CORPORATION Furtuna Holding Co. Ltd.	100.0%	Manufacturing and distribution of consumer products
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





Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
BIC Italia Spa	Italy	BIC Clichy SAS	100.0%	Distribution of consumer products
Norwood Promotional Products Italia SPA (to be liquidated)	Italy	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Netherlands BV	Netherlands	BIC Clichy SAS	100.0%	Distribution of consumer products
JOMO Holding B.V (to be liquidated)	Netherlands	BIC UK Ltd.	100.0%	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 s.r.o	Slovakia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product Slovakia s.r.o. (ex Sheaffer Slovakia) – liquidated with effect 1 Nov 2015	Slovakia	BIC Clichy SAS	100.0%	Manufacturing and 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 AC	Ukraine	BIC Clichy SAS	100.0%	Distribution of consumer products
Mondialoffice Verwaltungs-und Vertriebsgesellschaft mit beschränkter Haftung	Germany	BIC DEUTSCHLAND GmbH & Co.	100.0%	Holding company
NORTH AMERICA				
BIC Inc.	Canada	BIC CORPORATION	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
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%	Holding company
Furtuna Holding Co. Ltd.	British Virgin Islands	BIC CORPORATION	100.0%	Holding company
Xenia Insurance Co. Ltd. (dissolved Aug. 4, 2015)	Bermuda	BIC CORPORATION	100.0%	Insurance coverage company
SLS Insurance Company	United States	BIC CORPORATION	100.0%	Insurance coverage company
BIC International Co.	United States	SOCIÉTÉ BIC SA	100.0%	Delivery of services
Wite-out Products Inc.	United States	Wite-Out Products, Inc.	100.0%	Distribution of consumer products
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





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Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Proportion of ownership interest (direct or indirect)	Principal activity
BIC Amazonia SA	Brazil	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
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 Nelgor SA	100.0%	Distribution of consumer products
BIC de Costa Rica SA	Costa Rica	BIC de Guatemala SA	100.0%	Distribution of consumer products
BIC Ecuador SA	Ecuador	BIC Amazonia SA	100.0%	Manufacturing and distribution of consumer products
BIC de Guatemala SA	Guatemala	BIC CORPORATION	100.0%	Distribution of consumer products
No Sabe Fallar SA de CV	Mexico	BIC CORPORATION Servicios administrativos Industrial de Cuautitlán SA de CV	100.0%	Manufacturing and distribution of consumer products
Industrial de Cuautitlan SA de CV	Mexico	No Sabe Fallar SA de CV	100.0%	Manufacturing and distribution of consumer products
BIC Andina Peru SA	Peru	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Uruguay SA	Uruguay	BIC Amazonia SA	100.0%	Distribution of consumer products
Nelgor SA	Uruguay	BIC Amazonia SA	100.0%	Holding company
Servicios administrativos Industrial de Cuautitlán, SA de CV	Mexico	Industrial de Cuautitlan SA de CV	100.0%	Delivery of services
Nelgor Trading CA	Venezuela	Nelgor SA	100.0%	Distribution of consumer products
BIC de Venezuela CA	Venezuela	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	100.0%	Manufacturing of consumer products
Cello Stationery Products private Ltd.	India	BIC Clichy SAS	100.0%	Manufacturing of consumer products
Pentek Pen and Stationery private Ltd.	India	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
Cello Plastic Products private Ltd.	India	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
Cello Tips and Pens private Ltd.	India	BIC Clichy SAS	100.0%	Manufacturing of consumer products
Cello Pens private Ltd.	India	BIC Clichy SAS	100.0%	Distribution of consumer products
Cello Writing Aids Private Ltd.	India	BIC Clichy SAS	100.0%	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
Brand Expo Asia (ex Sheaffer (Hong Kong) Co Ltd.)	Hong-Kong	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
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 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
BIC Maroc SARL Creation on May 27, 2015	Morocco	BIC Clichy SAS	100.0%	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)		%	
<i>(in thousand euros)</i>	2014	2015	2014	2015	2014	2015	2014	2015
Audit								
Statutory Auditors, certification, review of statutory and consolidated financial statements								
• Issuer	277	279	13%	12%	125	129	19%	19%
• Fully consolidated subsidiaries	1,310	1,271	62%	57%	527	537	81%	81%
Other due diligence and services directly linked to the Statutory Auditors' mission								
• Issuer	-	182	-	8%	-	-	-	-
• Fully consolidated subsidiaries	176	57	8%	3%	-	-	-	-
Subtotal	1,763	1,789	83%	80%	652	666	100%	100%
Other network services for the fully consolidated subsidiaries								
• Legal, tax, labor-related	363	458	17%	20%	-	-	-	-
Subtotal	363	458	17%	20%	-	-	-	-
TOTAL	2,126	2,247	100%	100%	652	666	100%	100%



5.2. Statutory Auditors' Report on the consolidated financial statements

For the year ended December 31, 2015

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 General Meeting, we hereby report to you for the year ended December 31, 2015 on:

- the audit of the accompanying consolidated financial statements of SOCIETE 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 financial position of the Group as of December 31, 2015 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:

- 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 Notes 1-1-4 and 18 to the consolidated financial statements. 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;
- the Group recognizes provisions, according to the principles described in Note 17 to the consolidated financial statements. Based on the information provided to us, we have assessed the data and assumptions on which these estimates are based, reviewing the calculations made by the Company and examining the procedures for approving these estimates by management; we have also ensured that Note 17 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, March 8, 2016
The Statutory Auditors
French original signed by

Grant Thornton
French Member of
Grant Thornton International
Vincent PAPAIZIAN

Deloitte & Associés
François BUZY





5.3. Statutory financial statements of SOCIÉTÉ BIC (French GAAP)

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1. INCOME STATEMENT

<i>(In thousand euros)</i>	Notes	Dec. 31, 2014	Dec. 31, 2015
Net sales	11	611,424	661,573
Reversal of depreciation, amortizaion and provisions, transfer of charges		16,832	22,823
Other income	12	103,316	94,303
Total operating income		731,572	778,699
Purchases of goods and changes in inventories		(362,946)	(396,130)
Purchases of raw materials, other supplies and changes in inventories		(19,500)	(19,772)
Other purchases and external charges		(166,442)	(167,734)
Taxes, levies and similar payments		(4,584)	(5,143)
Payroll costs	13	(2,234)	(2,485)
Depreciation, amortization and provisions		(28,247)	(32,473)
Other expenses		(195)	(180)
Total operating expenses		(584,148)	(623,917)
NET OPERATING INCOME		147,424	154,782
NET FINANCIAL INCOME	14	104,086	116,416
NON-RECURRING INCOME AND EXPENSES	15	(2,715)	(4,546)
Income tax	16 to 18	(53,445)	(55,986)
NET INCOME		195,350	210,666





2. BALANCE SHEET

Assets

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014	Dec. 31, 2015		
		Net	Gross	Deprec., amort. and provisions	Net
Research and development expenses		-	3,823	(3,823)	-
Patents and similar rights		25,207	53,296	(37,301)	15,995
Intangible assets under construction		591	-	-	-
Intangible assets	3, 4	25,798	57,119	(41,124)	15,995
Land		1,345	1,345	-	1,345
Buildings		1,617	15,295	(13,478)	1,817
Industrial fixtures and equipment		1,643	13,683	(12,730)	953
Other property, plant and equipment		2,988	9,239	(6,083)	3,156
Fixed assets under construction		483	798	(52)	746
Property, plant and equipment	3, 4	8,076	40,360	(32,343)	8,017
Equity Investments	23	861,232	884,183	(24,120)	860,063
Loans to equity investments		-	-	-	-
Other long-term investments	3	59,154	53,775	-	53,775
Long-term investments		920,386	937,958	(24,120)	913,838
Non-current assets		954,260	1,035,437	(97,587)	937,850
Raw materials and supplies		1,208	1,287	-	1,287
Work-in-process goods		-	646	(646)	-
Goods		29,527	35,688	(1,839)	33,849
Inventories		30,735	37,621	(2,485)	35,136
Advances and prepayments paid		1,804	1,532	-	1,532
Trade receivables and related accounts	5, 6	112,427	119,239	(5,815)	113,424
Other receivables	5, 6	208,560	265,636	(25,891)	239,745
Short-term financial investments	7	149,135	181,865	-	181,865
Cash and cash equivalents		32,809	60,062	-	60,062
Prepaid expenses	5	995	635	-	635
Unrealized losses from foreign exchange	8	220	213	-	213
Current assets		536,685	666,803	(34,191)	632,612
TOTAL ASSETS		1,490,945	1,702,240	(131,778)	1,570,462





Liabilities & Shareholders' equity

<i>(in thousand euros)</i>	Notes	Before appropriation of earnings	
		Dec.31, 2014	Dec.31, 2015
Share capital		183,214	183,139
Share issue premiums, merger contributions		125,746	133,790
Legal reserve		22,410	22,410
General reserve		180,379	180,389
Retained earnings		336,134	371,023
Net income for the year		195,350	210,666
Shareholders' equity	9	1,043,233	1,101,417
Provisions for contingencies and losses	10	44,101	50,907
Provisions for contingencies and losses		44,101	50,907
Bank borrowings (Bank overdraft)	5	1,608	1,047
Other borrowings	5	293,878	303,770
Financial liabilities		295,486	304,817
Trade payables and related accounts	5, 6	85,150	95,896
Tax and employee-related liabilities	5	18,118	7,381
Other liabilities	5	3,834	8,545
Deferred income	5	93	308
Operating liabilities		107,195	112,130
Unrealized gains from foreign exchange		930	1,191
Liabilities		403,611	418,138
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		1,490,945	1,570,462





3. CASH FLOW STATEMENT

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014	Dec. 31, 2015
Operating activities			
Net income		195,350	210,666
Dividends received	14	(81,973)	(120,461)
Depreciation, amortization and provisions on non-current assets		1,762	9,383
(Gain)/Loss on the disposal of fixed assets		-	(5,186)
Gross cash flow from operating activities		115,139	94,402
(Increase)/Decrease in net current working capital		2,838	6,811
NET CASH FLOW FROM OPERATING ACTIVITIES		117,977	101,213
Investing activities			
Dividends received from subsidiaries	14	81,973	120,461
Proceeds from disposals of property, plant and equipment and intangible assets		-	13,662
Purchases of property, plant and equipment	3	(1,118)	(1,718)
Acquisition of intangible assets	3	(1,947)	(1,490)
(Increase)/Decrease in treasury shares		7,237	(12,972)
(Increase)/Decrease in other investing expenses	3	(235)	498
Acquisitions of subsidiaries	23-2	(5,622)	(1)
NET CASH FLOW FROM INVESTING ACTIVITIES		80,288	118,440
Financing activities			
Dividends paid	9.2	(122,410)	(134,829)
Loans/(Repayments)		(139)	(131)
Movement in current accounts		(10,540)	(24,149)
NET CASH FLOW FROM FINANCING ACTIVITIES		(133,089)	(159,109)
Net increase/(decrease) in cash and cash equivalents		65,176	60,544
Opening cash and cash equivalents		115,159	180,335
CLOSING CASH AND CASH EQUIVALENTS		180,335	240,879





4. NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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NOTE 1 MAIN EVENTS

None.

NOTE 2 ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared in accordance with the accounting policies and methods defined by the French *Plan Comptable Général* as presented by Regulation No. 2014-03 of the French Accounting Standards Authority of June 5, 2014 on *Plan Comptable Général*, repealing Regulation No. 99-03 of the French Accounting Regulatory Commission of April 29, 1999 on annual financial statements.

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 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 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 purchase cost.





h) Provisions for contingencies and losses

Provisions for contingencies and losses are liabilities for which maturity or amounts cannot be precisely measured. 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

<i>(in thousand euros)</i>	Gross value as of Dec. 31, 2014	Acquisitions	Disposals	Gross value as of Dec. 31, 2015
Research and development expenses	3,823	-	-	3,823
Other intangible assets	63,588	1,490	(11,782)	53,296
TOTAL INTANGIBLE ASSETS	67,411	1,490	(11,782)	57,119
Land	1,345	-	-	1,345
Buildings	15,154	551	(410)	15,295
Industrial fixtures and equipment	14,029	369	(715)	13,683
Other property, plant and equipment	8,890	381	(32)	9,239
Property, plant and equipment under construction	3,319	417	(2,938)	798
TOTAL PROPERTY, PLANT AND EQUIPMENT	42,737	1,718	(4,095)	40,360
Equity Investments ^(a)	884,182	1	-	884,183
Treasury Shares ^(b)	58,410	57,440	(62,321)	53,529
Loans and other long-term investments	744	192	(690)	246
TOTAL LONG-TERM INVESTMENTS	943,336	57,633	(63,011)	937,958

(a) Equity Investments are detailed in Note 23.

(b) These refers to 774,502 shares for the free share plans and 2,996 shares related to the liquidity's contract.

NOTE 4 DEPRECIATION AND AMORTIZATION

<i>(in thousand euros)</i>	Deprec. and amort. as of Dec. 31, 2014	Increase in the period	Reduction in the period	Deprec. and amort. as of Dec. 31, 2015
Research and development expenses	3,823	-	-	3,823
Other intangible assets	35,244	1,614	(2,103)	34,755
TOTAL INTANGIBLE ASSETS	39,067	1,614	(2,103)	38,578
Buildings	13,537	351	(410)	13,478
Industrial fixtures and equipment	12,385	804	(459)	12,730
Other property, plant and equipment	5,903	207	(27)	6,083
TOTAL PROPERTY, PLANT AND EQUIPMENT	31,825	1,362	(896)	32,291





NOTE 5 MATURITY OF RECEIVABLES AND PAYABLES

Receivables <i>(in thousand euros)</i>	Gross	Within one year	More than one year	o/w notes receivables	o/w related parties
Other long-term investments	53,775	53,775	-	-	-
Trade receivables and related accounts	119,239	119,239	-	1,865	79,023
Other receivables	265,636	265,636	-	-	247,422
Prepayments	635	635	-	-	-
TOTAL	439,285	439,285	-	1,865	326,445

Payables <i>(in thousand euros)</i>	Gross	Within one year	More than one year	o/w notes payables	o/w related parties
Bank borrowings	1,047	1,047	-	-	-
Other borrowings	303,770	303,760	10	-	303,757
Trade payables and related accounts	95,896	95,896	-	-	48,939
Tax and employee-related liabilities	7,381	7,381	-	-	-
Other liabilities	8,545	8,545	-	-	-
Deferred Income	308	308	-	-	308
TOTAL	416,947	416,937	10	-	353,004

NOTE 6 INFORMATION ON RELATED PARTIES

Gross value <i>(in thousand euros)</i>	Dec. 31, 2015
Assets	
Equity investments	884,183
Trade receivables and related accounts	79,023
Other receivables	247,422
Liabilities	
Other long-term loans and investments	303,757
Trade payables and related accounts	48,939
Deferred income	308





NOTE 7 SHORT-TERM FINANCIAL INVESTMENTS

Gross value (in thousand euros)	Dec. 31, 2015
Marketable securities ^(a)	181,865
TOTAL	181,865

(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 (213 thousand euros).

NOTE 9 SHAREHOLDERS' EQUITY

9.1 Share capital

As of December 31, 2015, the share capital is 183,139,039.74 euros divided into 47,942,157 shares of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

To the best of the Company knowledge, as of December 31, 2015, 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.	26.37%	36.40%
Bich family	16.35%	22.39%

As of December 31, 2015, SOCIÉTÉ BIC held 777,498 BIC shares classified as long-term investments (774,502 shares for the free share plans and 2,996 shares in relation to the liquidity contract).

9.2 Changes in Shareholders' equity

(in thousand euros)

Shareholders' equity as of December 31, 2014 (before distribution)	1,043,233
Dividend distribution with respect to fiscal year 2014	134,829
Shareholders' equity as of December 31, 2014 (after distribution)	908,404
Increase in share capital ^(a)	614
Decrease in share capital ^(b)	(688)
Share issue premium ^(a)	8,043
Retained earnings ^(b)	(25,622)
Net income for the year	210,666
Shareholders' equity as of December 31, 2015 (before distribution)	1,101,417

(a) The increase in share capital relates to 160,628 subscription options exercised during 2015.

(b) During the year 2015, SOCIÉTÉ BIC cancelled 180,213 shares.





NOTE 10 PROVISIONS

<i>(in thousand euros)</i>	Dec. 31, 2014	Allocations during the year	Release during the year (used)	Release during the year (unused)	Dec. 31, 2015
Risk - Subsidiaries	5,034	3,165	-	-	8,199
Risk - Consolidated subsidiaries	18,823	-	(3,730)	-	15,093
Risk - Tax audit	1,463	1,545	(631)	(63)	2,314
Foreign exchange losses	220	731	(220)	-	731
Hedging of shares grants	17,095	23,222	(2,506)	(14,589)	23,222
Other provisions for contingencies	1,466	24	(142)	-	1,348
PROVISIONS FOR CONTINGENCIES AND LOSSES	44,101	28,687	(7,229)	(14,652)	50,907

<i>(in thousand euros)</i>	Dec. 31, 2014	Allocations during the year	Release during the year	Dec. 31, 2015
Property, plant and equipment	5,381	-	(2,784)	2,597
Investments	22,950	1,170	-	24,120
Work-in-process goods	646	-	-	646
Goods	2,524	1,839	(2,524)	1,839
Trade receivables	4,676	4,324	(3,185)	5,815
Other receivables	20,462	5,429	-	25,891
PROVISIONS FOR DEPRECIATION AND AMORTIZATION	56,639	12,762	(8,493)	60,908

NOTES TO THE INCOME STATEMENT

NOTE 11 NET SALES BREAKDOWN

The net sales of SOCIÉTÉ BIC can be analyzed as follows:

<i>(in thousand euros)</i>	Dec. 31, 2014			Dec. 31, 2015		
	France	Export	Total	France	Export	Total
Consumer Stationery	111,134	193,552	304,686	115,269	218,165	333,434
Lighters	19,452	185,207	204,659	20,863	203,409	224,272
Shavers	24,904	61,353	86,257	22,193	64,960	87,153
Other Consumer	4,582	11,240	15,822	4,957	11,757	16,714
TOTAL	160,072	451,352	611,424	163,282	498,291	661,573



NOTE 12 OTHER REVENUES

Other revenues mainly comprise royalties (72,709 thousand euros) and management fees (20,985 thousand euros) invoiced to affiliates.

NOTE 13 MANAGEMENT COMPENSATION

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Administrative bodies	310	318
Management bodies	1,402	1,467

SOCIÉTÉ BIC has no salaried employees as of December 31, 2015.

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 116,416 thousand euros and is detailed as follows:

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Dividends received	81,973	120,461
Interest income	894	697
Net reversal of provisions	12,948	(7,011)
Foreign exchange gain and loss	6,959	2,526
Other	1,312	(257)
FINANCIAL INCOME	104,086	116,416

NOTE 15 NON-RECURRING INCOME AND EXPENSES

The non-recurring income and expenses break down as follows:

<i>(in thousand euros)</i>	Dec. 31, 2014	Dec. 31, 2015
Capital gains/(losses) on asset disposals	-	5,186
Provision for contingencies (net of reversal)	(2,402)	(286)
Other tax impact	110	(2,576)
Compensation for breaking of distribution contracts, net of provisions	-	(4,079)
Debt waivers	(449)	(2,907)
Loss on liquidation of subsidiaries	(270)	-
Other	296	116
NON RECURRING INCOME AND EXPENSES	(2,715)	(4,546)



NOTE 16 INCOME TAX BREAKDOWN

<i>(in thousand euros)</i>	Net income before tax	Tax charges	Net income after tax
Income before tax and non recurring operations	271,198	(57,766)	213,432
Non-recurring income and expenses	(4,546)	1,780	(2,766)
TOTAL	266,652	(55,986)	210,666

NOTE 17 TAX GROUPING

SOCIÉTÉ BIC is the parent company of the tax Group comprising the following companies as of December 31, 2015: 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 2015 amounts to 885,978 euros.

NOTE 18 MAIN INCREASES/DECREASES IN THE DEFERRED TAX BASIS

<i>(in thousand euros)</i>	Dec. 31, 2015
C3S	1,188
Provision on current accounts	4,882
Provision for contingencies	3,165
Provision on trade receivables	2,194
Provision on inventories	1,839
Foreign exchange losses	3,949
Financial investments	3,855
Provision on free shares	17,514
Other	737
TOTAL	39,322
Decrease in deferred tax liabilities	(13,539)





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, 2015 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 2016	356,048,129	(2,472,249)	Forward
Commercial Flows 2017	13,285,685	424,030	Forward
Commercial Flows 2018	922,935	(80,418)	Forward
Intra-Group Dividends	6,888,950	157,186	Forward
Loans/Borrowings	245,593,601	(518,058)	Currency Swap
TOTAL	622,739,300	(2,489,509)	

Options portfolio detail

Hedging support	Options purchased Nominal (euros)	Options sold Nominal (euros)	Market value (euros)	Instrument
Commercial Flows 2016	103,259,785	164,629,628	1,268,924	Option
Commercial Flows 2017	661,551	1,323,101	70,992	Option
Intra-Group Dividends	4,592,635	9,185,667	82,229	Option
TOTAL	108,513,971	175,138,396	1,422,145	

As of December 31, 2015, SOCIÉTÉ BIC had contracted:

- derivatives contracts (foreign currency forward and options) maturing in 2016, 2017 and 2018 for an equivalent of 644.4 million euros in gross nominal value. These contracts hedge, on a 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, Romanian leu and Mexican pesos. The market value of these contracts is negative for 788,721 euros;
- derivatives contracts (foreign currency forwards and options) maturing in 2016 for an equivalent of 20.7 million euros in gross nominal value, dedicated to the hedge of the intra-group dividends received in foreign currencies. The market value of these contracts is positive for 239,415 euros;
- foreign currency swaps for an equivalent of 245.6 million euros, in connection with the Group's foreign currency liquidity and foreign currency loans and borrowings. The market value of these contracts is negative for 518,058 euros.

In 2016, approximately 90% of the foreign currency transaction exposure is hedged.

19.2 Interest rate derivatives

As of December 31, 2015, 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

<i>(in thousand euros)</i>	Fall due				
	Dec. 31, 2014	< 1 year	1 to 5 years	> 5 years	Dec. 31, 2015
Trade guarantees	-	-	4,510	-	4,510
Sureties and deposits	-	-	4,800	-	4,800
Other guarantees	18,529	-	-	15,217	15,217
TOTAL	18,529	-	9,310	15,217	24,527

Sureties, deposits and guarantees received

<i>(in thousand euros)</i>	Fall due				
	Dec. 31, 2014	< 1 year	1 to 5 years	> 5 years	Dec. 31, 2015
Guarantees for credit lines	3,081	3,706	-	-	3,706
Sureties and deposits	75	271	-	-	271
TOTAL	3,156	3,977	-	-	3,977

20.2 Pensions obligations

<i>(in thousand euros)</i>	Dec. 31, 2015
Present value of pension obligation	12,783
Fair value of plan assets	(4,700)
NET PENSION LIABILITY	8,083



OTHER INFORMATION

NOTE 21 STOCK MARKET PRICE

<i>(in euros)</i>	Dec. 31, 2014	Dec. 31, 2015
BIC shares	109.85	151.65

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 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
<ul style="list-style-type: none"> • <i>o/w options granted to the current members of the Leadership Team as of December 31, 2015</i> 	3,000	1,000	1,000
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 <i>(in euros)^(a)</i>	40.18	47.99	63.71
Number of options exercised as of Dec. 31, 2015	299,470	256,791	223,546
Number of void options as of Dec. 31, 2015	30,550	32,550	41,400
Number of remaining options as of Dec. 31, 2015	41,380	70,659	118,004

(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%	-	-	25,600	EUR
BIC Portugal SA - Portugal	464,675	S	100%	3,784,384	-	2,323,575	EUR
BIC Slovakia S.R.O - Slovakia	1	P	100%	15,444,502	-	15,574,255	EUR
BIC INTERNATIONAL Co. - U.S.	100	S	100%	1	-	1	USD
BIC Amazonia SA - Brazil	274,485,732	S	100%	18,565,900	-	554,461,183	BRL
Brand Expo Asia Ltd. - China	7,800,000	P	100%	-	-	7,800,000	HKD
BIC Stationery (Shanghai) Co. Ltd. - China	-	S	100%	3,441,118	-	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				61,694,207	-		
III- Participating interests							
BIC Technologies SA - France	1	S	-	-	-	7,440,988	EUR
BIC Holdings South Africa Pty. Ltd. - South Africa	41,860	S	5%	1,522,934	-	8,372	RAN
BIC Argentina SA- Argentina	750	P	5%	450,500	-	15,000	ARS
BMT 11 - Tunisia	1	S	-	100	-	21,700,000	EUR
Bic Andina Perú SA - Peru	1	P	1%	-	-	5,400,000	PEN
BIC Pazarlama Ltd, Sti - Turkey	5	P	-	345	-	13,489,500	TRY
BIC Iberia SA - Spain	2	P	-	-	-	12,333,391	EUR
BIC Belgium SPRL - Belgique	1	P	-	999	-	124,235,677	EUR
BIC Maroc SARL - Morocco	1	P	-	9	-	79,100,000	MAD
Cello Writing Instruments and Containers private Ltd - India	1	P	-	40	-	3,600,000	INR
Cello Stationery Products private Ltd - India	1	P	-	6	-	116,666,670	INR
Pentek Pen and Stationery private Ltd - India	1	P	-	7	-	1,666,670	INR
Cello Plastic Products private Ltd - India	1	P	-	7	-	83,333,340	INR
Cello Tips and Pens private Ltd - India	1	P	-	10	-	16,666,670	INR
Cello Pens private Ltd - India	1	P	-	4	-	9,550,000	INR
Cello Writing Aids private Ltd - India	1	P	-	4	-	188,000,000	INR
Sub-total III				1,974,965	-		
TOTAL				860,063,107	-		

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, 2014	861,233
Acquisitions, capital increases, creations and disposals in 2015	
BIC Belgium SPRL - Belgium	1
(Allocations to)/Reversals of provisions in 2015	
BIC Stationery (Shanghai) Co. Ltd. - China	(967)
BIC Portugal SA - Portugal	(204)
EQUITY INVESTMENTS (NET) AS OF DECEMBER 31, 2015	860,063

5. ADDITIONAL INFORMATION ON THE SEPARATE FINANCIAL STATEMENTS

Five-year financial summary

(in euros)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
1 - Shareholders' equity at year end					
Share capital	182 941 404	184 805 095	181 976 098	183 213 854	183 139 039
Number of shares outstanding	47 890 420	48 378 297	47 637 722	47 961 742	47 942 157
Number of bonds convertible into shares	-	-	-	-	-
2 - Net results					
Net sales	592 596 618	557 479 419	591 748 483	611 424 057	661 573 108
Net income before tax, deprec., amort. and provisions	272 420 210	217 727 923	227 503 156	249 664 309	280 814 295
Income tax	38 603 086	25 838 033	29 267 191	53 444 920	55 985 737
Net income after tax, deprec., amort. and provisions	216 240 834	173 647 194	185 282 676	195 350 462	210 665 506
Dividend distribution ^(a)	188 290 448	121 761 516	119 959 980	134 247 645	278 271 488
3 - Per share data					
Net income after tax, but before deprec., amort. and provisions	4,88	3,97	4,16	4,09	4,69
Net income after tax, deprec., amort. and provisions	4,52	3,59	3,89	4,07	4,39
Dividend per share	4,00	2,56	2,60	2,85	5,90
4 - Payroll					
Non-salaried staff	3	3	3	3	3
Total payroll	1 355 399	1 381 777	1 325 148	1 440 406	1 502 331
Social welfare benefits (social security, social works)	562 015	2 867 265	1 190 885	794 168	983 317

(a) Applicable to the issued number of shares (treasury shares deducted) as of December 31. The final amount depend on the number of shares entitled to dividend the day of payment.

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, 2015	113,208	100,322	1,519	1,136	10,231
Dec. 31, 2014	105,984	88,586	3,595	1,539	12,264



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.

<i>(in thousand euros)</i>	Total	Current	Over due		
			30 days	60 days	+60 days
Dec. 31, 2015	50,406	46,470	1,571	1,059	1,306
Dec. 31, 2014	37,852	34,743	1,630	365	1,114



5.4. Statutory Auditors' Report on the financial statements

For the year ended December 31, 2015

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's 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's financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company's 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 General Meeting, we hereby report to you for the year ended December 31, 2015 on:

- the audit of the accompanying financial statements of SOCIETE 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, 2015 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, March 8, 2016
The Statutory Auditors
French original signed by

Grant Thornton
French Member of Grant Thornton International
Vincent PAPAIZIAN

Deloitte & Associés
François BUZY





5.5. Statutory Auditors' Special Report on regulated agreements and commitments with third parties

Annual General Meeting to approve the financial statements for the year ended December 31, 2015

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 and commitments 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, as well as the reasons justifying the interest for the Company, 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 (*Code de Commerce*), 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 concerning the implementation, during the year, of the agreements and commitments previously approved by the 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 approval of the Shareholders' Meeting

Agreements and commitments authorized during the year

Pursuant to article L. 225-40 of the French Commercial Code, the following agreements and commitments, which were previously authorized by the Board of Directors, have been brought to our attention.

Debt waiver in favor of the company Cello Pens Private Ltd

At the meeting of October 20, 2015, the Board of Directors previously authorized the debt waiver in the amount of 176,417 euros, held by your company on its Indian subsidiary Cello Pens Private Ltd, 100% controlled since December 9, 2015. This debt corresponded to services provided for the period from January to March 2015, as part of a *management fees* agreement at the time the subsidiary still included minority shareholders.

Your Board has given reasons for the conclusion of the agreement signed October 20, 2015 to end the debate with former minority shareholders and enable the preparation of financial statements for the year ended March 31, 2015 by the Board of Directors of the Indian company involved.

Persons involved: Bruno Bich, Chairman of the Board of Société BIC and Cello Pens Company Private Ltd.

Agreements and commitments previously approved by the Shareholders' Meeting

Agreements and commitments approved in previous years that were continued but not performed during the year

In addition, we have been informed of the continuation of the following agreements and commitments, previously approved by the Shareholders' Meetings of prior years, which were not performed during the year.

Additional pension 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 supplementary pension 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. In addition, the consolidation of all their pension rights cannot exceed a replacement rate of 50%.

Persons involved: François Bich, Executive Vice-President and Director and Marie-Aimée Bich-Dufour, Executive Vice-President.

Paris and Neuilly-sur-Seine, March 8, 2016
The Statutory Auditors
French original signed by

Grant Thornton
French Member of Grant Thornton International
Vincent PAPAIZIAN

Deloitte & Associés
François BUZY





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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 also available on the website www.bicworld.com (see *Regulated information*).

Issuer's purpose

Extract from the articles of incorporation (Article 3) – "Company's 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, 2015*.

Rights, preferences and restrictions attached to each class of existing shares

Double voting rights

Extract from the articles of incorporation (Article 15.5) – "Shareholders' Meeting"
(Article 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”.

(Article 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 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 Shareholders' Meetings and to the bare owner at Extraordinary 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 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 – Conditions for exercising the voting right

Extract from the articles of incorporation (Article 15) – “Shareholders' Meetings”.

(Last version approved by the Extraordinary Shareholders' Meeting of May 6, 2015).

“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.”

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, 2015, the registered share capital of SOCIÉTÉ BIC amounts to 183,108,384.24 euros divided into 47,934,132 shares of 3.82 euros each, the par value. Issued shares are fully paid-up. Taking into account the share subscription options

exercised in 2015 (and pending the recording of these transactions by the Board of Directors), the share capital amounts to 183,139,039.74 euros divided into 47,942,157 shares (compared with 47,961,742 shares as of January 1, 2015).

AUTHORIZATIONS OF CAPITAL INCREASE AT THE CLOSING OF THE 2015 FISCAL YEAR

SOCIÉTÉ BIC has, as at December 31, 2015, 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 <i>(in million euros)</i>	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 2015	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/.

The renewal of these authorizations, expiring in 2016, will be submitted to the Shareholders during the Shareholders' Meeting of May 18, 2016 (see Chapter 7. Board of Directors' Report and proposed resolutions of the Shareholders' Meeting of May 18, 2016).

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
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 share 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 share subscription options, in accordance with stock option plans	1,282,702.52	17,027,502.74	183,115,806.50	47,936,075
2015 (Dec. 16 BM)	Cancellation of treasury shares as authorized by SM of May 6, 2015	(688,413.66)	(25,622,684.34)	182,427,392.84	47,755,862
2015 (Dec. 16 BM)	Issue of shares following exercise of share subscription options, in accordance with stock option plans	680,991.40	8,984,556.85	183,108,384.24	47,934,132

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, 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 rights ^{(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

Dec. 31, 2015

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) :	20,481,818	42.72	40,841,149	58.79	40,841,149	59.46
• SOCIÉTÉ M.B.D.	12,642,000	26.37	25,284,000	36.40	25,284,000	36.81
• Bich family (excluding M.B.D.)	7,839,818	16.35	15,557,149	22.39	15,557,149	22.65
Other Shareholders	26,682,841	55.66	27,845,464	40.09	27,845,464	40.54
Treasury shares ^(b)	777,498	1.62	777,498	1.12	-	-
TOTAL	47,942,157	100	69,464,111	100	68,686,613	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 (see 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., which holds more than 20% of the share capital and of the voting rights, has concluded various collective agreements relating to the retention of 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 all or of some 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 2015 and up to March 7, 2016.

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, 2015

Purpose ^(a)	Number of shares	% capital	Nominal value (in euros)
Liquidity agreement	2,996	0.01	11,444.72
Free share grants	774,502	1.61	2,958,597.64
Cancellation	-	-	-
External growth operations	-	-	-
TOTAL^(b)	777,498	1.62	2,970,042.36

(a) Article L. 225-209 of the French Commercial Code.

(b) As of December 31, 2015, the book value of BIC shares held by SOCIÉTÉ BIC in accordance with Articles L. 225-209 et seq. of the French Commercial Code amounts to 53,528,268.91 euros. As of the same date, the market value of these shares is 117,907,571.70 euros (on the basis of the closing price at this date, that is to say 151.65 euros).

SHARE BUYBACK PROGRAM - OPERATIONS REALIZED IN 2015

Operation	Number of shares	% capital	Nominal value (in euros)	Average sale/purchase price (in euros)
Share buyback (excl. liquidity agreement) ^(a)	180,213	0.38	688,413.66	146.00
Liquidity agreement ^(a) :				
• Share buyback	158,419	0.33	605,160.58	141.84
• Sale of shares	157,661	0.33	602,265.02	141.97
Shares transferred under free shares plans	80,565	0.17	307,758.30	80.58
Canceled shares	180,213	0.38	688,413.66	146.00
Shares used for external growth operations	-	-	-	-

(a) Brokerage fees related to sale and buy-back transactions disclosed above amounted to 109,195.52 euros.

During the last 24 months, the Board of Directors cancelled 180,213 shares, representing 0.38% of the share capital as of December 31, 2015.



SHARE BUYBACK PROGRAM PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 18, 2016

The Board of Directors will submit to the Shareholders' Meeting to be held on May 18, 2016, 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 18, 2016 – 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 Regulation of the AMF.

SOCIÉTÉ BIC TREASURY SHARES AS OF MARCH 7, 2016

Purpose	Number of shares
Liquidity agreement	5,751
Free share grants	959,508
Cancellation	-
External growth operations	-
TOTAL	965,259

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 7, 2016 and for information purposes: 4,794,842 shares), for a maximum amount of 1.440 billion 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 that 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 7, 2016 and for information purposes: 2,397,421 shares) and to a maximum amount of 720 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 300 euros per share.

The authorization so given by the Shareholders would be valid for a period of 18 months starting from May 18, 2016.

It could be used during public offers of the Company's shares in accordance with the legislation in force.

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 2015, meetings were organized in Paris, London, New York City, Boston, Frankfurt,

Edinburgh, Stockholm and Copenhagen. We also organized various meetings with dedicated SRI (Socially Responsible Investment) investors.

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 2015, the Investor Relations Department met individual Shareholders in Annecy, Paris and Lyon. Three meetings are already scheduled in 2016.

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 2015

	Closing price	Average price (closing)	Highest	Lowest	Number of shares traded	Trading volumes <i>(in thousand euros)</i>
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
March 2015	132.50	132.97	136.15	127.25	1,135,838	150.87
April 2015	152.55	143.87	158.75	131.55	1,241,462	180.79
May 2015	150.05	149.35	155.15	143.90	1,094,207	163.23
June 2015	143.00	146.25	154.70	140.05	1,194,585	174.56
July 2015	155.95	148.88	156.45	138.90	923,257	136.85
August 2015	141.45	150.06	162.20	131.90	881,708	130.80
September 2015	138.80	139.01	144.45	133.80	843,278	117.27
October 2015	145.05	139.49	146.75	133.25	953,914	133.34
November 2015	155.70	149.31	156.75	142.70	779,195	116.42
December 2015	151.65	152.10	157.85	148.10	801,758	122.18
January 2016	150.25	144.51	151.10	135.75	841,923	121.21
February 2016	127.80	135.41	152.00	114.30	1,852,996	241.95

SHARE CUSTODIAL SERVICE

SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES
Département des Titres
32, rue du Champ de Tir
BP 81236
44312 Nantes Cedex 3
(France)



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BOARD OF DIRECTORS' REPORT AND PROPOSED RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 18, 2016





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, 2015.

The purpose of the third resolution is to allocate the net income of the fiscal year 2015 and to set the dividend.

We propose the distribution of a total dividend of 278,271,488.10 euros corresponding to a dividend per share of 5.90 euros (3.40 euros + 2.50 euros of exceptional dividend). This is a gross amount excluding social charges (currently 15.5%). The dividend will be paid as from June 1st, 2016. If the number of shares carrying rights to the dividend is not 47,164,659, 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:

- 2.56 euros in respect of fiscal year 2012;
- 2.60 euros in respect of fiscal year 2013;
- 2.85 euros in respect of fiscal year 2014.

Proposed resolution 1 – Approval of the Statutory Accounts of Fiscal Year 2015

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, 2015. 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 2015

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, 2015. 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, 2015 of 210,665,506.66 euros and decide to allocate this amount in the following manner (in euros):

<i>Net income for 2015</i>	210,665,506.66
To add:	
• Retained earnings from previous year	371,022,872.64
TOTAL DISTRIBUTABLE INCOME	581,688,379.30
Appropriation of earnings:	
• Works of art special reserve	19,251.60
• Dividends (excluding treasury shares)	278,271,488.10
• Retained earnings	303,397,639.60
TOTAL EQUAL TO DISTRIBUTABLE INCOME	581,688,379.30





The amount of the dividends for the fiscal year ending December 31, 2015 will be 278,271,488.10 euros corresponding to a dividend per share of 5.90 euros (3.40 euros + 2.50 euros of exceptional dividend). It will be paid as from June 1st, 2016. If the number of shares carrying rights to the dividend is not 47,164,659, 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, for 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)
2012	47,188,869	2.56	2.56
2013	47,080,941	2.60	2.60
2014	47,308,363	2.85	2.85

(a) French Tax Code (CGI).

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 2016 at 400,500 euros (compared to 325 thousand euros for fiscal year 2015). This progression is due to the increase of the number of non-executive Directors receiving Directors' fees in 2016.

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 2016 at 400,500 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 be used during public offers on the Company's shares in compliance with Article L. 233-32 of the French Commercial Code, i.e. subject to the powers expressly assigned to the Shareholders within the limit of the Company's interest.

The Company would be authorized, during a period of 18 months, to buy back its own shares for a maximum price per share of 300 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 1.440 billion 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 saving 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 720 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.

SHARE BUYBACK PROGRAM - OPERATIONS REALIZED IN 2015:

Operation	Number of shares	% capital	Nominal value (in euros)	Average purchase/ sale price (in euros)
Share buyback (excl. liquidity agreement) ^(a)	180,213	0.38	688,413.66	146.00
Liquidity agreement ^(a) :				
• Share buyback	158,419	0.33	605,160.58	141.84
• Sale of shares	157,661	0.33	602,265.02	141.97
Shares transferred to cover free share plans	80,565	0.17	307,758.30	80.58
Canceled shares	180,213	0.38	688,413.66	146.00
Shares used for external growth operations	-	-	-	-

(a) Brokerage fees related to sale and buyback transactions disclosed above amounted to 109,195.52 euros.

During the last 24 months, the Board of Directors cancelled 180,213 shares, representing 0.38% of the share capital as of December 31, 2015.





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 No. 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 1.440 billion euros, under the conditions and limits provided by the laws and regulations in force;
- for a maximum purchase price of 300 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 exercise 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 that 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 720 million euros;
 - for a maximum purchase price fixed at 300 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 6, 2015 (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 be used during public offers on the Company's shares in compliance with the legislation in force.

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.





BOARD OF DIRECTORS' REPORT AND PROPOSED RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 18, 2016
Ordinary Shareholders' Meeting

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 8 REAPPOINTMENT OF MR. BRUNO BICH, MR. MARIO GUEVARA AND MS. ELIZABETH BASTONI AS DIRECTORS OF THE BOARD

Board of Directors' Report:

It is proposed to the Shareholders to reappoint Bruno Bich, Mario Guevara and Elizabeth Bastoni as Directors for a period of three fiscal years expiring at the end of the Shareholders' Meeting called to vote in 2019 upon the approval of the accounts of the fiscal year ending December 31, 2018.

Mario Guevara having announced to the Board of Directors of February 16, 2016 his willingness to retire, his mandate of Chief Executive Officer will not be renewed. We nevertheless propose you to renew his mandate of Director in order to allow your Company to continue to benefit from his experience and knowledge.

Following the Shareholders' Meeting, the Board of Directors intends to combine the Chairman and Chief Executive Officer functions and to appoint Bruno Bich as Chairman and Chief Executive Officer. The temporary combination of these functions will allow Bruno Bich to continue to develop a Chief Executive Officer successor.

Bruno Bich will reach the 70 years old age limit currently set forth in the articles of incorporation. Therefore, in parallel with the renewal of his mandate of Director, the Board of Directors proposes you, in resolution 22, to modify the articles of incorporation in order to set at 72 years old the age limit of the Chairman, the Chief Executive Officer and the Executive Vice-Presidents.

MR. BRUNO BICH



69 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, 2015, SOCIÉTÉ M.B.D. held 26.37% of SOCIÉTÉ BIC share capital and 36.40% of the voting rights.

Chairman of the Board of Directors

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of June 2, 1986

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 International Advisory Board - Edhec - France
- Trustee - Harlem Academy - U.S.

Expired mandates or functions in the previous five years (non-BIC Group companies)

- Member of the Supervisory Board - Bluwan - France
- Co-founder, Member of the Supervisory Board - Management Institute of Paris - M.I.P. (merged with EDHEC Group) - France

(a) BIC Group.

(b) Listed company.





MR. BRUNO BICH

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 of SOCIÉTÉ BIC, 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 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.

MR. MARIO GUEVARA



56 years old

Nationality:
Mexican/American

Number of BIC shares held:
36,050

Chief Executive Officer and Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Director: Annual Shareholders' Meeting of May 22, 2001
Chief Executive Officer: March 1, 2006

Member of a committee

No

Professional address

BIC INTERNATIONAL
One BIC Way,
Suite 1 Shelton,
CT - 06484 - 6299 - U.S.

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) - U.S.
- Chief Executive Officer, Director - BIC INTERNATIONAL Co^(a) - U.S.
- 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.





MRS. ELIZABETH BASTONI



Director

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 15, 2013

Member of a committee

Compensation and Nomination Committee

Professional address

Bastoni Consulting Group, LLC
2606 E Garfield Street
Seattle, WA 98112
U.S.

Main position

- President of Bastoni Consulting Group, LLC (non-listed company)

Other current mandate or function

None

Expired mandates or functions in the previous five years (non BIC Group companies)

- Head of Human Resources at B.M.G.I. – U.S.
- Human Resources consultant – EBB LLC – U.S.
- 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 – U.S.

Biography

An American citizen, Elizabeth Bastoni holds a Bachelor of Arts degree with a concentration in Accounting from Providence College, Providence, RI (U.S.). She also has a degree in French Civilization from Paris' Sorbonne University (Paris IV). She is a former student of the École du Louvre.

Having lived and worked for over 18 years in France, Elizabeth Bastoni held various executive roles 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, GA (U.S.).

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.

Proposed resolution 6 – Reappointment of Mr. Bruno BICH as Director of the Board

The Shareholders decide to renew, for a period of three fiscal years, the mandate of Mr. Bruno BICH as Director of the Board.

The term of the mandate of Mr. Bruno BICH will thus expire at the end of the Shareholders' Meeting called to vote in 2019 upon the approval of the financial statements for the fiscal year ending December 31, 2018.

Proposed resolution 7 – Reappointment of Mr. Mario GUEVARA as Director of the Board

The Shareholders decide to renew, for a period of three fiscal years, the mandate of Mr. Mario GUEVARA as Director of the Board.

The term of the mandate of Mr. Mario GUEVARA will thus expire at the end of the Shareholders' Meeting called to vote in 2019 upon the approval of the financial statements for the fiscal year ending December 31, 2018.

Proposed resolution 8 – Reappointment of Ms. Elizabeth BASTONI as Director of the Board

The Shareholders decide to renew, for a period of three fiscal years, the mandate of Ms. Elizabeth BASTONI as Director of the Board.

The term of the mandate of Ms. Elizabeth BASTONI will thus expire at the end of the Shareholders' Meeting called to vote in 2019 upon the approval of the financial statements for the fiscal year ending December 31, 2018.

(a) Listed company.





PROPOSED RESOLUTIONS 9 TO 12

OPINION ON THE COMPENSATION ELEMENTS DUE OR AWARDED FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015 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's 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 2015. These elements are described in more detail in the 2015 registration document (see *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 2015	Amounts or accounting valuation submitted for opinion	Presentation
Fixed compensation 2015	196,000 euros	+2.08% versus 2014
Annual variable compensation	N/A	The principle of this compensation has not been provided for.
Deferred variable compensation	N/A	The principle of this compensation has not been provided for.
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 2015	Amounts or accounting valuation submitted for opinion ^(a)	Presentation
Fixed compensation 2015	810,000 USD (730,256 euros)	+3.05% versus 2014
Annual variable compensation due in respect of 2015	1,417,500 USD (1,277,948 euros) The bonus paid for 2015 equals 175% of base salary and represents 140% of the bonus target.	The bonus is calculated on the basis of six criteria: <ul style="list-style-type: none"> • net sales (20%); • income from operations (20%); • net income (10%); • inventory (10%); • receivables (10%); • individual qualitative objectives the implementation of the Group strategy (30%). Target bonus is 125% of base salary. The maximum bonus 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 2015. Valuation according to the method used for the consolidated financial statements: 2,578,725 euros. With regard to the performance shares plans, Mario Guevara received a gross remuneration of 67 406 USD (60 770 EUR) equivalent to the unpaid dividends on the vested shares held by SOCIÉTÉ BIC until the end of the compulsory holding period.	Share acquisition depends on two performance conditions: <ul style="list-style-type: none"> • net sales growth; • cash flow from operations and change in inventory, 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: May 15, 2013. Board of Directors' Meeting date: Feb. 10, 2015.
Directors' fees	N/A	Absence
Valuation of any benefits-in-kind	116,808 USD (105,307 euros)	<ul style="list-style-type: none"> • Car allowance: 19,200 USD (17,310 euros); • Company contributions to Company U.S. savings plan: <ul style="list-style-type: none"> • 401K: 7,950 USD (7,167 euros), • Executive Compensation Plan: 32,400 USD (29,210 euros); • Other: 57,258 USD (51,620 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, 2015 is 11,254,098 USD (10,146,140 euros)	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 2015 (1 euro = 1.1092 U.S. dollars)





FRANÇOIS BICH, DIRECTOR AND EXECUTIVE VICE-PRESIDENT

Compensation due or awarded in respect of the fiscal year 2015	Amounts or accounting valuation submitted for opinion	Presentation
Fixed compensation 2015	490,000 euros	+2.08% versus 2014
Annual variable compensation due in respect of 2015	The bonus paid for 2015 equals 90% of base salary, represents 150% of the bonus target and amounts to 441,000 euros.	The bonus is calculated on the basis of five criteria: <ul style="list-style-type: none">• 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 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	8,000 performance shares granted in 2015. Valuation according to the method used for the consolidated financial statements: 916,880 euros.	Share acquisition depends on two performance conditions: <ul style="list-style-type: none">• net sales growth;• cash flow from operations and change in inventory, 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: May 15, 2013. Board of Directors' Meeting date: Feb. 10, 2015.
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, 2015 is 5,660,821 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. Board of Directors' Meeting: May 19, 2005. Shareholders' Meeting: May 24, 2006 (Resolution 5).





MARIE-AIMÉE BICH-DUFOUR, EXECUTIVE VICE-PRESIDENT

Compensation due or awarded in respect of the fiscal year 2015	Amounts or accounting valuation submitted for opinion	Presentation
Fixed compensation 2015	295,000 euros.	+2.08% versus 2014
Annual variable compensation due in respect of 2015	The bonus paid for 2015 equals 47.16% of base salary, represents 105% of the bonus target and amounts to 139,122 euros.	<p>The bonus is calculated on the basis of four criteria:</p> <ul style="list-style-type: none"> • net sales (20%); • income from operations (30%); • net income (10%); • individual qualitative objectives (40%). <p>Target bonus is 45% of base salary. The maximum bonus is 67.5% of base salary, equivalent to 150% of target bonus.</p>
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	3,250 performance shares granted in 2015. Valuation according to the method used for the consolidated financial statements: 372,483 euros.	<p>Shares acquisition depends on two performance conditions:</p> <ul style="list-style-type: none"> • net sales growth; • cash flow from operations and change in inventory, as a percentage of net sales. <p>These criteria are demanding per nature (growth versus value).</p> <p>The grant represents 0.01% of the share capital.</p> <p>Annual Shareholders' Meeting date: May 15, 2013. Board of Directors' Meeting date: Feb. 10, 2015.</p>
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, 2015 is 3,060,216 euros.	<p>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).</p> <p>In addition, the consolidation of all her pension rights cannot exceed a replacement rate of 50%.</p> <p>The regulated agreements procedure was followed for this pension plan.</p> <p>Board of Directors' Meeting: May 19, 2005. Shareholders' Meeting: May 24, 2006 (resolution 5).</p>





Proposed resolution 9 – Opinion on the compensation elements due or awarded to Bruno BICH, Chairman of the Board of Directors, for the fiscal year ended December 31, 2015

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, 2015, as described in the Board of Directors' Report and in the 2015 registration document (see *Chapter 3, section 3.3.1. Senior Management Compensation*).

Proposed resolution 10 – Opinion on the compensation elements due or awarded to Mario GUEVARA, Chief Executive Officer, for the fiscal year ended December 31, 2015

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, 2015, as described in the Board of Directors' Report and in the 2015 registration document (see *Chapter 3, section 3.3.1. Senior Management Compensation*).

Proposed resolution 11 – Opinion on the compensation elements due or awarded to François BICH, Executive Vice-President, for the fiscal year ended December 31, 2015

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, 2015, as described in the Board of Directors' Report and in the 2015 registration document (see *Chapter 3, section 3.3.1. Senior Management Compensation*).

Proposed resolution 12 – Opinion on the compensation elements due or awarded to Marie-Aimée BICH-DUFOUR, Executive Vice-President, for the fiscal year ended December 31, 2015

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, 2015, as described in the Board of Directors' Report and in the 2015 registration document (see *Chapter 3, section 3.3.1. Senior Management Compensation*).





PROPOSED RESOLUTION 13 APPROVAL OF A REGULATED AGREEMENT

Board of Directors' Report:

We propose that you approve a waiver of debt from SOCIÉTÉ BIC in favor of its Indian subsidiary Cello Pens Pvt. Ltd. for an amount of 176,417 euros. This debt follows rendered services under a management fees agreement, at the time when some minor shareholders were still part of the subsidiary. The details of this debt waiver are specified in the Statutory Auditors' Special Report on regulated agreements and commitments.

Proposed resolution 13 – Approval of a regulated agreement

The Shareholders', after having been advised by the Statutory Auditors' Special Report on regulated agreements and commitments mentioned in Articles L. 225-38 *et seq.* of the French Commercial Code, approves the new agreement mentioned in this Report.





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 6, 2015 (Resolution 14).





PROPOSED RESOLUTION 15

DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING NEW ORDINARY SHARES AND/OR SECURITIES GIVING ACCESS TO THE SHARE CAPITAL, WITH PRESERVATION OF SHAREHOLDERS' PREFERENTIAL RIGHTS OF SUBSCRIPTION

Board of Directors' Report:

We propose that you delegate to the Board of Directors the authority to proceed, in France or abroad, to one or several issuance(s) of new ordinary shares of the Company and/or of securities giving access by any means to the Company's share capital, with preservation of Shareholders' preferential rights of subscription.

This system is intended to give your Board of Directors the opportunity to react quickly to the financial needs of the Company, allowing it also to select, in due time, the most appropriate type of securities to be issued. The authorization would cover the issuance of ordinary shares and/or any securities giving access to the share capital, notably for example, shares with warrants, bonds with warrants, bonds convertible into shares or equity warrants.

The total nominal amount of issuances likely to be realized would not exceed:

- 50 million euros for issuance of ordinary shares;
- 650 million euros for issuance of Compound Investment Securities, such an amount including the nominal value of shares to which these securities would give right.

To these amounts, shall be added, if necessary, the extra/surplus nominal amount of shares to be issued in order to preserve, in compliance with the law, the rights of bearers of already issued investment securities giving right to shares.

We remind you that the decision to issue securities giving right to the share capital would also prevail over renunciation by the Shareholders of their preferential rights of subscription to the share capital to which the securities issued would give right.

We propose that you decide that if the subscriptions on an irreducible basis and, if applicable, on a reducible basis, do not absorb all the ordinary shares and/or securities issued, the Board may make an offer to the public of all or part of the unsubscribed shares.

This delegation of authority would be given for a period of 26 months starting from the date of this Shareholders' Meeting and would replace the delegation given to the Board of Directors at the Shareholders' Meeting of May 14, 2014 (resolution 14).

This delegation may be used during public offers on the Company's shares in compliance with Article L. 233-32 of the French Commercial Code, i.e. subject to the powers expressly assigned to the Shareholders within the limits of the Company's interest.

If necessary, the Board of Directors will keep you informed about the use of this delegation of authority under the conditions provided by law.

Proposed resolution 15 - Delegation of authority to be given to the Board of Directors to increase the share capital by issuing new ordinary shares and/or securities giving access to the capital, with preservation of Shareholders' preferential rights of subscription

The Shareholders after having noted that the share capital of the Company is fully paid up and after having considered the Board of Directors' Report and the Statutory Auditors' Special Report, deliberating in compliance with Articles L. 225-129 *et seq.*, L. 228-91 and L. 228-92 of the French Commercial Code, delegate authority to the Board of Directors to decide immediately or when due, with preservation of Shareholders' preferential rights of subscription, in France and/or abroad, either in euros, in foreign currency or in any unit of account established by reference to a set of currencies:

- one or several increases of the share capital, by cash contribution and issuing of new ordinary shares of the Company; and/or
- one or several issues of securities (hereinafter the "Compound Investment Securities" "Valeurs Mobilières Composées") giving access by any means to the Company's share capital.

The Shareholders decide that the total nominal amount of issuances likely to be realized shall not exceed:

- 50 million euros for issuance of ordinary shares;
- 650 million euros for issuance of Compound Investment Securities, such amount including the nominal value of shares to which these Investment Securities will give right;

having specified that to these amounts, shall be added, if necessary, the extra/surplus nominal amount of shares to be issued in order to preserve, in compliance with the law, the rights of the bearers of already issued investment securities giving right to shares.

Consequently, the Shareholders delegate authority to the Board of Directors to, notably and without this list being considered as restrictive:

- assess the timeliness of deciding whether or not to carry out one or several increase(s) of the share capital by issuing new ordinary shares of the Company and/or one or several issuance(s) of Compound Investment Securities;
- decide the nature and characteristics of the Compound Investment Securities;
- fix the amount of the increase(s) of the share capital by issuing new ordinary shares and/or issuance of Compound Investment Securities;
- determine the conditions and methods of realization of the share capital increase(s) and/or of the issuance of Compound Investment Securities, notably to set the issuance price of the new ordinary shares and/or of the Compound Investment Securities (and the





shares to which the latter shall give right), with or without premium, in compliance with the rules and regulations in force;

- fix the opening dates and closing dates of subscriptions, extend these dates if necessary, organize receipt of funds and more generally acknowledge the final realization of the increase(s) of share capital and/or the issuance of Compound Investment Securities, and/or the capital increases resulting from the exercise of Compound Investment Securities; proceed with the modification of the articles of incorporation accordingly, do all that is necessary and carry out all legal formalities;
- conclude with any investment service provider of its choice, any guaranty agreement of the realization of the issuance;
- determine the conditions and methods of exercising rights attached to the issued Compound Investment Securities;
- take all necessary measures for the proper management of the issuing of Compound Investment Securities and draft an issuance contract for each category and issuance of Compound Investment Securities;
- decide the issuance of shares to which the Compound Investment Securities shall give right and fix the date of possession of said shares;
- prepare all the documents necessary to inform the public, Shareholders and holders of previously issued compound investment securities;
- take all measures to ensure, if necessary, the preservation of the rights of holders of already issued Compound Investment Securities giving right to the allocation of share capital, in compliance with the rules and regulations in force and notably the provisions of Articles L. 228-98 to L. 228-102 of the French Commercial Code;
- take all measures to proceed with the appointment of a representative of stock owners for each category of Compound Investment Securities issued;

- delegate to the Chief Executive Officer or, in accordance with the latter, to one or several Executive Vice-President(s), the authority to decide on the realization of the share capital increase(s) and/or the issuance of Compound Investment Securities, as well as the authority to suspend it, under the conditions and according to the methods set by the Board of Directors.

The Shareholders take note that, in compliance with Article L. 225-132 of the French Commercial Code, the decision to issue securities giving right to the capital also prevails over waiving by the Shareholders of their preferential rights of subscription to the share capital to which the securities issued give right.

The Shareholders decide that if the subscriptions on an irreducible basis and, if applicable, on a reducible basis, do not absorb all the ordinary shares and/or securities issued, the Board may make an offer to the public of all or part of the unsubscribed shares.

This delegation of authority is given for a period of 26 months starting from the date of the Shareholders' Meeting.

This delegation may be used during public offers on the Company's shares in compliance with the legislation in force.

The Shareholders take note that this delegation replaces any previous delegation having the same purpose, and notably, the delegation given to the Board of Directors at the Shareholders' Meeting of May 14, 2014 (resolution 14).

In accordance with Article L. 225-129-5 of the French Commercial Code, the other details of implementation of the operation will be explained in a complementary report from the Board of Directors and issued when the Board exercises the delegation of authority given at this Shareholders' Meeting in accordance with provisions set by decree.

The Board of Directors shall, each year, inform the Shareholders' Meeting of operations realized within the scope of this resolution.





PROPOSED RESOLUTION 16

DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD TO INCREASE THE NUMBER OF SECURITIES TO BE ISSUED IN THE EVENT OF A SHARE CAPITAL INCREASE DECIDED BY THE BOARD OF DIRECTORS ACCORDING TO RESOLUTION 15

Board of Directors' Report:

We propose that you authorize the Board of Directors, in the event that the Board proceeds to a capital increase in compliance with the delegation given under resolution 15 above, to increase, where appropriate, the number of securities to be issued, within the limit of 15% of the initial issuance.

This delegation may be used during public offers on the Company's shares in compliance with the legislation in force.

Proposed resolution 16 – Delegation of authority to be given to the Board to increase the number of securities to be issued in the event of a share capital increase decided by the Board of Directors according to resolution 15

The Shareholders, deliberating under the conditions of quorum and majority required by the Extraordinary Shareholders' Meetings, after having considered the Board of Directors' Report and the Statutory Auditor's special Report, in accordance with Article L. 225-135-1 of the French Commercial Code:

- delegate authority to the Board of Directors – including the power to sub-delegate to the Chief Executive Officer or, in accordance

with the latter, to one or several Executive Vice-President(s) – to decide, for each issue of shares decided in accordance with resolution 15 above, to increase the number of securities to be issued under the limits and conditions provided by Article R. 225-118 of the French Commercial Code (i.e. say within thirty days of the close of the subscription period), within the limit of 15% of the initial issue and at the same price as the price provided for the initial issue. This delegation of authority is subject to compliance with the global upper limits of amount set forth in resolution 15 below;

- decide that this delegation will be valid for a period of 26 months.

This delegation may be used during public offers on the Company's shares in compliance with the legislation in force.





PROPOSED RESOLUTION 17

DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS IN ORDER TO DECIDE TO INCREASE THE SHARE CAPITAL ONCE OR SEVERAL TIMES BY INCORPORATION OF RESERVES, PROFITS OR PREMIUMS OR OTHER SUMS OF MONEY WHOSE CAPITALIZATION SHALL BE ACCEPTED

Board of Directors' Report:

We propose, in accordance with Article L. 225-129 of the French Commercial Code, that you delegate to the Board of Directors, for a period of 26 months, the authority to increase the share capital of the Company, in once or several times, in the proportion and at the period/time the Board will deem necessary, by incorporation of all or part of the reserves, profits and/or premiums or other sums whose capitalization shall be legally or statutorily possible, and this by attribution of new free shares of the Company or by increase of the nominal value of the existing shares of the Company.

The maximum nominal amount of the share capital increase(s) likely to be decided by the Board of Directors or by the Chief Executive Officer (or Executive Vice-President) and realized by virtue of this delegation, may not be higher than the entire amount of reserves, profits and/or premiums or other sums that may be incorporated into the share capital.

This delegation may be used during public offers on the Company's shares in accordance with Article L. 233-32 of the French Commercial Code, i.e. subject to the powers expressly assigned to the Shareholders within the limit of the Company's interest.

This delegation would cancel any other previous delegation having the same purpose, and notably the delegation of authority given to the Board of Directors at the Shareholders' Meeting of May 14, 2014 (resolution 16).

Proposed resolution 17 – Delegation of authority to be given to the Board of Directors in order to decide to increase the share capital once or several times by incorporation of reserves, profits or premiums or other sums of money whose capitalization shall be accepted

The Shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, and after having considered the Board of Directors' Report, making use of the option referred to in Article L. 225-129 of the French Commercial Code, decide:

- to delegate to the Board of Directors, for a period of 26 months, the authority to decide a share capital increase, once or several times, in the proportion and at the period/time the Board will deem necessary, by incorporation of all or part of the reserves, profits and/or premiums or other sums which capitalization shall be legally or statutorily possible, and by attribution of new free shares of the Company and/or by increase of the nominal value of the existing shares of the Company;
 - that the maximum nominal amount of the share capital increase(s) likely to be decided by the Board of Directors or by the Chief Executive Officer (or Executive Vice-President) and realized by virtue of this delegation, cannot be higher than the entire amount of reserves, profits and/or premium or other sums that may be incorporated into the share capital and which will exist at the moment of the decision to increase the share capital of the Company, not taking into account 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.
- Consequently, the Shareholders delegate to the Board of Directors the authority, notably, and without this list being considered as restrictive to:
- determine the amount and nature of sums to be incorporated in the Company's share capital;
 - set the number of the Company's new shares to be issued and which shall be freely allocated or the amount of existing shares which nominal value shall be increased;
 - determine the date, possibly retroactively, from which the Company's new shares shall be available for use or that at which the increase of the nominal value of the Company's existing shares shall be effective;
 - decide, if necessary, that the rights resulting in fractions of shares are not negotiable or assignable and that the corresponding shares shall be sold, the proceeds from such sale being allocated to owners of rights under the conditions and within the time periods provided by the regulation in force;
 - deduct from one or several items of the available reserves the sums necessary to bring the legal reserves amount to one-tenth of the share capital after each share capital increase;
 - take all measures to ensure the proper implementation of each share capital increase and to acknowledge the realization of each share capital increase, proceed to the modification of the articles of incorporation accordingly and to carry out all relevant legal formalities;
 - take all measures as to allow holders of securities giving rights to the capital, to obtain new shares of the Company;
 - delegate to the Chief Executive Officer or in agreement with the latter, to one or several Executive Vice-President(s) the authority to decide on the realization of the capital increase(s), as well as to postpone such issue, under the conditions and according to the methods set by the Board of Directors.





The Shareholders take note that this delegation shall cancel any other previous delegation having the same purpose, and notably the delegation of authority given to the Board of Directors at the Shareholders' Meeting of May 14, 2014 (resolution 16).

This delegation may be used during public offers on the Company's shares in compliance with the legislation in force.

PROPOSED RESOLUTION 18 DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS IN ORDER TO PROCEED TO ONE OR SEVERAL SHARE CAPITAL INCREASE(S) RESERVED FOR EMPLOYEES

Board of Directors' Report:

We request that you delegate to the Board of Directors the authority to increase the share capital, in once or several times, to the benefit of employees of the Company and/or of its connected companies within the meaning of Article L. 225-180 of the French Commercial Code (possibly represented by a mutual fund (FCPE) to be created and/or subscribing to an employee savings scheme, at the Board of Directors' choice).

This delegation would be valid for 26 months.

The maximum number of shares that could be issued would not exceed 3% of the total number of ordinary shares of the Company on this day.

The price of the shares to be issued would be determined in accordance with Article L. 3332-19 of the Labor Code, i.e. based on the stock exchange price. The price of the shares could not be higher than the average share price for the twenty trading sessions preceding the date of the decision setting the subscription period opening date, nor more than 20% lower than this average (or 30% in the event that the vesting period provided by the plan to be created is equal to or longer than 10 years).

Proposed resolution 18 – Delegation of authority to be given to the Board of Directors in order to proceed to one or several share capital increase(s) reserved for employees

The Shareholders, after having considered the Board of Directors' Report and the Statutory Auditors' special Report decide, in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code:

- for a period of 26 months, to delegate to the Board of Directors the authority to increase the share capital, once or several times, for the benefit of employees of the Company and/or of its French or foreign related companies within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code (possibly represented by a mutual fund (FCPE) to be created and/or subscribing to an employee savings scheme, at the Board of Directors' choice), under the conditions referred to in Article L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code, of an amount representing, a maximum of 3% of the share capital on this day, by issuing new shares of the Company, giving their owners the same rights as those of the old shares;
- that the price of shares to be issued shall be determined by the Board of Directors, in compliance with Article L. 3332-19 of the French Labor Code;

- to give all rights to the Board of Directors, with power to subdelegate, in order:
 - to implement this delegation, decide and possibly realize the share capital increase in accordance with this resolution, set the final amount of said share capital increase(s), determine their dates and modalities, set the price of the new shares, determine the opening and closing dates of the subscription period, determine the date of possession of the new shares, determine the method of payment of their subscriptions, establish the list of beneficiaries and the number of shares to be attributed to each of them,
 - prepare the complementary report describing the final conditions of the operation as provided by Articles L. 225-129-5 and L. 225-138 of the French Commercial Code,
 - to put in place, if the Board deems it necessary, an employee savings scheme to be created, which shall be financed voluntarily by employees and possibly by contributions made by the Company, if it so decides,
 - more generally, set the modalities and conditions which shall be realized by virtue of this authorization, take note of the final realization of the share capital increase(s), proceed with the modification of the articles of incorporation accordingly, take all measures and execute acts and carry out all necessary formalities.

The Shareholders take note of the fact that this delegation of authority cancels any other previous delegation having the same purpose and notably, the delegation of authority given to the Board of Directors in accordance with resolution 17 adopted at the Shareholders' Meeting of May 14, 2014.





PROPOSED RESOLUTION 19

CANCELLATION OF PREFERENTIAL RIGHTS OF SUBSCRIPTION IN THE EVENT OF A THE SHARE CAPITAL INCREASE(S) RESERVED FOR EMPLOYEES AND MENTIONED IN RESOLUTION 18

Board of Directors' Report:

We propose that you cancel, in accordance with the provisions of Article L. 225-138 of the French Commercial Code, the Shareholders' preferential rights of subscription to shares which shall be issued within the scope of the share capital increase(s) which shall be decided in compliance with the previous resolution and to reserve the issuing to employees of the Company and/or of companies which are bound to it, having, on the date of the opening of the subscription, a seniority of at least three months (and who are not on a prior notice period), possibly represented by a mutual fund (FCPE) to be created and/or subscribed to an employee savings scheme to be created, which shall be financed voluntarily by employees and possibly by contributions by the Company, should the Board of Directors so decide.

We remind you that, in accordance with Article L. 225-138 I of the French Commercial Code, the complementary report to be established by the Board of Directors, if the Board makes use of the delegation mentioned in resolution 18, would be certified by the Auditors.

Proposed resolution 19 - Cancellation of preferential rights of subscription in the event of a share capital increase(s) reserved for employees and mentioned in resolution 18

The Shareholders, after having considered the Board of Directors' Report, decide to cancel, in accordance with the provisions of Article L. 225-138 of the French Commercial Code, the Shareholders' preferential rights of subscription to shares which shall be issued

within the scope of the share capital increase(s) which shall be decided in compliance with the previous resolution and to reserve the issuing to employees of the Company and/or of companies which are bound to it, having, on the date of the opening of the subscription, a seniority of at least three months (and who are not on a prior notice period), possibly represented by a mutual fund (FCPE) to be created and/or subscribed to an employee savings scheme to be created, which shall be financed voluntarily by employees and possibly by contributions by the Company, should the Board of Directors so decide.





PROPOSED RESOLUTION 20

AUTHORIZATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO PROCEED TO FREE GRANTS OF SHARES TO OFFICERS AND EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES

Board of Directors' Report:

It is proposed that you renew the authorization to the Board of Directors, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, to grant free existing or to be issued shares, within the limits:

- of 4% of the share capital over 38 months (duration of the present authorization), including a maximum of 0.4% granted to the Corporate Officers; and
- of the global cumulative limit (with the stock options granted under resolution 21) of 6% of the share capital.

This authorization would allow managers and key executives to be more closely associated with the evolution of the shares, as are the Shareholders.

The Board of Directors would determine the conditions and the criteria for the grant of these shares and the identity of the beneficiaries of the free grants of shares among the employees, certain categories of them and/or to Corporate Officers of the Company or companies of the Group, in accordance with the regulations in force.

In any event, Corporate Officers and members of the Leadership Team may only be granted performance shares. Performance is currently assessed over a three-year period according to the achievement of two objectives:

- net sales growth;
- cash flow from operations and change in inventory, as a percentage of net sales.

Moreover, under the current policy of the Board of Directors, the Corporate Officers have to keep 20% of free shares acquired, until their mandate expires. The 20% is 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.

The Corporate Officers to whom performance shares granted will make the formal commitment not to use hedging instruments. The Board of Directors would determine the period after which the grant of shares would become final (vesting period) and possibly a minimum share retention period of the shares by the beneficiaries. The vesting period would be at least three years.

Moreover, in accordance with Article L. 225-197-1 of the French Commercial Code, we propose that you decide that, in case of a severe invalidity suffered by a beneficiary (second and third categories provided by Article L. 341-4 of the French Social Security Code), the shares will be definitely granted before the expiration of the remaining acquisition period.

This authorization would include waiver by the Shareholders of their preferential right to subscribe shares issued, as the shares are granted.

This authorization would be given for a period of 38 months and would replace the authorization given at the Shareholders' Meeting of May 15, 2013 (Resolution 11).

Proposed resolution 20 – Authorization to be given to the Board of Directors to proceed to free grants of shares to officers and employees of the Company and its subsidiaries

The Shareholders, after having considered the Board of Directors' Report and the Statutory Auditors' Special Report, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code:

- authorize the Board of Directors to proceed, once or several times, with the free grants of shares of the Company, either existing or to be issued, for the benefit of the employees, or some of them, certain categories of them and/or to Corporate Officers of SOCIÉTÉ BIC and of its connected companies within the meaning Article L. 225-197-2 of the French Commercial Code;
- decide that the Board of Directors will determine the identity of the beneficiaries of the free grants of shares, the conditions and, if necessary, the criteria for the grant of shares, it being specified that the free grant of shares to Corporate Officers and to members of the Leadership Team must be subject to performance conditions;

- decide that:
 - the total number of free shares granted under this authorization will not exceed 4% of the share capital as of the date of the decision made by the Board of Directors to grant the shares, including a maximum of 0.4% granted to the Corporate Officers;
 - the total number of free shares granted under this authorization will not exceed the global cumulative limit (with the stock options granted under resolution 21 above) of 6% of the share capital as of the date of the decision made by the Board of Directors to grant the shares;
- decide that the grant of shares to the beneficiaries will be definitive at the end of a minimal vesting period determined by the Board of Directors. This period shall not be less than three years as from their allotment. The Board of Directors may also set a period during which the beneficiaries shall retain the shares;
- decide that, in case of invalidity of a beneficiary corresponding to the second or third categories provided by Article L. 341-4 of the French Social Security Code, the shares will be definitely granted





before the expiration of the remaining vesting period. The said shares will be freely transferable as from their delivery;

- take note that the present authorization automatically includes, on behalf of the beneficiaries, waiver by the Shareholders of their preferential right to subscribe shares issued in accordance with this resolution, the share capital increase being definitely completed with the mere fact of the definitive grant of the shares to the beneficiaries;
- delegate authority to the Board of Directors, with faculty of delegation within the legal and statutory limits, to implement the present authorization, under the above-mentioned conditions and under the limits provided by the rules and regulations in force, and notably:
 - to proceed, if necessary, to adjustments of the number of shares granted in case of modification of the share capital in order to preserve the rights of beneficiaries,

- to determine the terms and conditions of the issuance that could be realized in accordance with this authorization, the date from which the new shares shall bear dividends,
- to proceed to capital increases through incorporation of reserves, profits or premiums, to amend consequently the articles of incorporation,
- and, generally, carry out all formalities necessary for the issuance, the quotation and the financial service of the shares issued in accordance with this resolution, and to do all that is necessary within the scope of the laws and regulations in force to carry out this delegation.

This authorization is given for a period of 38 months starting from the date of this Shareholders' Meeting and replaces the authorization given at the Shareholders' Meeting of May 15, 2013 (Resolution 11).

PROPOSED RESOLUTION 21

AUTHORIZATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO GRANT OPTIONS TO SUBSCRIBE FOR AND/OR PURCHASE SHARES OF THE COMPANY TO OFFICERS AND EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES

Board of Directors' Report:

Under Articles L. 225-177 *et seq.* of the French Commercial Code, it is proposed that you renew the authorization given to the Board of Directors to grant, on one or more occasions, to employees, to some of them, to some categories of them and/or to Corporate Officers of the Company and of its related companies, options to subscribe or to purchase BIC shares. This authorization would be given within the limits:

- of 2% of the share capital over 38 months (duration of the present authorization), including a maximum of 0.8% granted to the Corporate Officers;
- and of the global cumulative limit (with the free shares granted under resolution 20) of 6% of the share capital.

This authorization would allow managers and key executives to be more closely associated with the evolution of the share, as are the Shareholders.

Each time the Board makes use of this authorization, the Board will determine the beneficiaries of these options.

In any event, Corporate Officers and members of the Leadership Team may only be granted options under performance conditions. The Corporate Officers to whom such options would be granted would make the formal commitment not to use hedging instruments.

The subscription or purchase price would be determined by the Board of Directors and could not be lower than the Paris Stock Exchange average share price during the twenty sessions of the Paris Stock Exchange preceding the day the options are granted nor lower, for purchase options, than the average purchase price of the shares held by the Company in accordance with Articles L. 225-208 and/or L. 225-209 of the French Commercial Code.

This authorization would include waiver by the Shareholders of their preferential right to subscribe shares issued as the subscription options are exercised.

We propose that the options exercise period be set at a maximum of 10 years.

This authorization would be given for a period of 38 months and would replace the authorization given at the Shareholders' Meeting of May 15, 2013 (Resolution 12).





Proposed resolution 21 – Authorization to be given to the Board of Directors to grant options to subscribe for and/or purchase shares of the Company to officers and employees of the Company and its subsidiaries

The Shareholders, after having considered the Board of Directors' Report and the Auditors' Special Report, in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code:

- authorize the Board of Directors, to grant, on one or more occasions, to employees, to some of them, to some categories of them and/or to Corporate Officers of SOCIÉTÉ BIC and of its related companies within the meaning of Article L. 225-180 of the French Commercial Code, options to subscribe for new shares of the Company (resulting in a capital increase) or to purchase existing shares of the Company;
 - decide that the Board of Directors will determine the identity of the beneficiaries of the options to subscribe for and/or purchase shares, the conditions and, if necessary, the criteria for the grant of options, it being specified that the grant of options to Corporate Officers and to members of the Leadership Team must be subject to performance conditions;
 - decide that the Board of Directors will determine the duration or period(s) of exercise of the options granted, it being specified that the duration of the options may not exceed a ten-year period, as from their date of attribution;
 - decide that:
 - the total number of options which will be granted under this authorization will not give right to subscribe or purchase a number of shares higher than 2% of the share capital as of the date of the decision made by the Board of Directors to grant the options, including a maximum of 0.8% granted to the Corporate Officers,
 - the total number of the options allocated under this authorization and still to be exercised will not give right to subscribe more than 6% of the share capital (cumulative limit with the free shares granted under resolution 20) as of the date of the decision made by the Board of Directors to grant the options;
 - decide that:
 - with regard to stock subscription options: the subscription price will be determined on the day the options are granted by the Board of Directors, and 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 preceding the day the subscription options are granted,
 - with regard to stock purchase options: the purchase price of the shares by the recipients will be determined on the day the options are granted by the Board of Directors, and may not be either lower than the Paris Stock Exchange average share price, on the market with monthly payment, during the twenty sessions of the Paris Stock Exchange preceding the day the stock subscription options are granted, or lower than the average purchase price of the shares held by the Company in accordance with Articles L. 225208 and/or L. 225-209 of the French Commercial Code,
 - decide that no stock subscription or purchase options could be granted:
 - less than twenty sessions of the Paris Stock Exchange following the date on which the shares are traded ex-dividend, or in the twenty sessions following a capital increase,
 - within ten sessions of the Paris Stock Exchange preceding the date on which the financial consolidated statements or, failing this, the annual financial statements are made public,
 - during the period between, on the one hand, the date on which the social bodies of the Company are informed of information which, if it were made public, could have a significant impact on the price of the shares of the Company and, on the other hand, the later date of ten sessions of the Paris Stock Exchange from when this information is made public;
 - acknowledge that the present authorization automatically involves, for the recipients of the stock subscription options, waiver by the Shareholders of their preferential right of subscription for the shares that will progressively be issued as the options are exercised under this resolution;
 - delegate the authority to the Board of Directors, with the possibility to further delegate under the legal and regulatory rules applicable, to determine the other conditions and details of allocation of the options and of their exercise, and, notably, to:
 - determine the conditions under which the price and the number of shares could be adjusted, in particular in the cases provided in Articles R. 225-137 to R. 225-142 of the French Commercial Code,
 - proceed to any deduction from the reserves and/or premiums of the Company in order to realize the share capital increase(s) resulting from the definitive grant of shares to be issued,
 - provide the ability to temporarily suspend the exercise of options, during a three month period at the most, in case of realization of financial transactions implying the exercise of a right attached to the shares,
 - at its sole discretion, and if it considers it convenient, charge the expenses of the capital increases to the amount of the premiums related to these increases and deduct from this amount the sums necessary to carry the statutory reserve to one-tenth of the new capital after each increase,
 - perform or have performed all acts and formalities resulting from the implementation of this authorization, amend the articles of incorporation and, in general, do whatever is necessary to carry out this delegation.
- This authorization is given to the Board of Directors for 38 months starting from this day. It replaces, for the part not used, the authorization given at the Shareholders' Meeting of May 15, 2013 (Resolution 12).





PROPOSED RESOLUTION 22 MODIFICATION OF ARTICLE 14 "CHAIRMAN, CHIEF EXECUTIVE OFFICER, EXECUTIVE VICE-PRESIDENT" OF THE ARTICLES OF INCORPORATION

Board of Directors' Report:

The articles of incorporation of the Company currently set age limit of 70 years for the Chairman, the Chief Executive Officer and the Executive Vice-Presidents.

Following the retirement of Mario GUEVARA announced on February 17, 2016, the Board of Directors intends, after the Shareholders' Meeting, to combine the Chairman and Chief Executive Officer functions and to appoint Bruno Bich as Chairman and Chief Executive Officer. The temporary combination of these functions will allow Bruno Bich to continue to develop a Chief Executive Officer successor.

Bruno Bich, currently Chairman of the Company, will be 70 years old in October 2016.

We therefore propose that you modify the articles of incorporation in order to set the age limit of the Chairman, the Chief Executive Officer and the Executive Vice-Presidents at 72 years.

Proposed resolution 22 - Modification of Article 14 "Chairman, Chief Executive Officer and Executive Vice-President" of the articles of incorporation

The Shareholders decide to modify the rules governing the age limit of the Chairman, the Chief Executive Officer and the Executive Vice-Presidents and to set this limit at 72 years.

The last paragraph of Article 14 - Chairman, Chief Executive Officer and Executive Vice-Presidents - of the articles of incorporation, is modified as follows:

- Previous version : "The maximum age of the Chairman, the Chief Executive Officer and the Executive Vice-Presidents is fixed at 70 years old. When the Chairman, the Chief Executive Officer or an Executive Vice-President reaches this age, his/her resignation is automatic."
- New version : "The maximum age of the Chairman, the Chief Executive Officer and the Executive Vice-Presidents is fixed at 72 years old. When the Chairman, the Chief Executive Officer or an Executive Vice-President reaches this age, his/her resignation is automatic."

The rest remains unchanged.





7.3. Ordinary and Extraordinary Shareholders' Meeting

PROPOSED RESOLUTION 23 **AUTHORIZATION TO PERFORM FORMALITIES**

Board of Directors' Report:

This resolution allows the performance of the legal formalities following the present Meeting.

Proposed resolution 23 - 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.





7.4. Statutory Auditors

7.4.1. STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL DECREASE

Combined Shareholders' Meeting of May 18, 2016 - Resolution n°14

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

To the Shareholders,

In our capacity as Statutory Auditors of BIC and pursuant to the provisions of Article L.225-209 of the French Commercial Code (*Code de commerce*) concerning share capital decreases by cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

Shareholders are requested to confer all necessary powers to the Board of Directors, during a period of 18 months starting from this Shareholders' Meeting, to cancel, on one or more occasions, and up to a maximum of 10% of the share capital in any twenty-four month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned Article of the French Commercial Code.

We performed the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Those procedures consisted in examining whether the reasons for and the terms and conditions of the proposed share capital decrease, which does not interfere with the equal treatment of shareholders, are due and proper.

We have no matters to report on the reasons for or terms and conditions of the proposed share capital decrease.

*Paris and Neuilly-sur-Seine, March 8, 2016
The Statutory Auditors
French original signed by*

Grant Thornton
*French member of Grant Thornton
International Vincent PAPAZIAN*

Deloitte & Associés
François BUZY





7.4.2. STATUTORY AUDITORS' REPORT ON THE ISSUE OF NEW ORDINARY SHARES AND/OR MARKETABLE SECURITIES WITH RETENTION OF PREFERENTIAL SUBSCRIPTION RIGHTS

Combined Shareholders' Meeting of May 18, 2016 - Resolutions n°15 & 16

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

To the Shareholders,

In our capacity as Statutory Auditors of BIC and pursuant to the provisions of Article L. 228-92 of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation to the Board of Directors of the authority to decide on an issue of new ordinary shares and/or marketable securities granting entitlement to share capital (hereinafter the "Hybrid Marketable Securities"), with retention of preferential subscription rights, a transaction on which you are being asked to vote.

The par value amount of issues of ordinary shares may not exceed €50 million euros. The amount of issues of Hybrid Marketable Securities may not exceed €650 million euros; this amount includes the par value amount of the shares to which these Hybrid Marketable Securities confer entitlement.

These ceilings take into consideration the additional number of securities to be created in connection with the implementation of the delegation referred to in Resolution n°15, under the conditions provided for in Article L. 225-135-1 of the French Commercial Code, should you adopt Resolution n°16.

Based on its report, your Board of Directors proposes that you confer on it the authority for a period of 26 months, as from the date of this Shareholders' Meeting, the authority to decide on one or more issues. If necessary, the Board of Directors will set the final issue terms and conditions of these transactions.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.*, of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts, on the proposed waiver of preferential subscription rights and on certain other information concerning these transactions, contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying the content of the Board of Directors' report in respect of these transactions and the terms and conditions governing the determination of the issue price of equity securities to be issued.

Furthermore, as the Board of Director's report does not include information on the terms and conditions governing the determination of the issue price of equity securities to be issued, we cannot express an opinion on the issue price calculation inputs.

As the final terms and conditions under which the issues will be performed have not yet been decided, we do not express an opinion on the final terms and conditions under which the issues will be performed.

In accordance with Article R.225-116 of the French Commercial Code, we shall issue an additional report, if necessary, on the performance by your Board of Directors, of any issues of marketable securities which are equity securities granting entitlement to other equity securities or of any issues of marketable securities granting entitlement to equity securities to be issued.

Paris and Neuilly-sur-Seine, March 8, 2016
The Statutory Auditors
French original signed by

Grant Thornton
French Member of Grant Thornton International
Vincent PAPAZIAN

Deloitte & Associés
François BUZY





7.4.3. STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL INCREASE RESERVED TO MEMBERS OF A CORPORATE SAVINGS PLAN

Combined Shareholders' Meeting of May 18, 2016 - Resolutions n°18 & 19

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

To the Shareholders,

In our capacity as Statutory Auditors of BIC and in accordance with the procedures provided for in Articles L. 225-135 *et seq.* of the French Commercial Code (*Code de Commerce*), we hereby report to you on the proposed delegation to the Board of Directors of the authority to decide on a share capital increase via the issue of ordinary shares, with waiver of preferential subscription rights, reserved to employees of the Company and its affiliated French or foreign companies within the meaning set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code (*Code du travail*), represented possibly by an Employee Savings Mutual Fund (FCPE) to be created and/or members of a corporate savings plan to be created, for a maximum amount representing not exceeding 3% of the share capital as of the date of this Shareholder's Meeting, a transaction on which you are being asked to vote.

This share capital increase is being submitted to you for your approval pursuant to Articles L. 225-129-6 of the French Commercial Code (*Code de commerce*) and L. 3332-18 *et seq.* of the French Labor Code (*Code du travail*).

Based on its report, your Board of Directors recommends that you confer on it, for a period of 26 months, the authority to decide on a share capital increase, and waive your preferential subscription rights to the ordinary shares to be issued. If applicable, the Board of Directors will be responsible for determining the final issuance terms and conditions of this transaction.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the proposed waiver of preferential subscription rights and on certain other information pertaining to the issuance as presented in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to this transaction and the terms and conditions in which the issue price of the shares to be issued was determined.

Subject to our subsequent review of the terms and conditions of the proposed share capital increase, we have no comments to make on the procedures for determining the issue price of the ordinary shares to be issued presented in the Board of Directors' report.

As the final terms and conditions under which the share capital increase will be carried out have not yet been set, we express no opinion on it and, consequently, on the proposed waiver of the preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, where necessary, when this delegation of authority is utilized by your Board of Directors.

Paris and Neuilly-sur-Seine, March 8, 2016
The Statutory Auditors
French original signed by

Grant Thornton
French Member of Grant Thornton International
Vincent PAPAZIAN

Deloitte & Associés
François BUZY





7.4.4. STATUTORY AUDITORS' REPORT ON THE GRANTING OF EXISTING SHARES, OR SHARES TO BE ISSUED, FOR NO CONSIDERATION

Combined Shareholders' Meeting of May 18, 2016 - Resolution n°20

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

To the Shareholders,

In our capacity as Statutory Auditors of BIC, and in accordance with the procedures provided for in Article L.225-197-1 of the French Commercial Code (*Code de commerce*), we have prepared this report on the proposal to grant existing shares or shares to be issued for no consideration, to employees and/or Corporate Officers of the Company and affiliated companies, or to certain categories of employees and Corporate Officers, a transaction on which you are being asked to vote.

The total number of shares that may be granted for no consideration pursuant to this authorization may not exceed (i) more than 4% of the share capital as of the date of the Board of Director's decision to grant these shares, of which a maximum of 0.4% for Corporate Officers and (ii) the overall cumulative ceiling (including the share purchase/ subscription options granted pursuant to the 21st resolution) of 6% of the share capital social as of the date of the Board of Director's decision to grant these shares.

Based on its report, your Board of Directors proposes that you confer on it the authority for a period of 38 months, as from the date of this Shareholders' Meeting, to grant existing or shares to be issued for no consideration.

The Board of Directors is responsible for preparing a report on the transaction that it wishes to carry out. Our role is to inform you of our comments, if any, on the information thus given to you on the proposed transaction.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Our work consisted in verifying more specifically that the proposed procedures and data presented in the Board of Directors' report comply with the legal provisions.

We have no comments on the information given in the Board of Directors' Report in connection with the proposed granting of shares for no consideration.

Paris and Neuilly-sur-Seine,
March 8, 2016 The Statutory Auditors
French original signed by

Grant Thornton
French Member of Grant Thornton International
Vincent PAPAIZAN

Deloitte & Associés
François BUZY





7.4.5. STATUTORY AUDITORS' REPORT ON THE GRANTING OF SHARE SUBSCRIPTION AND/OR PURCHASE OPTIONS

Combined Shareholders' Meeting of May 18, 2016 - Resolution n°21

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

To the Shareholders,

In our capacity as Statutory Auditors of BIC, and in accordance with the procedures provided for in Article L.225-177 and R. 225-144 of the French Commercial Code (*Code de commerce*), we have prepared this report on the proposal to grant share subscription and/or purchase options, to employees and/or Corporate Officers of the Company and affiliated companies, or to certain categories of employees and Corporate Officers, a transaction on which you are being asked to vote.

The total number of options that may be granted for no consideration pursuant to this authorization may not (i) give the right to subscribe to or purchase a number of shares which exceed more than 2% of the share capital as of the date of the Board of Director's decision to grant these options, of which a maximum of 0.8% for Corporate Officers and (ii) for the options not yet exercised, may not give the right to subscribe to a number of shares which exceed the overall cumulative ceiling (including the existing shares or shares to be issued pursuant to the 20th resolution) of 6% of the share capital social as of the date of the Board of Director's decision to grant these options.

Based on its report, your Board of Directors proposes that you confer on it the authority for a period of 38 months, as from the date of this Shareholders' Meeting, to grant share subscription and/or purchase options.

The Board of Directors is responsible for preparing a report on the reasons for granting proposing share subscription and/or purchase options as well as the terms and conditions proposed for setting the price of these share subscription and/or purchase options. Our role is to inform you of our opinion on the terms and conditions proposed for setting the price of these share subscription and/or purchase options.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Our work consisted in verifying more specifically that the terms and conditions proposed for setting the price of these share subscription and/or purchase options comply with applicable law and regulations.

We have no comments on the information given in the Board of Directors' report in connection with the terms and conditions proposed for setting the price of these share subscription and/or purchase options.

Paris and Neuilly-sur-Seine, March 8, 2016

The Statutory Auditors

French original signed by

Grant Thornton
French Member of Grant Thornton International
Vincent PAPAIZIAN

Deloitte & Associés
François BUZY





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8.1. Documents on display

MEMORANDUM AND ARTICLES OF INCORPORATION

See Chapter 6. Information on the Company.

2015 ANNUAL INFORMATION REPORT

See Annual Information Report.

FINANCIAL HISTORICAL INFORMATION

The 2014 and 2015 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 11, 2015	Full Year 2014 Results
February 27, 2015	Fuel Cell disposal
April 07, 2015	Fuel Cell divestment closing
April 22, 2015	1 st Quarter 2015 Results
July 30, 2015	2 nd Quarter and 1 st Half 2015 Results
October 02, 2015	Modernization industrial facilities in France
October 21, 2015	9 months 2015 Results
December 09, 2015	Completion Cello acquisition





8.3. Person responsible

NAME AND FUNCTION

Mario Guevara
Chief Executive Officer

DECLARATION BY RESPONSIBLE PERSON OF THE REGISTRATION DOCUMENT

"I certify that I have taken all reasonable care to ensure that the information contained in this registration document is, to the best of my knowledge, accurate and does not omit any material fact.

I certify that to the best of my knowledge, the accounts are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company and all undertakings in the consolidation taken as a whole, and that the management report, referenced in the cross reference table, includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

I have received a letter from the Statutory Auditors, confirming that they have completed, in accordance with the professional standards applicable in France, the work necessary to verify the information related to the financial statements included in this registration document. The Auditors also confirmed that they reviewed this document in its entirety."

On March 22, 2016,
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. François Buzy
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 2013 and 2014, 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. 14-0208 and No. D. 15-0184) 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.





ADDITIONAL INFORMATION

Cross reference table required under European Commission Regulation n°809/2004

8.5. Cross reference table required under European Commission Regulation n°809/2004

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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In accordance with the Commission Regulation (CE) n 809/2004	Pages
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Cross reference table required under European Commission Regulation n°809/2004

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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.

N°	Information	Pages
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4.	Statutory Auditors' Report on the consolidated financial statements	217
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ADDITIONAL INFORMATION

Cross reference table with the management report of the Board

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.

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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 ⁽¹⁾ indicators and principles of the United Nations Global Compact and the general policies from the OECD Guidelines. ⁽³⁾

Contents of the registration document	Article 225 § 5 of the French Commercial Code	GRI ⁽¹⁾	CDSB Framework for reporting environmental information & natural capital ⁽²⁾	Principles of the Global Compact	OECD ⁽³⁾ general policies	Page
1. Group presentation		G4-3, G4-4, G4-17, G4-5, G4-6, G4-7, G4-8, G4-9		REQ-07	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, G4-16, G4-17, G4-18, G4-19, G4-20, G4-21, G4-22, G4-23, G4-24, G4-25, G4-26, G4-27, G4-28, G4-29, G4-30, G4-31, G4-32, G4-33, G4-34, G4-35, G4-36, G4-37, G4-38, G4-39, G4-40, G4-41, G4-42, G4-43, G4-44, G4-45, G4-46, G4-47, G4-48, G4-49, G4-50, G4-51, G4-52, G4-53, G4-54, G4-55, G4-56, G4-57, G4-58, G4-59, G4-60, G4-61, G4-62, G4-63, G4-64, G4-65, G4-66, G4-67, G4-68, G4-69, G4-70, G4-71, G4-72, G4-73, G4-74, G4-75, G4-76, G4-77, G4-78, G4-79, G4-80, G4-81, G4-82, G4-83, G4-84, G4-85, G4-86, G4-87, G4-88, G4-89, G4-90, G4-91, G4-92, G4-93, G4-94, G4-95, G4-96, G4-97, G4-98, G4-99, G4-100	P1, P2, P7, REQ-01, REQ-02, REQ-03	1 to 10	1, 5	33 to 45
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2.4 Our social responsibility to the employees	1.a, b, c, d, e, f, g	G4-10, G4-LA1, G4-LA6, G4-LA7, G4-LA8, G4-LA9, G4-LA10, G4-LA11, G4-LA12		1, 3 and 6	2, 10	70 to 84
2.5 Our societal responsibility	3.a, c, d, e	G4-S03, G4-HR10, G4-HR5, G4-HR6, G4-EC8		1, 2, 4, 5, 10	4, 8, 14	85 to 93
2.6. Milestones		G4-13, G4-28, G4-30, G4-20, G4-21, G4-22, G4-23, G4-32, G4-33	P1, P2, P4, P6, REQ-04, REQ-05, REQ-07, REQ-08, REQ-09, REQ-10, REQ-11, REQ-12		1, 2, 3, 7, 9, 13	94 to 100
3. Corporate governance		G4-34, G4-38, G4-39, G4-38, G4-51, G4- G4-41, G4-44		REQ-03		103 to 144

(1) GRI: Global Reporting Initiative, version G4.

(2) CDSB: Climate Disclosure Standards Board.

(3) OECD: Organization 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.

Normalized IFO:

Normalized means excluding non-recurring items as detailed page 147.

Net cash position:

Cash and cash equivalents+ Other current financial assets- Current borrowings- Non-current borrowings.

Net Cash from operating activities:

Principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

New products:

A product is considered as a new one in the year of its launch and the three following years.





8.10. Index

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