

BIC' tween us

REGISTRATION DOCUMENT 2012



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



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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**



2012 Registration Document

including the Annual Financial Report



This is a free translation of the registration document. The French version of the registration document was filed with the Autorité des Marchés Financiers (AMF – Paris Stock Exchange Authority) on March 27, 2013, 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 website 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).

GROUP PRESENTATION

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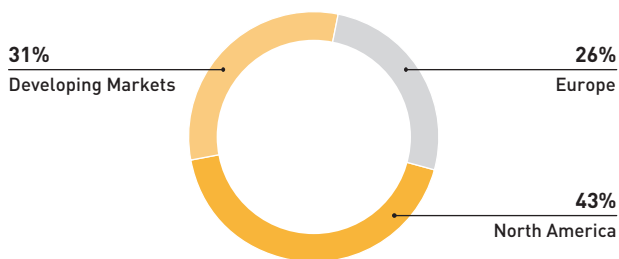
1.1. Group profile and strategy

→ WORLD LEADER IN ITS ACTIVITIES

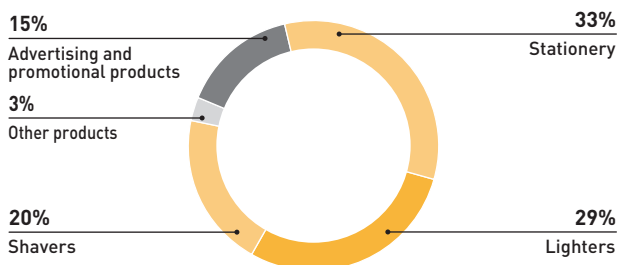
BIC is a world leader in the consumer goods markets (stationery, lighters and shavers) and in the Advertising and Promotional Products industries. For more than 60 years, BIC has provided safe, high-quality and affordable products to consumers in more than 160 countries and has become one of the most recognized brands in the world.

In 2012, BIC realized 1,898.7 million euros net sales and reached 373.8 million euros normalized IFO⁽¹⁾ (19.7% of net sales). Net income was 263.1 million euros and earnings per share 5.56 euros.

2012 NET SALES BREAKDOWN BY GEOGRAPHICAL AREA



2012 NET SALES BREAKDOWN BY CATEGORY



→ STRATEGY

Since the creation of the company in 1945, BIC operational and financial performance has relied on several fundamental strategic pillars:

- quality and Value product positioning;
- a large and diversified product portfolio aimed at answering consumers' needs:
 - our classic products are functional, reliable and affordable. They are designed to serve a very precise function and they offer the best value for money,
 - our value-added products are aimed at answering the growing demand for more sophisticated goods;
- innovation: in 2012, BIC realized 21% of its net sales through new products⁽²⁾;
- recognized brands:
 - in the Consumer business: BIC®, Tipp-Ex®, Wite-Out®, Sheaffer®, BIC® Kids, BIC® Matic,
 - in Advertising and Promotional Products: BIC Graphic and Norwood PP;
- historical international footprint in both developed and developing markets. BIC is present in more than 160 countries and developing markets accounted for 31% of 2012 net sales;
- an international, complete and solid distribution network (stationery stores, office product companies, mass-merchandisers, convenience stores, distributors, wholesalers and cash-and-carry outlets...);
- 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;
- a solid balance sheet and a clear use of cash strategy, including:
 - internal development, through focused capital expenditures,
 - external growth, through bolt-on strategic acquisitions in order to:
 - acquire a technology not yet held by the Group,
 - enter a new market segment,
 - enter a new geographic area;
- a regular shareholder remuneration.

(1) Normalized IFO: normalized for 2012 means excluding restructuring, the costs of BIC APP integration plan, the gain on the disposal of the phone cards distribution business in France and real estate gains – for 2011 excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to "other products" Greece consumer division and the gain on the disposal of REVA peg business.

(2) A product is considered as a new one the year of its launch and the 3 following years.

→ COMMITMENT TO SUSTAINABLE DEVELOPMENT

Lightweight, long-lasting products

BIC's priority is to design products with a low-impact on the environment, i.e. products manufactured with a minimum of resources while lasting a maximum amount of time. The Group has initiated an eco-design approach and started to integrate alternative solutions such as the use of recycled materials or bioplastic in the manufacturing of certain products like the BIC® Ecolutions™ pen range.

Clean and safe factories

The Group has 23 main factories of which 21 are located in developed countries (according to the HDI indicator), where are implanted environmental management systems (achieved to a rate of 95%) and health and safety management systems (achieved to a rate of 97%) have been put in place.

Historical Social Responsibility

Since the beginning, BIC supports the individual development of its employees. The Group has a complete program for the training and development of its employees' skills and employability. Our business is founded on a clear vision, a lasting philosophy and fundamental common values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity.

The BIC Sustainable Development Barometer

BIC evaluates the progress of its Sustainable Development Program with the BIC Barometer, which defines 10 sustainable development objectives associated with 10 performance indicators and is updated every three years.

→ STRONG CORPORATE GOVERNANCE

As a family controlled company, BIC Group attached importance to good practice in Corporate Governance rules. Since 2006, the offices of Chairman of the Board and the CEO are separated. In conformity with recommendations of the AFEP-MEDEF, more than one-third of Board members are Independent Directors (four out of ten). The Board is assisted by the Audit Committee and the Compensation and Nomination Committee. In 2012, the Board of Directors met six times, and the rate of attendance was 100%.

→ PARTNERSHIP WITH CELLO

On January 21, 2009, BIC signed a definitive agreement with Indian Cello Group whereby BIC Group was to acquire 40% of the Cello Writing Instrument business which was being carried out by 7 entities, for 7.9 billion Indian rupees. As part of the agreement, BIC benefits from a call option in 2013 to increase its stake to 55% at a price based on a formula tied to earnings.

Founded in 1995 by the Rathod family, Cello Pens is India's largest manufacturer and distributor of writing instruments, with a presence in Africa, Middle East and Asia. Cello Pens is a vertically integrated manufacturer with modern facilities, strong in-house research, product development and marketing capabilities. With its broad portfolio of products and countrywide distribution network, the Cello brand is one of the most recognized in India. With mid to high-single digit annual growth, India is one of the world's largest stationery markets.

On March 5, 2009 BIC's acquisition of 40% of 6 entities (out of 7) was completed for a sum of 3.8 billion Rupees. This proportionate share of Cello Pens net income has been accounted through the equity method in BIC Group accounts since April 1, 2009.

On January 4, 2010, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties." BIC Group then confirmed its intention to ensure the implementation of the agreements.

On August 4, 2010, BIC announced that it had initiated arbitration proceedings in order to enforce the full completion of the agreements, meaning the completion of the acquisition of 40% of one remaining entity, namely CPS.

On February 16, 2012, BIC Group received a favourable award from the Tribunal, constituted under the Rules of the Singapore International Arbitration Center, in respect of the acquisition of 40% shares in the 7th and last entity Cello Pens & Stationery (CPS) as per the definitive agreements signed on January 21, 2009.

The BIC Group now intends to proceed with the share purchase in CPS. On May 21, 2012, the BIC Group filed a petition before the Mumbai High Court seeking the enforcement of the arbitral award. As of January 31, 2013, this procedure remains pending.

1.2. Key figures

→ GROUP KEY FIGURES

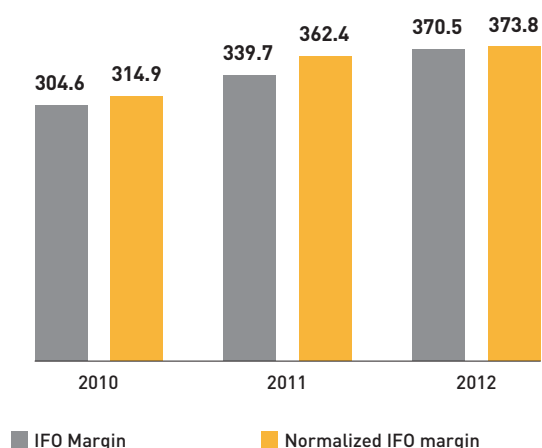
NET SALES ⁽¹⁾

In million euros



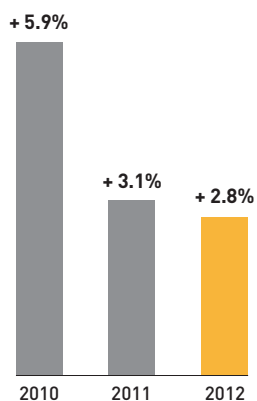
INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS ⁽²⁾

In million euros



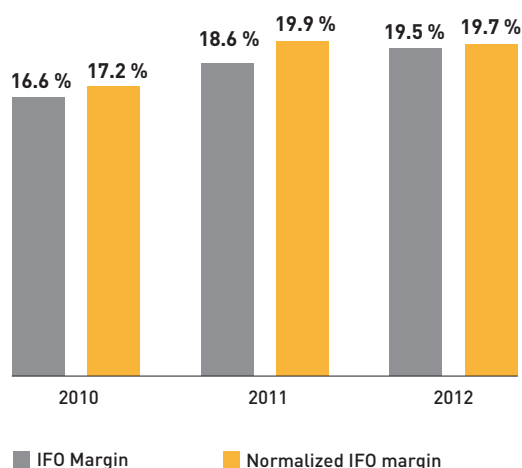
NET SALES GROWTH ON A COMPARATIVE BASIS ⁽¹⁾

In %



INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS MARGINS ⁽²⁾

In % of net sales

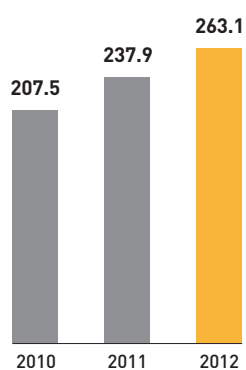


(1) At comparative basis: at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposables that occurred during the current year and/or during the previous year, until their anniversary date.

(2) Normalized IFO: normalized for 2012 means excluding restructuring, the costs of BIC APP integration plan, the gain on the disposal of the phone cards distribution business in France and real estate gains – for 2011 excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to “other products” Greece consumer division and the gain on the disposal of REVA peg business.

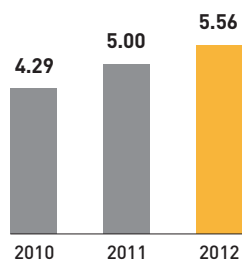
GROUP NET INCOME

In million euros



EARNINGS PER SHARE

In euros



PRODUCTION VOLUMES TRENDS

(in billion units)

	2010	2011	2012
Stationery consumer	4.547	4.825	4.889
Lighters	1.224	1.318	1.361
Shavers	2.270	2.336	2.413

1 - Group presentation

Key figures

KEY FIGURES BY CATEGORY

(in million euros)	CHANGE 2011/2012				
	2011	2012	AS REPORTED	AT CONSTANT CURRENCIES ^(a)	ON A COMPARATIVE BASIS ^(b)
TOTAL CONSUMER BUSINESS					
Net Sales	1,522.1	1,607.6	+5.6%	+2.7%	+5.3%
Normalized IFO ^(c)	338.1	351.8			
IFO	320.3	352.8			
Stationery consumer					
Net Sales	588.5	617.9	+5.0%	+2.6%	+2.6%
Normalized IFO	83.5	94.7			
IFO	83.5	94.6			
Lighters					
Net Sales	510.8	551.0	+7.9%	+4.3%	+4.3%
Normalized IFO	199.9	207.6			
IFO	199.8	208.2			
Shavers					
Net Sales	328.2	373.5	+13.8%	+10.1%	+10.1%
Normalized IFO	59.8	64.8			
IFO	59.8	65.0			
Other products ^(d)					
Net Sales	94.5	65.2	-31.0%	-31.8%	+14.3%
Normalized IFO	(5.2)	(15.3)			
IFO	(22.8)	(15.0)			
BIC APP					
Net Sales	302.0	291.1	-3.6%	-9.2%	-9.2%
Normalized IFO	24.3	22.0			
IFO	19.3	17.7			

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) 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.

(c) Normalized IFO: normalized for 2012 means excluding restructuring, the costs of BIC APP integration plan, the gain on the disposal of the phone cards distribution business in France and real estate gains – for 2011 excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to "other products" Greece consumer division and the gain on the disposal of REVA peg business.

(d) Income from operations includes other products income from operations as well as Group expenses not allocated to the other categories.

NET SALES BY GEOGRAPHICAL AREA

(in million euros)	CHANGE 2011/2012				
	2011	2012	AS REPORTED	AT CONSTANT CURRENCIES ^(a)	ON A COMPARATIVE BASIS ^(b)
Europe	517.7	484.5	-6.4%	-7.0%	-0.3%
North America	728.0	818.0	+12.4%	+3.5%	+3.5%
Developing markets	578.4	596.2	+3.1%	+4.1%	+4.7%

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) 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, and this until their anniversary date.

MAIN INCOME STATEMENT INFORMATION

(in million euros)	2010	2011	2012	CHANGE 2011/2012		
				AS REPORTED	AT CONSTANT CURRENCIES ^(a)	ON A COMPARATIVE BASIS ^(b)
Net Sales	1,831.5	1,824.1	1,898.7	+4.1%	+0.7%	+2.8%
Gross Profit	870.6	898.5	965.4	+7.4%		
Normalized Income From Operations ^(c)	314.9	362.4	373.8	+3.1%		
Income From Operations	304.6	339.7	370.5	+9.1%		
Financial income/(costs)	(1.8)	9.2	10.5	+14.2%		
Income Before Tax and non-controlling interest	302.8	348.8	381.0	+9.2%		
Income tax expense	(100.3)	(115.1)	(121.6)	+5.6%		
Income From Joint ventures	5.0	4.1	3.7			
Group Net Income	207.5	237.9	263.1	+10.6%		
Earnings Per Share (in euros)	4.29	5.00	5.56	+11.2%		
Number of shares ^(d)	48,341,785	47,565,299	47,339,322			

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) 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, and this until their anniversary date.

(c) Normalized IFO: normalized for 2012 means excluding restructuring, the costs of BIC APP integration plan, the gain on the disposal of the phone cards distribution business in France and real estate gains – for 2011 excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to “other products” Greece consumer division and the gain on the disposal of REVA peg business.

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

MAIN BALANCE SHEET ITEMS

(in million euros)	2010	2011	2012
Shareholders' equity	1,444.6	1,467.1	1,495.3
Current borrowings and bank overdraft	11.7	8.8	11.0
Non-current borrowings	2.8	1.6	1.5
Cash and cash equivalents – Assets	371.2	300.7	287.3
Other current financial assets	40.7	39.2	59.6
Net Cash position	397.1	329.5	334.5
Goodwill	219.9	211.6	208.8
Intangible assets	38.2	51.0	57.6
TOTAL BALANCE SHEET	2,024.2	2,080.5	2,189.4

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

CONDENSED CASH FLOW STATEMENT

<i>(in million euros)</i>	2010	2011	2012
Cash flow from operations	302.7	340.8	369.5
(Increase)/Decrease in net working capital	(1.3)	(114.8)	(37.9)
Other operating cash flows	(41.2)	(25.2)	(28.9)
Net cash from operating activities	260.2	200.8	302.7
Net cash from investing activities	(37.8)	(91.9)	(116.6)
Net cash from financing activities	(362.1)	(176.8)	(186.2)
Net increase/(decrease) in cash and cash equivalents	(139.6)	(68.0)	-
Closing cash and cash equivalents	368.0	299.4	283.0

1.3. History

1950

- In 1945, Marcel Bich bought a factory in Clichy, France, and set 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 decided to launch this revolutionary new product on the French market. He named 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 step in Brazil.

1957

- Development in United Kingdom and the Sterling zone.

1958

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

1969

- Entry in Advertising and Promotional Products through the writing instrument segment.

November 15, 1972

- SOCIÉTÉ BIC is listed on Paris Stock Exchange.

1973

- BIC diversified its product portfolio and launched the BIC® lighter with adjustable flame. Its reliability and quality made it an immediate success.

1975

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

1981

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

1992

- To broaden its range of stationery products, BIC purchases Wite-Out®, 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, an important step in BIC Group's development in Japan, the world's second largest stationery market.
- Penetration of a new market segment in stationery, the refillable school fountain pen, with the acquisition of Stypen® in France.

End 2005

- BIC opens its own stationery production facility in China. This direct presence in China allows the Group to better understand how to manufacture products locally and develop products specifically for Asia.

2006

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

2007

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

2008

- In July, partnership brand agreement with Orange to launch the BIC® Phone in France, the simple cell phone that is 100% ready to use.
- In November, opening of a new shaver packaging facility in Mexico to improve customer service levels in North America, reduce inventory and enhance cost savings through reduced freight volume and transportation costs.
- In December, acquisition of Antalis Promotional Products entities (Sequana Group). Antalis Promotional Products is European based and distributes a wide range of promotional products (pens, watches, T-shirts, diaries, gadgets and original business gifts). This activity is consolidated in the Group accounts since April 1, 2009.

2009

- In January, BIC signs a definitive agreement with Indian Cello Group whereby BIC Group was to acquire 40% of the Cello Writing Instrument business which was being carried out by 7 entities, for 7.9 billion Indian rupees. As part of the agreement, BIC benefits from a call option in 2013 to increase its stake to 55% at a price based on a formula tied to earnings.
- On March 5, 2009 BIC's acquisition of 40% of 6 entities (out of 7) is completed for a sum of 3.8 billion Rupees. This proportionate share of Cello Pens net income has been accounted through the equity method in BIC Group accounts since April 1, 2009.
- In April, launch of 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.
- In June, acquisition of Norwood Promotional Products leader in calendars, bags, awards, drinkware and other promotional goods in the USA. Total consideration for the acquisition was 125 million U.S. dollars plus 31 million U.S. dollars in assumed liabilities. Norwood Promotional Products is consolidated in BIC accounts since July 1, 2009.

2010

- In January, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties". BIC Group confirmed its intention to ensure their implementation. On August 4, 2010, BIC announced 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 APP San Antonio, Texas facility into other existing BIC APP U.S. locations, as well as the relocation of Norwood PP Indianapolis, Indiana headquarters to Clearwater, Florida.
- In June, divestiture of BIC APP funeral product business for a total amount of 17.3 million euros.

2011

- In first Half, disposals of PIMACO business to business divisions in Brazil and REVA peg business in Australia for 7.6 million euros.
- In April, acquisition of Sologear LLC, maker of FlameDisk®, a portable charcoal-alternative heat source for grilling for 1.0 million euros. The FlameDisk® product complements our Multi-Purpose lighter business.
- 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 :

- BIC subsidiary DAPE 74 (sales to tobacco shops in France – consolidated in the « Other Consumer Products » category) sold its phone card distribution business to SPF for 0.8 million euros.
- 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 will be operational end 2013. The total investment is estimated to be around 12 million euros.
- BIC Group received a favourable award from the Tribunal, constituted under the Rules of the Singapore International Arbitration Center, in respect of the acquisition of 40% shares in the 7th and last entity Cello Pens & Stationery (CPS) as per the definitive agreements signed on January 21, 2009. On May 21, 2012, the BIC Group filed a petition before the Mumbai High Court seeking the enforcement of the arbitral award. As of January 31, 2013, this procedure remains pending.

In September, BIC launched, in collaboration with Intel, BIC® Education, a simple and innovative educational solution for primary schools, combining handwriting and digital technology.

1.4. Business presentation

In 2012, BIC realized 85% of its sales in Consumer Goods (through its Stationery, Lighter, Shaver and Other Consumer Products categories) and 15% in the Advertising and Promotional industry.

→ CONSUMER BUSINESS

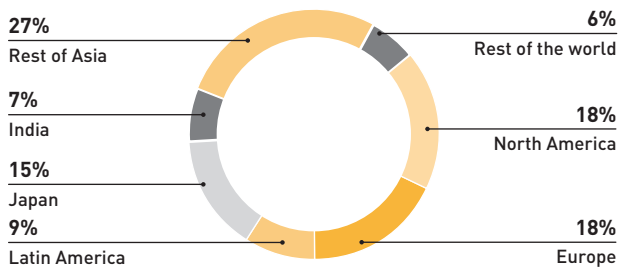
Stationery

The Stationery worldwide market is estimated at 7.5 billion euros (total supplier sales in 2011). This market is fragmented, typified by a large number of players who are often local. Only three players (BIC, Newell Rubbermaid and Pilot) hold more than 5% of the market each on a worldwide basis.

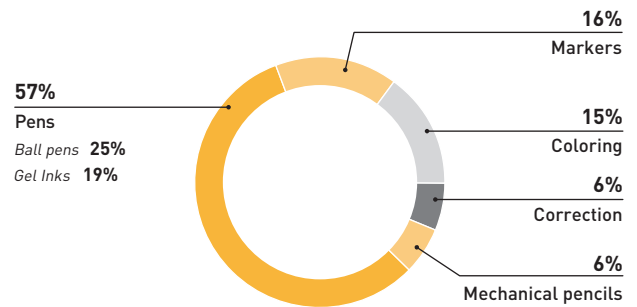
STATIONERY WORLDWIDE MARKET BREAKDOWN

(2011 estimated suppliers net sales figures/in value)

By geographical area



By product segment



BIC is No. 2 worldwide with approximately 8% market share⁽¹⁾, No. 1 in Europe (approximately 15% market share), No. 1 in Latin America (approximately 23% market share), No. 2 in the USA (approximately 15% market share). The Group benefits also a strong historical presence in Africa and 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, drawing accessories, is divided into more than 15 products sub-segments (ball pens, rollers, fountain pens, mechanical pencils, markers, correction products, etc.).

(1) All market shares are based on 2011 estimated suppliers net sales figures.



Writing instruments and marking (ballpoint pens, gel pens, fountain pens, felt pens, pencils and mechanical pencils, permanent markers, highlighters, and dry-erase markers)

SHEAFFER.



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®

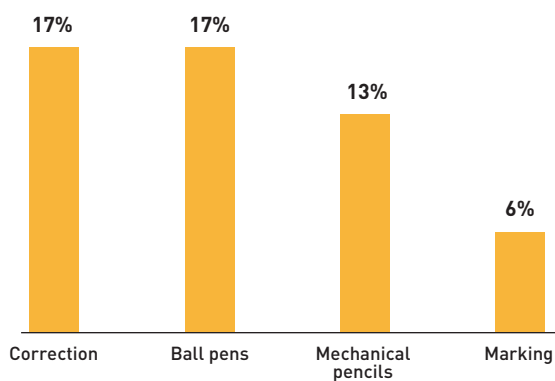


Adhesive labels in Latin America

BIC benefits from strong positions on major product segments:

BIC® STATIONERY WORLDWIDE POSITIONS AND MARKET SHARES IN VALUE

(BIC estimates)



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

- supporting classic products by constantly improving their quality;
- permanently listening to consumers, so as to bring them new and improved products;
- fostering innovation by launching new products with higher value added;
- increasing distribution and visibility;
- further developing our presence in fast growing countries.

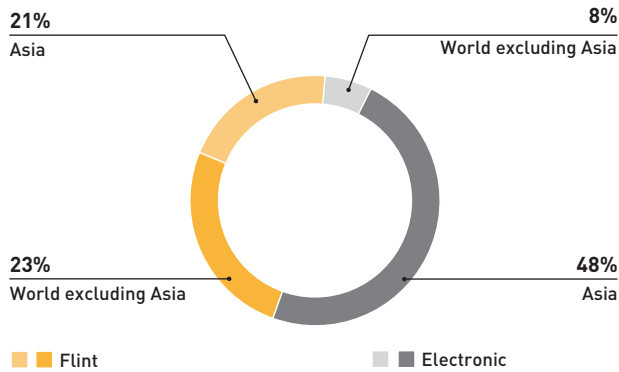
Lighters

The worldwide lighter market is estimated at 11.5 billion units (3.4 billion euros in value)⁽¹⁾ and broken down as follows:

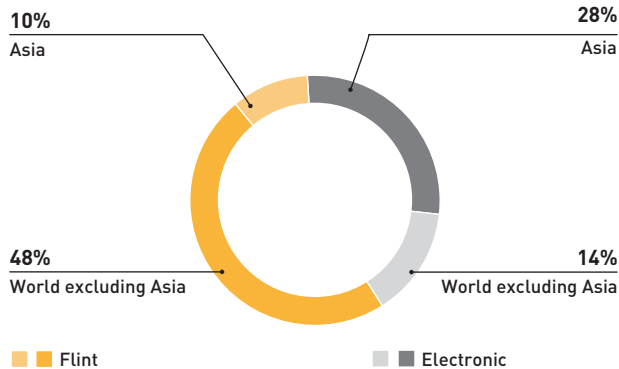
LIGHTER WORLDWIDE MARKET BREAKDOWN IN 2011

(BIC estimates)

Units



Value in euros

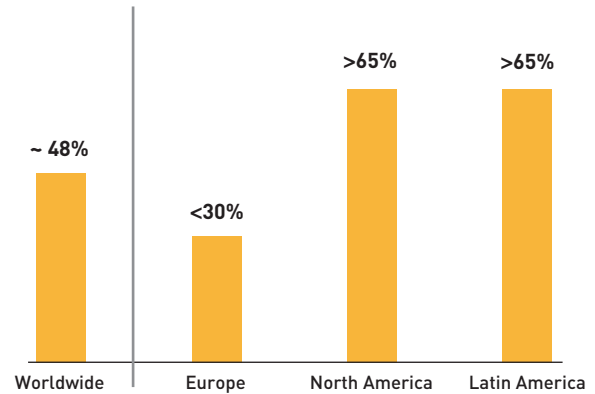


The lighter market is a very competitive market in which BIC benefits from the No. 1 worldwide position among branded lighters. BIC worldwide value market share (excluding Asia) in 2011 was approximately 48%. BIC is No. 1 in North America and in Latin America with more than 65% market share.

(1) BIC 2011 estimates.

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

(Estimated market shares/in value)



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 describes clearly the basic safety requirements for a lighter. ISO 9994 Safety Standard is the subject of legislation in major countries such as Canada (1989), Russia (2000), Argentina (2003), Mexico (2004), South Korea (2005), South Africa (2006), Japan (2011), Indonesia (2011) and the 27 countries of the European Union (2006);
- child-resistant requirements, a child-resistant lighter is a lighter purposely modified in order to make it more difficult to operate. A child-resistant lighter is a lighter that at least 85% of children under 51 months of age cannot operate. Child-Resistant legislation is the subject of legislation in major countries such as USA (1994), Canada (1995), Australia (1997), New Zealand (1999), the 27 countries of the European Union (2006) and Japan (2011), Korea (2012).

Since the late 80's, low-price lighter models that very often fail to comply with Safety Standards and 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 maintains lighter safety and quality. BIC® lighters are designed and manufactured in compliance with very strict safety, quality and performance requirements. As an example, the gas reservoirs of BIC® lighters are made of Delrin®, a high technical grade resin which ensures a high resistance to impact in case of drop, while allowing for a larger amount of gas and more lights than in many other lighters thanks to the thinness of its wall. Also, BIC® lighters are filled with pure isobutane which guarantees the stability of the flame.

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

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

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

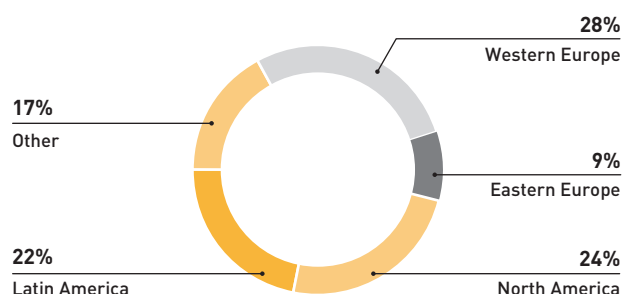
Shavers

The wet shave market generates annual sales revenue of more than 10 billion euros, and accounts for the majority (60%) of the total hair removal category.

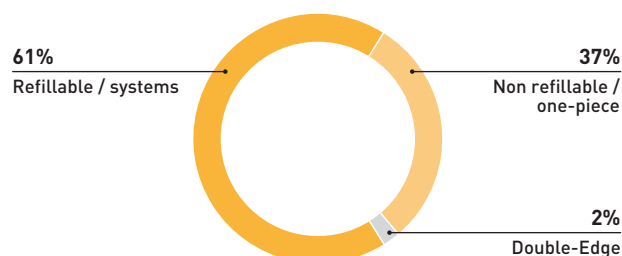
WET SHAVER WORLDWIDE MARKET IN 2012

(IRI, AC Nielsen figures and BIC estimates/in value)

By geographical area



By product segment



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

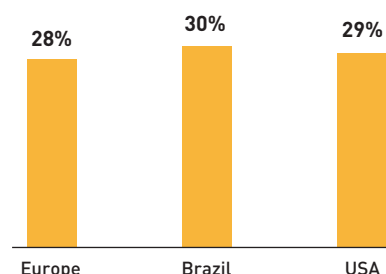
BIC's new product program has been a key driver of success, evidenced by its No. 2 global market position in the one-piece segment with an approximately 20% value market share. Most of BIC's focus in 2012 has been on the fast growing three-blade and four-blade sub-segments, where market shares are even stronger than their overall 20% share.

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

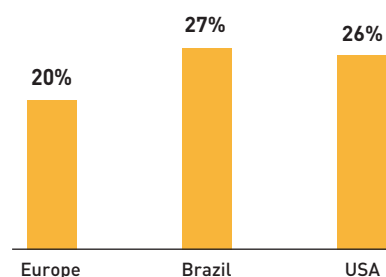
BIC MARKET SHARES IN THE THREE AND FOUR BLADES DISPOSABLE SHAVERS SEGMENT

(Based on IRI, AC Nielsen figures and BIC estimates Dec. 2012)

In volume



In value



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

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

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

Other Consumer Products

Other Consumer Product category includes various strategic and tactical activities:

- **BIC Sport:** today, BIC Sport is one of the world leaders in surfboard and wind surfboards. It has also expanded into new markets including kayaks and Stant-Up-Paddle. BIC Sport products are designed and mainly produced in Vannes (France). Sales are mainly realized through specialized stores and sporting goods superstores;
- **DAPE 74 Distribution:** sales to tobacco shops in France;

- **a range of both BIC® and non BIC®-branded products:** such as pantyhose sales in Greece, Austria and Ireland, batteries, a line of shaving preps; all of which are designed to tactically grow the presence of the BIC® brand in key markets;
- Other Consumer Products also include the licensing revenues derived from the **BIC® Phone**, the simple cell phone 100% ready to go and refillable, launched in partnership with different telecom operators in Europe (France, Spain, Belgium). More than 1,130,775 BIC® Phone have been sold since the launch of the product.

→ **ADVERTISING AND PROMOTIONAL PRODUCTS**

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. It has been strongly impacted by the recent economical crisis.

Total worldwide market size is estimated at more than 14 billion U.S. dollars (suppliers’ level). The U.S and Canadian markets represent around 59% of the total, Europe approximately 25% and the rest of the world (mainly Latin America) 16%.

The Promotional Products business is a diverse product category. In the USA, the PPAI (Promotional Product Advertising Industry) identifies more than 20 different segments. 17 of them are included into the “Hard Goods” category which represents 54% of the total market. The other significant segment is Apparel (30% of the market), Writing instruments (9% of the market) and Calendars (7% of the market).

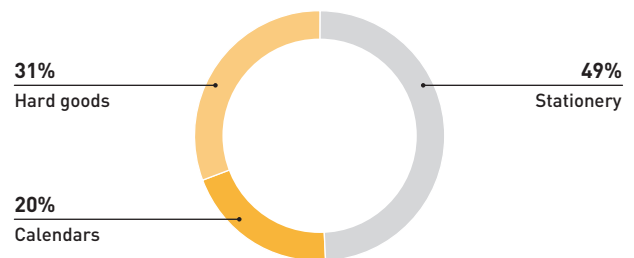
This industry is very fragmented at all levels, with a large number of suppliers and distributors. Advertising and Promotional industry suppliers sell their products to numerous large, mid-size and small distributors.

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.

Several strategic acquisitions have been made in recent years, beginning in 2007 with Atchison® bag brand in the USA. The acquisitions of Antalis Promotional Products and Norwood Promotional Products in 2009 have significantly strengthened BIC position as a worldwide leading Advertising and Promotional Products supplier⁽¹⁾. BIC APP is the No. 4 supplier in the USA, No. 2 in Europe and benefits from a significant presence in Latin America, Australia, Africa and Asia (through its sourcing activities).

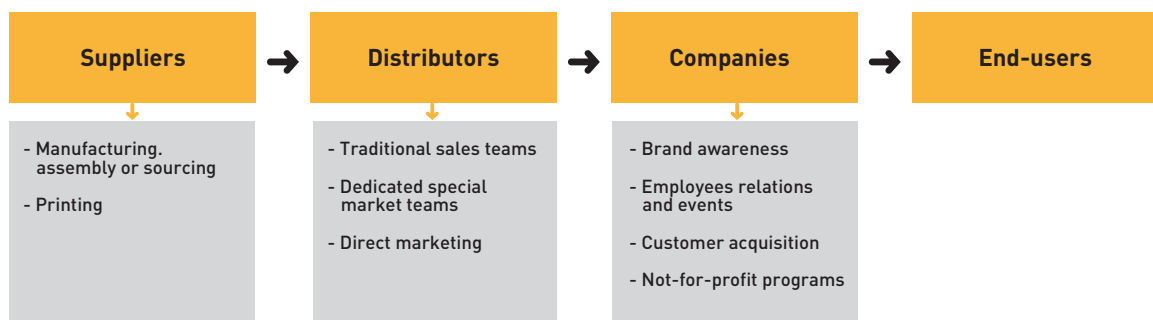
BIC APP offers a large and diversified range of product to its more than 30,000 distributor clients, from stationery products to hard goods such as drinkware and small electronics.

2012 BIC APP NET SALES BREAKDOWN



BIC APP realizes 20% of its net sales in the calendar business and is the leader of promotional calendars in the USA. The calendar market is a highly seasonal activity, with 90% of the sales shipped in the second Half of the year.

ADVERTISING AND PROMOTIONAL INDUSTRY ORGANISATION



(1) Non apparel.

1.5. 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 2012, there were approximately 150 employees located in Europe and North America in the research, development and innovation functions. In 2012, BIC invested approximately 1.8% of sales in research and development of new products; new products and line extensions accounted for 21% of BIC Group sales.

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

- In Stationery, BIC continuously innovates to bring state-of the art writing technology to its consumers and offers an average of 20 new products to consumers every year. The Stationery R&D department is organized around two sections: design which focuses on the mechanical properties of products and Ink Systems whose focus is inks' improvements. Very specific in the stationery industry, all the components of our products are developed and produced internally, up to the moulds and machines that will be used for production. This allows us to have the full control of the quality and reliability of the products we produce to offer consumers maximum satisfaction.
- In Lighters, conception of new products as well as product and process innovation in the gas lighters field are under strict constraints linked to the potentially dangerous nature and widespread uses of the product. For BIC, every development step must fulfill the imperative requirement of safety as a BIC® lighter must be – and remain – safe during its full life time for a normal use or even a reasonably foreseeable misuse. Product developments are supported by several patent 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. Fifteen to twenty new products are developed each year, from line extension to new product launches. BIC is using internal and external panels of experts in order to evaluate and validate product performances in live conditions. BIC also benefits from fundamental research partnerships with large universities and research laboratories around shaving efficiency and manufacturing process.
- In Advertising and Promotional Products, BIC APP has a global approach to new product development and service innovation based on BIC's long history of developing simple and long-lasting products. BIC APP relies on a dedicated global marketing team committed to research efforts into both customers/distributors and end-users. Improving or developing new printing technology is also a part of BIC APP quest to differentiate ourselves from the competition. With regard to product research and development, significant market research is conducted to identify products based on distributor and end-user demand insights. BIC APP's supply chain and sourcing organization are centralized for maximized efficiency, price and quality controls.
- Fuel Cell: for nearly ten years, BIC has been developing hydrogen fuel cartridges which are connected to the fuel cell device and replaced once the fuel is depleted. BIC Group announced in November 2011 the acquisition of the assets of Angstrom Power Incorporated, Vancouver, B.C., a company specializing in the development of portable fuel cell technology. BIC's hydrogen fuel cartridge technology and the Angstrom fuel cell device technology are complementary. BIC and Angstrom prototype designs have demonstrated high levels of performance and efficiency. BIC expects to bring a portable fuel cell device and fuel cell cartridge to market within 4 years.

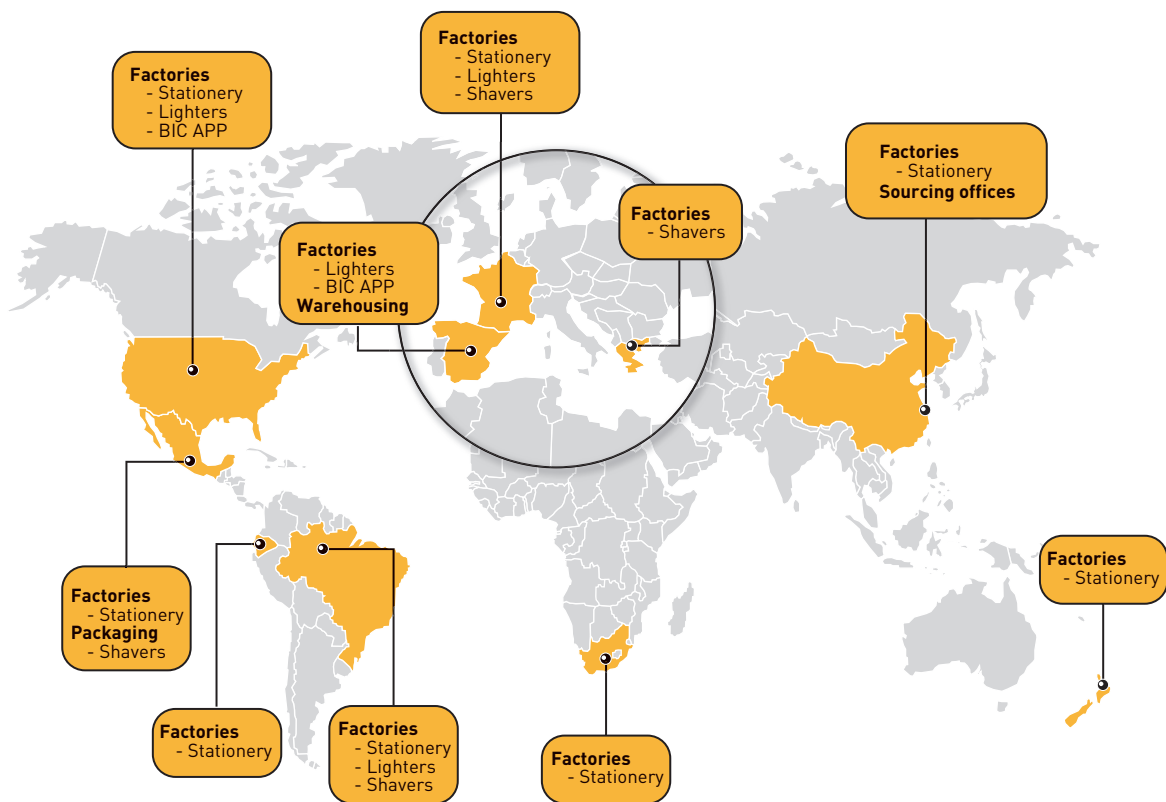
1.6. Property, plant and equipment

84% of the BIC® products (88% in the consumer product business 62% in the Advertising and Promotional Product business, BIC APP) are produced in BIC owned factories.

BIC has 23 main own factories around the world:

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

INDUSTRIAL SITES



EXISTING 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)
Brazil	Offices and warehouse	Cajamar	Lease	-
	Offices and factory	Rio de Janeiro	Own	Stationery, stickers
	Factory and warehouse	Manaus	Own	Stationery (ball pens, graphic pencils, coloring pencils), Lighters, Shavers
Spain	Factories and offices	Tarragona	Own	Stationery (ball pens, mechanical pencils, sticky notes), Lighters, Printing
	Warehouse	Barcelona	Lease	-
USA	Offices	Shelton, CT	Own	-
	Factories	St. Petersburg, FL	Own	Printing
		Milford, CT	Own	Lighters
		Gaffney, SC	Own	Stationery (markers)
		Charlotte, NC	Lease	Packaging
		Sleepy Eye, MN	Own	Promotional calendars
		Red Wing, MN	Own	Printing and engraving
	Offices and factory	Clearwater, FL	Own	Stationery (printing, sticky notes)
		Warehouses	Charlotte, NC	Own
	Arlington, TX		Lease	-
France	Offices	Clichy	Own	-
	Factories	Boulogne-sur-Mer	Own	Stationery (writing and coloring felt pens, mechanical pencils, markers, white boards)
		Cernay	Own	Stationery (inks, dyes)
		Longueil Sainte-Marie	Own	Shavers
		Montévrain	Own	Stationery (ball pens)
		Redon	Own	Lighters
		Samer	Own	Stationery (graphic and coloring pencils, leads)
		Vannes	Own	Stationery (ball pens), Other products (windsurfing, surfboards, boats)
Greece	Factory and offices	Anixi	Own	Shavers
Mexico	Factories and offices	Mexico City	Own	Stationery (ball pens, mechanical pencils, correction tapes)
		Saltillo	Lease	Packaging
	Warehouse	Tlalneplantla	Lease	-
New Zealand	Factory, warehouse, offices	Auckland	Own	Stationery (ball pens, felt pens, markers)

Major related encumbrances correspond to depreciation and rents.

1.7. Risk factors

→ INTRODUCTION

BIC pursues an active and dynamic approach of risk management. The purpose of this approach is to enhance the Group's capacity in identifying, managing and monitoring major risks that could affect its personnel, assets, environment or reputation, as well as the Group's ability to reach its objectives and abide by its values, ethics or laws and regulations.

The 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 Board of Directors function and on the risk management and internal control procedures implemented by the Company – see *Corporate Governance* § 3.1.2.2.3 – *Risk management process*, page 87.

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

→ MARKET RISKS

Foreign Exchange risk

The Group main currency exposure is the EUR-USD rate. In 2012, the yearly net exposure for commercial flows (315 million U.S. dollars) was hedged at the average rate of 1 EUR = 1.3473 USD. The important volatility on Foreign Exchange markets has brought us to be particularly vigilant all along the year on any arising element that would affect our FX exposure. Our controlling and follow-up tools allow us to collect the most accurate information and make sure we constantly capture the most precise picture of our Foreign Exchange risks. Group Treasury has adequate means to identify the risks and reliable tools to manage the exposure. Regarding the 2013 exposure, as of December 31, 2012, 100% of the identified exposure was hedged. The average hedged rate for 2013 is 1.2792 USD.

See also Note 24 to the consolidated financial statements, page 178.

Interest rate exposure

Exposure to interest rate fluctuations is very limited. All local funding needs are directly indexed on a short-term variable rate. Borrowers'

positions are insignificant at Group level, and are of a too limited timescale to require any hedging.

See Note 24 to the consolidated financial statements, page 178.

Counterparty risk

All financial instruments are set up with top-ranking banking institutions, making counterparty risk very low. The minimum Long Term Standard & Poor's rating of main banking counterparties is A-. The scale of ratings goes from AA- to A-. It should be noted that the rating is one of the elements we follow to understand the counterparty risk, but it is not the only criteria we use.

Counterparty risk of cash investment decisions is strictly studied (nature of assets, depositaries and conservators). The main part of the portfolio as of December 31, 2012 is on investment grade rated supports. Counterparty risk is estimated not significant as of December 31, 2012.

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, deposit 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 monetary funds qualified as "dynamics", with a recommended holding period that can be 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.

Throughout 2012, the deeper control levels, reinforced in 2011, on our portfolio performance and on the composition of the funds in which we invest, have been maintained. In that respect, we still do not bear directly or indirectly any exposure from Greece, Ireland and Portugal. Furthermore, the Group Treasury has paid high attention to the diversification of our investments in order to improve the pooling of risks and reduce the amount invested per counterparty. The most important mutual fund line in the portfolio at year end represents 23.32% of the total assets under management, and is qualified as regular monetary funds, liquid on a daily basis, and used for the daily liquidity requirements coming from the business.

→ LEGAL RISKS

To the knowledge of the Company, there is no information (rule, 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 situation, the result, the activity and the assets of the Company and the Group.

Moreover, to the knowledge of the Company, there are no governmental, judicial or arbitration procedure, which is pending or threatening the Company and which may or might have had during the last 12 months significant effects on the financial situation or the profitability of the Company and/or the Group.

→ INDUSTRIAL AND ENVIRONMENTAL – RELATED RISKS

Risk typology

The main industrial and environmental risks are related to the storage and use of dangerous, flammable and non-flammable products and substances. Among those are:

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

Regulatory context

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

The European SEVESO directive identifies industrial plants presenting major accident risks.

Operational management of risks

BIC maintains Environmental and Health and Safety Management Systems at each of its facilities to ensure that pollution prevention and risk prevention are fully integrated into daily operations:

- diligent attention is paid to the implementation and maintenance of release prevention 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 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, evaluate, 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;
- BIC is committed to the continuous improvement of facilities, equipment, and procedures intended to control risks associated with its activities. This is structured according to the Environmental and Health and Safety Management Systems implemented in all factories;
- our SEVESO plants have an emergency procedure protocol (*Plan d'opération Interne* or POI). Outside of France, many plants have equivalent emergency plans that address risks with potential off-site consequences. For our high-threshold SEVESO plants, we have a major hazard prevention policy and have implemented a safety management system to prevent major accidents, in conformity with the ministerial decree of May 10, 2000, transposition in French law of the European Council directive 96/82/EC;
- to address the REACH requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At a Group level, an expert administrator was appointed who, with the support of specialist firms, monitors the regulations, evaluates the impacts for the company and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has in particular pre-registered 70 substances for 5 legal entities. Registration of those substances, with the European Chemicals Agency (ECHA), will take place in 2013 and 2018.

BIC does not foresee any significant provisions for environmental risks. In any eventuality, BIC considers the costs related to reparations of this type should not have any material impact on the Group's results.

→ STRATEGIC AND OPERATIONAL RISKS

Risks related to Group's acquisitions

A part of the Group's strategy is to grow with acquisitions. Acquisition could allow for geographical expansion or reinforcing existing categories. Business integration of an acquired company is one of the key elements of success.

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

Risks related to competition

While the end customers of the Group are mostly individual consumers, the Group sells a significant part of its products to major retail chains. As matters of facts, the distribution market is subject to an intensifying concentration process, competitors follow a rationalization movement and major retailers develop their private labels. 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 increase consequently reliance of the Group 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 the 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 economic solutions to satisfy consumer needs.

Risks related to concentration on developed markets

BIC Group strategy is focused in particular on generating sales growth. BIC has been present for decades in developed markets where Group perspectives depend mainly on the ability to increase market share and profitability. As North American and European economies are expected to grow slowly for years to come, succeeding in growing areas has become a Group strategic objective. Consequently the Group aims to continue its development in developing markets.

To achieve this objective, sales and marketing plans have been developed to gain market share in most of the countries coupled with additional measures to reduce costs and increase productivity. Additionally the strong development in Latin America has reduced Group dependency on mature markets. Otherwise, the Group is broadening and deepening its presence in Asia.

Risks related to experienced employees and competencies

The Group possesses specific competencies through experienced resources especially in manufacturing processes and business practices. The loss of experienced employees could lead in slowing 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 subject to a specific attention with related programs (see *Social and environmental responsibility § 2.4 Our social responsibility to the employees*, page 54).

Risks related to anti-smoking measures

Lighters are an important part of the Group net sales (29% in 2012). The Group's lighter business is closely related to the worldwide sales of tobacco products. However, the tobacco industry is subject to increasingly stringent regulations around the world, mainly in developed countries. Anti-smoking campaigns and further restrictions in public places could lead to lower sales and a decrease in the Group's profitability.

Consequently, the Group monitors the effect of tobacco control activities on lighter sales. However, the quality of BIC lighters remains the decisive driver for continuous growth in a shrinking market.

Risks related to manufacturing plants

As a result of its manufacturing activities, the Group could be potentially 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 breakdown of a production site could have a negative impact on the Group's business.

The Group has therefore put in place an approach of active industrial risk prevention through regular audits of protection mechanisms, investments in equipments of 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 physical 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 policies (refer below, *Insurance – Coverage of any risks to which the issuer may be exposed*).

→ INSURANCE – COVERAGE OF ANY RISKS TO WHICH THE ISSUER MAY BE EXPOSED

BIC is covered by:

- insurance for "Civil Responsibility" including environmental risk related to gradual pollution and accidental pollution;
- insurance for operational damages and loss that covers all the sites.

Management believes that coverage and limits of these policies are appropriate.

The objective of the Company's property and liability program is to develop a uniformly high level of risk management and insurance protection for all of the BIC operating entities. This, in turn, will protect the corporate assets and earnings against insurable perils and controllable risks.

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. This discipline of risk management is expected to be practiced at all levels of the organization.

In those areas where it is able to exercise effective loss prevention and loss control, BIC retains a portion of the risk. While BIC relies on its proactive philosophy of managing risk for the protection of its assets, it nonetheless purchases insurance to protect against catastrophic loss, or in some cases, the probable exposure to loss, when taking into account its risk control programs.

The global cost estimate of the BIC Group policy insurance amounts to approximately 5 million euros. The total amount covered by the property damage/business interruption insurance amounts to approximately 3.5 billion euros.

It is BIC's intent to control risk through effective management techniques, as well as insurance, in order to meet its long-range 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.

Litigation related to product liability is primarily in the USA. Provisions to cover the risk related to those liabilities are limited to 2 million U.S. dollars, which is the amount of the deductible for each individual case.

The sole captive insurance company held by the Group is Xenia Insurance Company Limited, which is wholly owned by BIC CORPORATION. Xenia was created as a means to provide coverage for certain risks which are not covered by traditional insurance.

BIC is insured by Xenia Insurance Company Limited via three contracts. The first issues product liability certificates of insurance for BIC CORPORATION customers. The second one is a structured risk policy that covers excess employment practices liability, environmental liability, patent infringement, punitive damages, product recall, Florida windstorm, Greece earthquake and unforeseen events. The third contract is a "DIC/DIL" policy that provides coverage for property and/or casualty events that are not covered or payable under any existing BIC policies.

→ OTHER SPECIAL RISKS

Counterfeits

Counterfeits, often of low quality, of most well-known BIC Group products circulate principally throughout Africa, 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 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 enforcement authorities.

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 communications activities informing the different stakeholders (customers, market surveillance authorities...) as well as legal actions, particularly before the European Commission requesting that an infringement procedure be opened against the Netherlands, first member state for the import of lighters, for lack of enforcement of the standards. In March 2012, within this procedure, the European Commission sent a formal warning notice to the Netherlands. As of January 31, 2013, this procedure remains pending.

2

OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

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2.1. The BIC Sustainable Development Program

→ 2.1.1. OUR VISION OF SUSTAINABLE DEVELOPMENT

The story of BIC is first and foremost the story of a vision: "To offer simple, inventive and reliable choices for everyone, everywhere, every time."

For more than 60 years, BIC has been building on the fundamentals that constitute the strength of its economic model:

- classic products with a focus on continuous improvement in quality;
- innovations that keep pace with the changing needs of consumers, some of whom seek products with greater added value;
- a worldwide presence that becomes more firmly established every year in developing markets like Latin America, Africa, the Middle East and Asia;
- a constant effort to control manufacturing costs, backed by a highly efficient industrial tool.

This simple, pragmatic and ambitious economic model has given the Group a considerable advantage in adapting to the new challenges of globalization in the business world and to the current uncertain economy.

Simplicity, pragmatism and ambition were also the bywords for the definition in 2003 of the Group's sustainable development approach

– an important aspect of corporate responsibility. The pursuit of that approach since then has enabled BIC to exert better risk control and seize opportunities as they arise.

Through this Program, BIC Group seeks to:




- develop ecological common sense: in order to limit its consumption of natural resources, the Group strives to minimize the use of raw materials in its products and packaging, while gradually introducing new eco-friendly, recycled or renewable materials;
- reduce its environmental impact: because BIC measures the environmental impact of its products, factories and transport activities, it has a basis for implementing, actions to reduce environmental impact;
- build day-to-day relationships based on trust: BIC also focuses on strengthening employee skills and employability, while promoting local initiatives to support communities.

In addition, the BIC Group Code of Conduct is implemented in BIC factories and by BIC contract manufacturers.

Lastly, BIC pilots and evaluates the progress of its Sustainable Development Program with the BIC Barometer, which defines ten sustainable development commitments associated with ten performance indicators and is updated every three years (page 28 & 29).

→ 2.1.2. THE ISSUES FOR THE GROUP

BIC has identified the main issues related to the key phases of its business, from the supply of raw materials to the use of the product and to its end-of-life management.

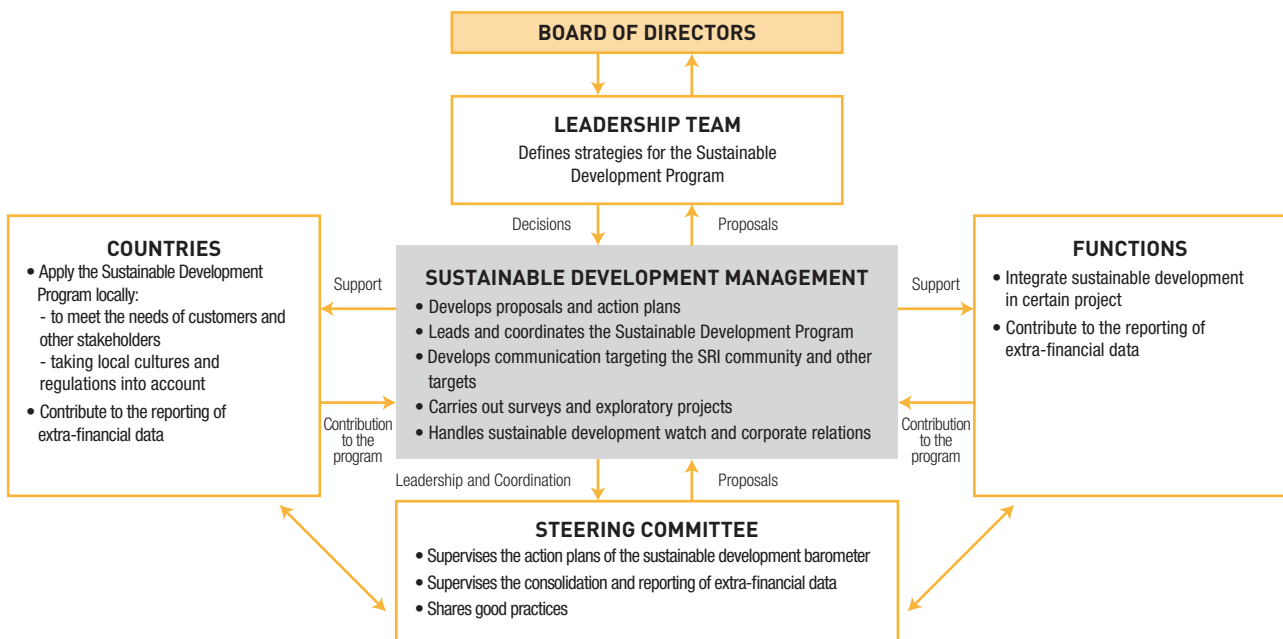
Purchasing 	The supply of raw materials that are used to make BIC® products <ul style="list-style-type: none"> • 43.5% of the Group's purchasing concern plastics 	<ul style="list-style-type: none"> • Reduce consumption of non-renewable raw materials • Promote the use of alternative materials (recycled or plant-derived) • Ensure suppliers' compliance with environmental, social and governance standards
Production 	The manufacture of BIC® products in the Group's factories or by contract manufacturers <ul style="list-style-type: none"> • 46 million products sold every day worldwide 	<ul style="list-style-type: none"> • Reduce water and energy consumption • Reduce CO₂ emissions and wastes • Reduce our impact on biodiversity • Maintain good working conditions for our employees • Ensure respect for Human Rights • Strive to develop employees' skills • Promote diversity in the company
Distribution 	The shipping of BIC® products by transport service providers <ul style="list-style-type: none"> • 0,559 teqCO₂ per tonne 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"> • Up to 2 km for a BIC® Cristal pen • Up to 3,000 flames 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 elimination of BIC® products <ul style="list-style-type: none"> • Weight of a BIC® Cristal 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

→ 2.1.3. OUR STRUCTURE FOR SUSTAINABLE DEVELOPMENT

2.1.3.1. 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.

Since it began in 2004, BIC's cross-organizational approach has worked its way deeper and deeper into the hearts of each department. Marketing teams, for example, try to consider the environmental stakes right from the design stage for each new product. The operational approach is implemented through local correspondents all around the world, as well as a Sustainable Development Director in Europe. The Sustainable Development Director coordinates these missions and reports to one of the Group's two Executive Vice-Presidents.



The 2012 BIC Sustainable Development Forum was held in Clichy (France) on June 26 and 27, bringing together all 25 members of the Sustainable Development Team and chaired by CEO Mario Guevara. This key meeting was an opportunity to conduct an annual review of the Group's Program, including achievements, goals and perspectives, whether in the factories, in logistics or concerning the products and their packaging, as well as the actions undertaken to reinforce the Group's social and societal commitment. Two workshops were held

to review past accomplishments and potential projects, which provide direction for future endeavors of the BIC Sustainable Development Program.

In addition, the Forum opened with a discussion of various experiences with Social Business. Organized by BIC University and open to the managers at the Clichy headquarters, this event gave added impetus to the subsequent dialog on sustainable development.

2.1.3.2. Our management: the BIC Sustainable Development Barometer

Since 2008, the Group has based the application of its approach on a management tool: the BIC Sustainable Development Barometer. This Barometer defines ten commitments addressing the key challenges: the environmental performance of BIC's products and packaging, the environmental performance of its factories, the impact of its transport operations on climate change, safety in the workplace, its employees' personal development, compliance with the Code of Conduct and the Group's commitment to local communities. This approach is implemented on a worldwide scale (except for BIC APP in certain cases). The Barometer's objectives are set for three years, and progress in each area is measured annually.

In 2011 the Group launched the second edition of its Barometer for 2011-2013, renewing its ten commitments associated with specific performance indicators.

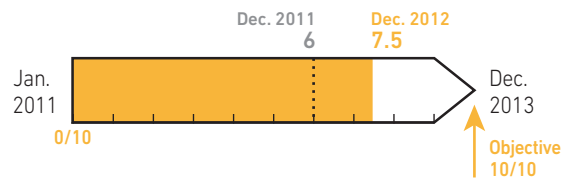
At the end of 2012, the overall score on the Barometer stood at 7.5/10, up by 1.5 point. In particular, this progress can be attributed to progresses made on the environmental performance of BIC® products, to the environmental certification of three new factories, and to the efforts made to limit the use of air transport.

→ 2011-2013 BAROMETER

"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

The global score is the arithmetic average of the ten scores.



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 2011-2013.
- The 10 indicators were defined in cooperation with the functions concerned and approved by the CEO.
- It covers the perimeter of the BIC Group, unless specified.
- The "Jan. 2011" reference value corresponds to the closing value of the fiscal year ending on December 31, 2010.
- The indicators are graphically represented as follows: the January 2011 reference value is equal to a 0/10 rating – the 2013 objective is equivalent to the rating 10/10. When an indicator includes several objectives, its representation is the average of their progress.
- The Barometer is consolidated at the beginning of each year.

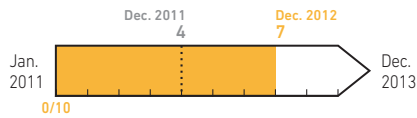
Additional methodological information can be found in section 2.6.3.3. (page 75)

→ PRODUCTS

Environment

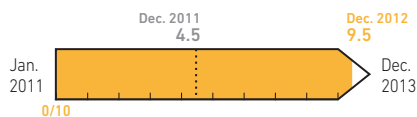
1 Measure the environmental performance of BIC® products*

In 2013, 90% of BIC® products will have been eco-measured
(Values Jan.2011: 86.5% - Dec.2012: 89%)



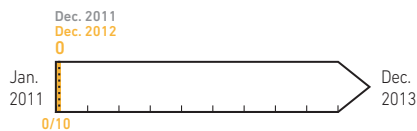
2 Offer BIC® products with environmental benefits*

In 2013, 50% of BIC® products will have at least one environmental benefit
(Values Jan.2011: 47.4% - Dec.2012: 49.9%)



3 Offer eco-optimized packaging*

In 2013, the average weight of the packaging per product unit will be 4.38 g, i.e. a 2% reduction
(Values Jan.2011: 4.47 - Dec.2012: 4.66)



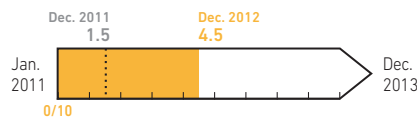
→ INDUSTRY

Management systems

4 Deploy and maintain management systems in BIC factories

In 2013, 100% of BIC factories will have environmental and health & safety management systems
(Values Jan.2011: 92% - Dec.2012: 95%)

In 2013, 80% of the BIC employees will work in ISO 14001 certified factories
(Values Jan.2011: 66% - Dec.2012: 74%)



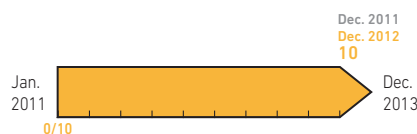
Energy, water, waste

5 Improve the environmental performance of BIC factories

In 2013, energy consumption will be 12.99 GJ per tonne of production, i.e. a 3% reduction
(Values Jan.2011: 13.39 - Dec.2012: 12.82)

In 2013, water consumption will be 7.96 m³ per tonne of production, i.e. a 3% reduction
(Values Jan.2011: 8.21 - Dec.2012: 7.48)

In 2013, non recycled waste production will be 0.0903 tonne per tonne of production, i.e. a 1% reduction
(Values Jan.2011: 0.0913 - Dec.2012: 0.0746)

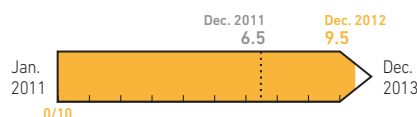


Transportation

6 Reduce GreenHouse Gas emissions (GHG) from our transport operations

In 2013, GHG emissions will be 1.135 tons CO₂-e per tonne of products for intra-company transport, i.e. a 4% reduction*
(Values Jan.2011: 1.182 - Dec.2012: 0.559)

In 2013, the reduction of GHG emissions will be a selection criterion for at least 75% of the Group's call for tender for transportation operations.
(Values Jan.2011: 10% - Dec.2012: 69%)



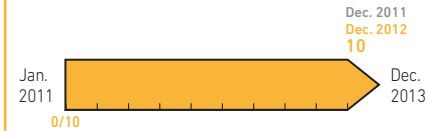
→ SOCIAL

Working conditions

7 Reduce workers' accidents

In 2013, the Group accident incidence rate will be 8.65, i.e. a 5% reduction
(Values Jan.2011: 9.11 - Dec.2012: 7.13)

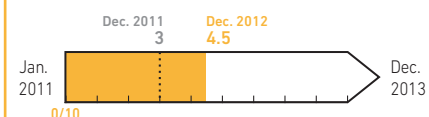
In 2013, the Group accident severity rate will be 0.37, i.e. a 5% reduction
(Values Jan.2011: 0.39 - Dec.2012: 0.19)



8 Deploy and maintain the BIC Group Code of Conduct

In 2013, 100% of BIC Consumer Products factories and contract manufacturers will have signed the BIC Group Code of Conduct, will have been audited and monitored on a regular schedule
(Values Jan.2011: 75% - Dec.2012: 81%)

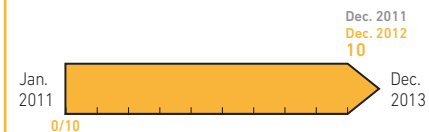
In 2013, 100% of BIC APP factories and contract manufacturers will have signed the BIC Group Code of Conduct, will have been audited (if located in a high risk country) and monitored on a regular schedule
(Values Jan.2011: 32% - Dec.2012: 75%)



Employability

9 Develop employees' training

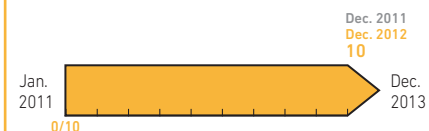
In 2013, 80% of employees will have received one training
(Values Jan.2011: 70% - Dec.2012: 90.4%)



Donation

10 Maintain our commitment toward our communities

In 2013, contribution toward our communities will be more than 0.5% of pretax profit.
(Values Jan.2011: 0.5% - Dec.2012: 0.6%)



* BIC APP (Advertising and Promotional Products).

2.1.3.3. Our policies

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

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

→ 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. The objective is to build and sustain an authentic corporate culture of integrity, honesty and fairness. The Code of Ethics comprises:

- 11 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 corruption;
- 12 principles governing the behavior of BIC employees in order to control risks arising from conflicts of interest, the protection of the Group's assets, professional commitment, and our relationship with our 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 is available in 14 languages and the Guide in two languages.

Every year, BIC awards a prize for exemplary ethical behavior of its employees through its "BIC Values in Action" program (page 56).

The **BIC Group Code of Conduct** 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.

Since 2012, the application of the Code of Conduct has been extended to all of BIC's partners, including suppliers, subcontractors and service providers, and specifies commitments concerning forced labor and human trafficking.

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.

BIC carries out regular inspections to ensure the proper implementation of this Code of Conduct throughout the Group (page 68).

The **Product Safety Policy**, introduced in 2001, specifies the ten commitments adopted to ensure that the products developed and manufactured by BIC are safe for human health and the environment. They include: a systematic program of pre-market product testing, a commitment by both BIC and its suppliers to comply with 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, consumer awareness, conducting in-depth studies, and implementing appropriate measures in the case of accident or failure.

BIC has adopted seven specific commitments to ensure the quality and safety of its lighters (page 41).

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. BIC Group is committed to:

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

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

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. It is shared by all of our

entities worldwide. Through this Charter of Diversity, BIC Group aims to meet the following commitments:

- make diversity and anti-discrimination priorities for all of our business leaders and employees through a shared Group objective worldwide;
- respect and promote anti-discrimination principles in our processes (i.e. recruitment, promotion, training, salary, etc.), thus encouraging diversity at all levels of the organization;
- educate our managers on the importance of diversity to the business;
- encourage local actions and policies to promote diversity in all its aspects;
- inform employees of our commitment to diversity and antidiscrimination, and communicate our local actions and results.

The **Responsible Purchasing Charter**, defined in 2012, is based on the three "Golden Rules," on the Purchasing Guidelines that govern the Group's relations with its suppliers around the world, and on the BIC Group Code of Conduct. BIC is committed to complying with this Charter in all of its dealings with its partners, and asks them to sign it as well in order to ensure that they uphold BIC's values in terms of sustainable development.

In an effort to cover all aspects of sustainable development, the Group also relies on a body of **framework documents**:

- a follow-up procedure for consumer inquiries and complaints, ensures in particular that all complaints are recorded in the dedicated database, that the technical teams are informed of the nature of the problem, and that an appropriate response is provided;
- a worldwide moratorium on all animal testing was declared by BIC in 1997. The company is committed to using reliable alternatives to animal testing made possible by the latest technological breakthroughs;
- a specific process that combines a local Code of Ethics as well as a Policy to pursue non-discriminatory hiring practices and to combat harassment in the workplace was instituted BIC Group's U.S. subsidiary (BIC CORPORATION). These two documents are given to new hires, who are asked to sign them, attesting that they have received and read them. A copy of the Code of Ethics is periodically sent to all employees along with a questionnaire that allows them to detect possible violations. These policies are backed by an alert procedure, indicating the person to contact.

2.1.3.4. Our employees' awareness and involvement in the approach

BIC sponsors and develops 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.

The Group has instituted a **biennial survey on the BIC Sustainable Development Program**. Carried out by a third party company, it sheds light on the perceptions and expectations of BIC's 5,500 employees

worldwide concerning sustainable development in the BIC Group. The initial consultation in December 2011 achieved a good participation rate (39%). According to the results, the employees who responded to the survey feel that the issue of sustainable development concerns them (85%), they are aware of the BIC Sustainable Development Program (89%) and they deem this program important for the Group (94%). The survey also revealed high expectations in terms of information and involvement in sustainable development. The Group is incorporating these conclusions in the development of its future action plans. In particular, a dedicated sustainable development newsletter was launched in 2012 for all employees around the world.

All around the world, all new employees attend a presentation of the Sustainable Development Program as part of their "Welcome to BIC" orientation day.

In Europe, Middle East and Africa (MEA), training modules have been offered in recent years on the various issues involved in sustainable development including energy, climate change, biodiversity and social issues. Simple and informative, with engaging methods and materials, these sessions of about 30 minutes on each issue have improved the employees' understanding of the challenges that lie ahead. In 2012 the training focused primarily on familiarizing employees with the BIC Sustainable Development Program.

In France, as part of National Sustainable Development Week, an employee awareness operation was carried out at the Clichy headquarters, including a special offer on the BIC Ecolutions® line and products with the *NF Environnement* ecolabel, the launch of the sustainable development newsletter and the hosting of a conference to present the Group's Social Business initiative in Bangladesh, attended by the NGO CARE.

In North America, "Green Teams" have been formed at several BIC subsidiaries. Their role is to get their co-workers involved in sustainable development, in particular by limiting the environmental impact of their office activities. The Green Team in Milford and Shelton (USA) has hosted several events, including an initiative to clean up Eisenhower Park in Milford, Connecticut and an employee awareness day to encourage recycling, the reduction of paper wastes, the use of online electronic document sharing and collaboration, etc.

The Canadian Green Team has asked each department of the subsidiary to define its own sustainable development objectives so that each employee can be proactive. In 2011 a "Sustainability Board" was set up to follow up activities undertaken by volunteers. In four months, 32 employees took part in the campaign. Co-workers were also encouraged to take part in various events to promote social and environmental responsibility: planting trees in Toronto, participating in the World Wildlife Fund's "Earth Hour" operation, etc.

In Latin America, BIC subsidiaries organize local awareness and training operations. BIC Amazonia sponsors an annual "Environment, Health & Safety Week" to help employees assimilate the integrated management system concept. They are encouraged to consider quality, environment, health, safety and social issues as a whole rather than as separate topics. Every year a different relevant topic is chosen as the focus of the week. In 2012 the featured topic was waste sorting.

→ **2.1.4. INTERACTION WITH OUR STAKEHOLDERS**

2.1.4.1. Sharing value with our stakeholders

Challenges

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

Performances

The following diagram shows the main cash flow transfers between BIC and its stakeholders for 2012. 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 2012 ⁽¹⁾

→ CUSTOMERS TURNOVER: 1,898.7 MILLION EUROS						
Employees 492.8 million euros. Corresponding to payroll, bonuses and other payments to employees, as well as 8.8 million euros paid as a special bonus ⁽²⁾ to employees who do not benefit from free share allocation plans linked to performance criteria.	Suppliers 962.4 million euros. Corresponding to purchasing of raw materials, consumables and bought-in services.	Shareholders 189.5 million euros, including 104.2 million euros paid as ordinary dividends, 85.3 million euros paid as special dividends ⁽²⁾ .	Banks 7.1 million euros of net interests received.	Governments 123.5 million euros, including 111.3 million euros paid around the world as corporate income tax and 12.2 million euros in other taxes.	Net investments 115.7 million euros. Including 125.4 million euros for the acquisition of tangible and intangible fixed assets, 8.4 million euros received from the disposal of assets and 1.3 million euros received from the disposal of activities.	Communities 2 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) The Group paid an exceptional bonus to more than 8,200 employees around the world in parallel with the Board of Directors' decision to propose the payment of an exceptional dividend to Shareholders.

2.1.4.2 Our customers and consumers' expectations

Challenges

Since its founding, BIC Group has strived 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.

- In the past few years, the demand for "responsible" products has been steadily growing in **developed countries**. It is natural for customer and consumer expectations to change along with demographic and sociological evolutions, and BIC seeks to anticipate those changes. BIC's core products comply as much as possible with the principles of minimum environmental impact and best social practices. BIC also strives to enhance its position through the development of product ranges based on alternative materials.

Also, distributors of office supplies, government agencies and companies are more and more demanding on sustainability matters and savvy as well. In fact, they all want products whose environmental performance is acknowledged and can be proven. They evaluate sustainable development policies as well, and expect, for example, certification by independent ecolabels, "responsible" products (in terms of percentage of recycled materials, country of production, etc.) and social audits.

- BIC is attentive to the needs of its customers in **developing countries**, offering innovative solutions to adapt its products to keep their prices down and make them more accessible through local distribution systems. BIC generates 31% of its sales in on these developing markets.

Approach to developed countries

Integrating sustainable development into our customer relations

By favoring direct exchanges with these customers, BIC is better able to understand their demands. To this end, in Europe, the Group has appointed an operational Sustainable Development Director, who engages in frequent discussion with customers, presenting the BIC approach, relating customer expectations to internal management, training the sales force and providing support to subsidiaries for the implementation of local initiatives and specific operations. In parallel, the marketing and communication departments, as well as the sales teams, are trained to enable them to transmit the Sustainable Development Program in a responsible way, no matter what communication method is used: meetings with customers, notices on the packaging, advertising. In addition, on each continent, the environmental claims associated with BIC® products are the result of collaboration between the marketing, legal and sustainable

development departments in order to combat "greenwashing" (false or exaggerated ecological selling points).

Promoting responsible consumption at the consumer level

BIC offers a range of responsible products that everyone can afford (see below) and supplies information on their environmental and social qualities (eco-values) in order to help consumers choose products that meet their expectations. To help consumers make well-informed decisions, BIC strives every year to improve the clarity and reliability of the communication used for its range of responsible products. In Europe the ecovalues will thus be gradually replaced by more easily legible, more precise information concerning, for example, the share of recycled materials in a given product, its writing length, its *NF Environnement* ecolabel certification, or where it was manufactured. The Group has developed icons to let consumers know that the BIC® products sold in Europe are also manufactured in Europe. In 2012 BIC launched a campaign in France to inform the public on its products manufactured in France.



Progress made in 2012 and perspectives in developed countries

BIC's experience in sustainable development has allowed the Group to build up exchanges and partnerships with numerous customers in Europe, the U.S. and Brazil, in particular concerning packaging, shipping and the environmental performance of the products. At the conferences hosted by BIC for French buyers representing major corporations and government agencies, sustainable development was in every case a key topic of discussion.

Eager to play a proactive role in initiatives on the posting of products' environmental impact scores, BIC has been working on a "sustainable shaving" campaign in France outside of the official experimental framework defined by the Ministry of Ecology. This score posting test, launched in 2012, takes the form of a dedicated website⁽¹⁾ that shows the ecological footprint of the BIC® Flex 3 and BIC® Flexi Lady shavers. An interactive function proposes eco-habits that allow consumers to help reduce the footprint. This comprehensive analysis, covering the shaver's entire life cycle, reveals that the use of water during shaving has a major impact.

In 2013 BIC will continue integrating its responsible products into the Group's strategy, while giving them greater visibility by pursuing the efforts undertaken to improve the communication and codification of its range of responsible products.

Approach in emerging countries

Affordable and adapted products

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

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

- the launch in 2011 of a BIC® 1 Lady women's shaver in two-unit pouches in Nigeria and single-unit pouches in Kenya and Madagascar has expanded the BIC® 1 range of single-unit shavers on the African market;
- in South America, the BIC® Comfort 3 shaver was redesigned in 2011 to suit the buying power of developing countries while meeting the basic need for high-quality shaving.

Offer the best functionality at the best price

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

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

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

Innovative distribution models

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

To get even closer to isolated consumers, the Group and its retailer in Nigeria have set up a network of kiosks located within the local communities. Each kiosk is managed by a local entrepreneur from the community and sells BIC® products exclusively. Launched in 2006, these micro-shops today offer consumers who are far remote from the conventional distribution outlets a permanent access to the Group products while contributing to the development of the local economy.

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

Progress made in 2012 and perspectives in emerging countries

The Social Business initiative in Bangladesh took on a new dimension in 2012 (page 70).

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

Performances

- **138 writing items meet BIC's criteria for ecovalues.**
- **Of the 22 NF Environnement (NF400) writing items on the market, 20 are products of the BIC Group.**

2.1.4.3. Purchasing and sustainable relations with suppliers

Challenges

The BIC Group maintains high standards in purchasing and outsourcing in order to guarantee the quality and performance 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 Group is committed to cultivating long-term commercial relationships with its suppliers founded on responsible behavior, in keeping with its Responsible Purchasing Charter.

The issues and challenges concerning subcontracting are discussed in section 2.5.2 "Ensuring respect for Human Rights in the workplace" page 68.

Approach

Cooperation between the Purchasing Department and the Group's various operational units

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

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

Increasingly stringent demands in relation to suppliers

In 2012 BIC defined a Responsible Purchasing Charter based on the three "Golden Rules," on the Purchasing Guidelines that govern the Group's relations with its suppliers around the world, and on the BIC Group Code of Conduct.

Since 2011, BIC evaluates its suppliers according to Environmental, Social and Governance (ESG) criteria with the help of the Ecovadis firm, assessing their policies, actions undertaken and results achieved in sustainable development. 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 to develop good practices that can then be shared.

In the area of transport, for the past several years BIC has made the reduction of greenhouse gas emissions a selection criterion in its calls for tenders for transport operations.

Progress made in 2012 and performances

The pilot operation launched in 2011 involving 81 plastics suppliers was continued in 2012 and extended to include other types of suppliers. As a result:

- among the plastics suppliers that participated, representing 72% of the total, five were identified as needing to make an effort in sustainable development. BIC has verified that the corrective actions defined in cooperation with those suppliers have indeed been implemented, and that the Group's required minimum performance level will be met by the time of the next evaluation;
- 44 metal suppliers have been included in the evaluation approach, for a response rate that currently stands at 55%;
- 36 packaging suppliers for the French market were included in the evaluation approach in Q4 2012, for a response rate that currently stands at 33%.

→ **Since 2011, 158 suppliers were evaluated by Ecovadis according to sustainable development criteria.**

→ **50% of BIC's plastics suppliers have been working with the Group for more than ten years.**

Perspectives

2013 will be the first year of application of the BIC Group's Responsible Purchasing Charter. The first phase will be to ask all of the Group's suppliers to sign the charter.

For the evaluations conducted in collaboration with Ecovadis, BIC will continue to monitor its suppliers' implementation of the necessary corrective actions.

2.1.4.4. The BIC panel

Challenges and approach

In order to have an outside point of view on its sustainable development approach, BIC has organized a panel of four stakeholders: 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.

Three members of the panel offer their point of view on BIC's Sustainable Development Program and the progress made in 2012:

→ BIC'S COMMITMENT AS SEEN BY LYRECO

"2012 confirms that BIC has successfully implemented a clear and compressive sustainable development strategy, with a wide range of programs covering the different challenges involved, good practices, for example in social audits, and the promotion of sustainable development among its employees through the creation of a simple, effective newsletter. The performance indicators of the Barometer are not too numerous, making it easy to monitor this strategy.

BIC could now make an effort in an area that's important for all the stakeholders: setting up a corporate foundation to unify its actions in local communities. This is what our foundation Lyreco For Education does, exerting a positive effect around the world."

Nasser Kahil, Lyreco, Group Quality, Security and Sustainability Director

→ BIC'S COMMITMENT AS SEEN BY MAROC STYLO

"In 2012, we were impressed with the increased number of 'responsible' products, for example with the BIC® Easy/Hybrid range, an intelligent launch that has met with well-deserved success. BIC should continue to involve the consumer, for example by building on its experience in environmental information posting to communicate on ecologically responsible shaving habits.

Worldwide programs like BIC Ideas Challenge and BIC Citizens in Action demonstrate both the company's commitment and the involvement of its employees, as much in participatory innovation, to develop the products of tomorrow, as in societal responsibility. But BIC could go even farther and integrate its stakeholders, for example its customers, in its participatory programs.

We would like to see BIC make an even greater effort to share with consumers its accomplishments in sustainable development, and in particular BIC's Vision. This is an opportunity to explain that sustainable development is both beneficial and profitable for the Group."

Salwa Ghallab and Amine Oulahiane, Maroc Stylo, a licensed BIC manufacturer

→ BIC'S COMMITMENT AS SEEN BY ODDO SECURITIES

"Once again this year, we would like to congratulate BIC for its consistent performance on ESG issues, its communication to its stakeholders and the superb quality of its reporting.

Concerning the latter, BIC's proactive efforts toward an integrated report give the process real meaning and allow the Group to make a clear link between the extra-financial indicators and the information needed by investors. Its habit of thinking ahead has made it easier for BIC to integrate the requirements of the new French regulations (the *Grenelle de l'Environnement*).

We approve of the business logic behind the development of responsible products, and even behind BIC's participation in the Carbon Disclosure Project, which is of interest to more and more stakeholders, especially the biggest customers. We think that this type of ground-level effort, carried out with a client-oriented vision, is the best way to build the Group's image with investors.

BIC's approach consists of first establishing experience curves through pilot projects — for example in complex undertakings like the JITA program in Bangladesh or environmental labeling in France — that give it the keys to prepare for the future and spread innovation. What interests us most in this pilot project approach is the series of initiatives to develop sustainable industrial alternatives (green chemistry) to the current fossil sourcing methods.

We appreciate BIC's pragmatism, measuring its performance against its Barometer, and making manager training a central part of its "Quality of Life at Work" program.

Among the directions for improvement, extending the reporting system to include workers' accidents of subcontractors and temporary employees would give BIC an even better overview of its field of responsibility. Lastly, linking a portion of the variable component of the managers' compensation to the achievement of goals selected according to the company's culture could be a very valuable experiment for the Group.

Jean-Philippe Desmartin, ESG (Environment, Social, Governance) Research Manager, Oddo Securities

2.1.4.5. Responsible lobbying and participation in sector working groups and dialogs

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, targeting decision-makers and important players in key issues, of the lessons learned from its experience in order to help establish the necessary balances. 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.

Consequently, 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 trading and environmental protection.

BIC carries out its lobbying primarily as a member of various organizations, participating as needed in their working groups. Examples include:

- European professional federations: EWIMA⁽¹⁾, EPMA⁽²⁾, EFLM⁽³⁾;
- one American federation: WIMA⁽⁴⁾;
- standardization committees for toys, lighters and writing instruments;
- French Watchdog groups, intra-sector associations and professional federations, such as ORSE⁽⁵⁾, AGRION, the *Association des Industries de la Papeterie de Bureau* (Office Stationery Industries Association), the *Association des Acteurs de la Filière Papeterie* (Stationery Industry Association), the *Institut de Liaison et d'Études des Industries de Consommation* (Consumer Industries Liaison and Research Institute), the *Union des Industries Chimiques* (Chemical Industries Union), etc.

BIC's subsidiaries also cultivate direct relations with the authorities in their countries of operation.

Clearly identified lobbying responsibilities

At the highest level of the Group, 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 supervising all lobbying actions, which are also subject to regular approval by the Executive Committee and Board of Directors. Consequently, the agenda of the Board of Directors meeting from April 24, 2012 included the approval of the positions upheld and actions undertaken by BIC concerning lighter safety.

The operational responsibility for BIC's relationships with the 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.

Perspectives

Starting in 2013, the managers involved will be specially trained to conduct their lobbying activities in keeping with the Group's values and commitments.

2.1.4.6. 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 2012

Shareholders and the financial community are updated on BIC's progress in sustainable development at various events throughout the year. In 2012 these included:

- the Annual Shareholders' Meeting on May 10, 2012, at which the topic was presented to the Shareholders;
- the Oddo Mid-Cap Forum in January 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.



12 discussions with investors and investment funds on sustainable development in 2012.

(1) EWIMA – European Writing Instrument Manufacturer's Association.

(2) EPMA – European Pencil Manufacturers Association.

(3) EFLM – European Federation of Lighters Manufacturers.

(4) WIMA – Writing Instrument Manufacturers Association.

(5) ORSE – Observatoire de la Responsabilité Sociétale des Entreprises (the French advisory group on Corporate Social Responsibility).

2.2. Environmental responsibility concerning our products

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. BIC produces and markets consumer products that are lightweight, have a long performance life, and that are affordable by everyone. BIC Group constantly seeks to offer products that anticipate the needs of its consumers and its stakeholders. The Group meets these challenges through an approach based on innovation: analysis of product life cycles, a product range using alternative materials, refillable products, materials research, and a strategy of ecolabeling.

→ 2.2.1. OUR PRODUCTS’ ENVIRONMENTAL PERFORMANCE

→ 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 in Deauville (France)

Approach

→ BIC’S THREE ECODESIGN SOLUTIONS

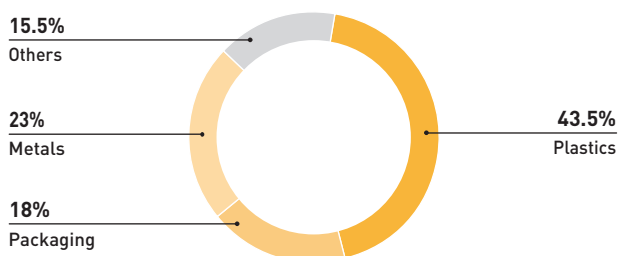
To minimize the consumption of non-renewable raw materials, BIC has developed an ecodesign approach based on three points:

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

Challenges

To produce its products, BIC uses resources such as water, metals, plastics and energy and generates waste. The challenge for BIC is to minimize its products’ primary environmental impact, namely the use of these non-renewable raw materials.

BREAKDOWN OF RAW MATERIAL PURCHASES IN 2012



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 toward 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.

(1) “Il y aura l’âge des choses légères” by Thierry Kazazian, Éditions Victoires, 2003.

2 - Our environmental, social, and societal responsibility

Environmental responsibility concerning our products

ENVIRONMENTAL PERFORMANCE MEASUREMENTS FOR THREE MAIN BIC® PRODUCTS

LIFE CYCLE ASSESSMENT APPROACH – METHOD RECIPE END POINT (H/H) EUROPE	RAW MATERIALS	PRODUCTION	DISTRIBUTION	USAGE	END OF LIFE CYCLE
BIC® Cristal® ballpoint pen	88%	7%	4%	-	1%
BIC® Maxi flint lighter	87%	6%	5%	-	2%
BIC® Classic Single-blade shaver	83%	11%	4%	-	2%
Shaver including usage	-	-	-	78%	-

BIC focuses on life cycle phases where it can take action. However, the approach incorporating the usage phase shows, for shavers, that this step, involving water, water heating and the disposal of the shaving cream packaging, plays a key role, underlining the importance of consumer awareness.

→ 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: up to 2 km of writing for a pen; 3,000 flames produced for a lighter; 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. BIC® products are recognized for their very good quality-price-performance ratio, their simple, practical nature and the fact that they are available in numerous points of sale all over the world.

Our LCA and ecodesign tools

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

In 2009, continuing its approach, BIC replaced its first tool with SimaPro, a professional LCA software package that is equipped with the e-DEA⁽¹⁾ interface to enable Research and Development (R&D) designers to carry out complete and detailed environmental evaluations, as well as create quick decision-making studies during the design process.

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

At BIC, the users of SimaPro in combination with the e-DEA⁽¹⁾ interface are:

- R&D design teams in conjunction with Manufacturing Departments;

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

→ LCA AT BIC

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

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

Ecodesign applied to product ranges

The Group concentrates its efforts on three points:

- minimizing the quantity of materials used in its products;
- a responsible product range based on alternative materials (recycled or of vegetable origin);
- the development of refillable products.

BIC® Ecolutions® **stationery products** are manufactured using recycled materials in compliance with the standard ISO 14021. The BIC® Ecolutions™ Clic Stic™ ballpoint pen is made with 62% recycled materials (by total product weight) and the BIC® Matic mechanical pencil 65%.

More and more of BIC's **writing products** are refillable. On the U.S. market, refills are available on the dedicated website www.bicrefills.com.

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

In Europe, they are available on the website www.bicworld.com, which links to an e-tail site offering the BIC® refill range.

In the field of shavers, in 2009 BIC launched the BIC® Ecolutions® shaver, an ecodesigned product made from bioplastics with minimal packaging sold at an affordable price. Even though it has not been a huge success with consumers, the project has proven very informative for the BIC Group in several areas, such as raw materials research, the industrial processing of plant-derived materials, and building the sales teams' awareness of sustainable development.

The R&D teams also applied the principles of ecodesign to develop the BIC® Easy "hybrid" shaver, whose handle is sold with four to six refills (not sold separately) for a total of at least 40 days of shaving. The underside of the handle is ribbed in order to reduce the use of plastic by 20% without altering the shaver's ergonomic characteristics. 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 a similar non-refillable BIC® model, like the BIC® Comfort 3® Advance™.

→ BIC® WRITING PRODUCTS EARN THE NF ENVIRONNEMENT ECOLABEL

For equal performance in use, the *NF Environnement* ecolabel granted 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 20 BIC® products has been granted this ecolabel, including historical products like the BIC® Cristal® sold in boxes of 50 and the BIC®-4 Couleurs™ ballpoint pen, as well as the pens of the BIC® Ecolutions® line.

Consumer information and awareness

See section 2.1.4.2 Our customers and consumers' expectations (page 32).

Research & Development

Regarding new materials, the BIC Research and Development teams focus on two approaches:

- the use of existing innovative materials. An inventory of innovative materials available for industrial use is kept up to date. From this list, engineers select materials that correspond to industrial and economic requirements with the objective of conducting feasibility tests. In the absence of a simple, economical solution to develop a material based on biological material from a plant, recycled materials might be chosen;
- collaborative research with suppliers to identify new materials (plant-based or recycled), 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.

→ 30 alternative materials have been tested since 2010.

→ BIC JOINS THE MAUD COMPETITIVENESS CLUSTER

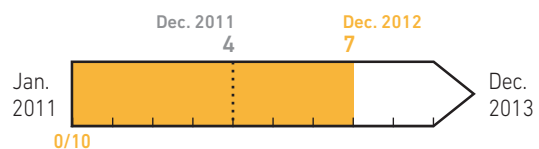
Based near Lille in Villeneuve-d'Ascq, the MAUD (*Matériaux et Applications pour une Utilisation Durable* – Materials and Applications for Sustainable Use) competitiveness cluster backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by MAUD concern multifunctional, ecodesigned and biosourced materials, high-efficiency processes and clean technologies. In April 2012, the BIC subsidiary Conté joined the cluster, leading to the establishment of a technological intelligence platform.

Performances

In 2011, BIC Group set a goal for the completion of environmental evaluations of its products between now and 2013.

1 Measure the environmental performance of BIC® products*

■ In 2013, 90% of BIC® products will have been eco-measured (values: Jan. 2011: 86.5% – Dec. 2012: 89%)



The environmental measurement of BIC® products was conducted, thanks to internal assessments and occasionally by outside consultants.

2012 results: target has been achieved for lighters and shavers, and nearly achieved for stationery products. Their eco-measurement will continue in 2013, with a priority given to the more selling products.

* Except BIC APP (Advertising and Promotional Products).

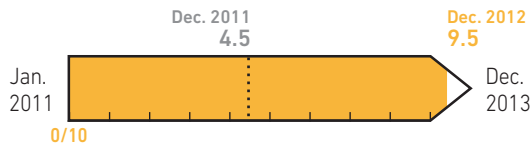
2 - Our environmental, social, and societal responsibility

Environmental responsibility concerning our products

2 Offer BIC® products with environmental benefits*

In 2013, 50% of BIC® products will have at least one environmental benefit

(Values: Jan. 2011: 47.4% – Dec. 2012: 49.9%)



The Group's action is based on four criteria:

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

2012 results: lighters and shavers have managed to maintain a range of products with good environmental performance in a context where consumers do not always choose the lightest products (shavers) or the products having more flames (lighters). Target is nearly achieved for stationery products through a continuously launch of responsible products.

* Except BIC APP (Advertising and Promotional Products).

Progress made in 2012

In 2012 BIC continued to expand its range of responsible products:

In stationery products, the BIC® Ecolutions® line, made of recycled materials, has expanded to include two new products: the BIC® ReAction™ gel pen and the BIC® Ecolution® Matic.

The "BIC Ideas Challenge," a Group-wide participatory innovation program, gave employees an opportunity to contribute to various projects on the future of writing instruments. Over a period of three weeks, more than 670 ideas were submitted by nearly 170 participants. Six ideas were selected, three of which were associated with sustainable development.

From 2009 to 2012, the number of NF400-certified BIC stationery products grew from 9 to 20.

In the shaver category, once again the extended BIC® Easy/BIC® Hybrid range of hybrid shavers sold very well in 2012, especially in the United States and Europe, which are historically the two most demanding markets. The Group continued its expansion of the range with three new products: the BIC® Flex & Easy in Europe and the BIC® Hybrid Advance® and Soleil Savvy in the United-States.

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

In 2012, BIC continued its partnership with TerraCycle, a pioneer in the collection and reuse of non-recyclable wastes. Launched in 2011 in nine European countries, this was the first program for the collection and recycling of used writing instruments. The program allows users of the products to organize at their consumption sites (schools, universities, offices, etc.) the voluntary collection of all types of writing instruments, whether BIC® branded or not, to be recycled into pen holders, wastepaper baskets, watering cans, etc. In return for this civic gesture, two euro cents per writing instrument collected is donated to a charity or not-for-profit association chosen by the organization responsible for the collection. In the case of schools, the money is donated directly to the school to finance a future educational project. This program enables BIC Group to participate in the end-of-life management of its products, and in educational terms to promote the habit of sorting and improve understanding of the recycling stream concept. Previously, used writing instruments were not collected by any dedicated recycling waste stream.



Largely due to its transparency and traceability, the program has been a tremendous success, with more than 5,000 collection teams in operation as of end December 2012 and more than 2,000,000 products already collected, offering schools and offices an opportunity to put sustainable development into practice in daily life.

As part of the continuation of the TerraCycle operation, in 2012 BIC worked in France with teachers and a firm specializing in interactive educational content to develop a teaching module on recycling for primary school teachers, combining all of the necessary theoretical pedagogical equipment. The "practical assignments" section mobilizes students to collect used pens in their classroom. The module is available on the TerraCycle website, EDD-Primaire.fr and www.bicworld.com.

Perspectives

In stationery products, the BIC Ecolutions® range will be further expanded in Europe in 2013, in particular with the addition of glues and two launches are planned: the Velleda® 1701 and Velleda® 1751 dry erase markers.

The writing instruments category will continue its participatory innovation program.

In the shavers category, two product launches are also planned:

- a new women's product in North America: the BIC® Soleil® Shave & Trim™, offering consumers a 2-in-1 product for shaving and trimming;
- a BIC® System shaver in Latin America.

The Research & Development teams will continue their research on new alternative materials with the aim of further extending the range.

→ 2.2.2. SAFE PRODUCTS

Challenges

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

Approach

A team in charge of compliance

In order to ensure the safety of its customers and consumers, BIC Group has implemented stringent organization and processes in its factories. In addition, the Group has a dedicated full-time product safety team of four members who follow and implement industry standards, regulations and internal rules.

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 qualitative 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'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 associations (such as the European Federation of Lighter Manufacturers, ISO, 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;
4. BIC continuously develops exclusive technology to ensure the quality and safety of all BIC® lighters, e.g, a very stable flame and a reservoir which can resist extreme drop tests and elevated temperatures;
5. BIC has an integrated production process, designs and develops much of its own machinery and masters all the latest manufacturing technologies, from basic materials right down to the packaged product;
6. The BIC professionals 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.

BIC Group faces competition from several low-cost lighters that too often do not comply with international safety standards. According to tests conducted by an independent accredited laboratory, more than three-quarters of the lighter models in the European market fail to meet standards. The Group has initiated communication campaigns to raise awareness among the various parties involved (customers, government market monitoring agencies, etc.) and also participates in the European Commission working group in charge of coordinating member states' actions for the enforcement of regulations on lighters.

→ COMPLIANCE WITH THE REACH REGULATION

The European regulation REACH (Registration, Evaluation, Authorization and Restriction of CHemicals) establishes the regulatory framework for chemical substances and places responsibility on manufacturers to demonstrate the safety of the chemicals they use. To address these requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At a Group level, an expert administrator was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the company and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has in particular pre-registered 70 substances for five of its legal entities. Registration of those substances with the European CHemicals Agency (ECHA) will take place in 2013 and 2018. In compliance with the 2013 deadline, two of these 70 substances will need to be registered.

2 - Our environmental, social, and societal responsibility

Environmental responsibility concerning our products

Progress made in 2012

In 2012, in stationery products alone, more than 290 items were tested for their heavy metal concentrations.

Also in 2010, in an effort to ensure consumer safety and to counter the competition from the many lighters that do not meet regulatory requirements, BIC filed a complaint against the Netherlands with the European Commission for non-enforcement of the Commission's 2006 decision on lighters. As a result, the Commission opened discussions with the Netherlands. In March 2012 the country was served formal notice to explain its failure. The procedure remains pending.

Perspectives

The regulatory requirements on all markets become more stringent and numerous every year. The Group is aware of the scope of this challenge and, starting in 2013, plans to adapt its working methods and means in order to maintain its own standards and level of compliance.

→ 2.2.3. ECO-OPTIMIZED PACKAGING

Challenges

Packaging is needed at several stages in the life cycle of BIC® products: for their protection, shipping, storage and sale, and for promotional supports. 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

Historically, BIC promotes selling products without consumer packaging or in value packs. Thus in Europe 73.2% of writing products are packaged in boxes, trays or pouches of at least ten products (71.5% in North America), 78.9% of its lighters are sold in trays of at least 50 (59.7% in North America) and 74% of the shavers are marketed in pouches of five, ten and more (54.7% 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 needed. It also oversees the indicators for monitoring commitment number three of the BIC Sustainable Development Barometer: "Offer eco-optimized packaging."

Three priorities for reducing the impact of our packaging

REDUCE PACKAGING TO A MINIMUM

BIC Group actively seeks to reduce the weight and volume of its packaging through multiple targeted actions around the world. For example, In the USA, 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).

(1) Except for four items.

The program's objective is a 5% reduction in packaging by 2013 in comparison with 2007.

REACHING THE GOAL OF "ZERO PVC» AND INCREASING THE PROPORTION OF RECYCLED MATERIALS

Following up on the elimination of PVC packaging in Europe⁽¹⁾, BIC decided to extend this good practice throughout the Group. Today, Mexico has totally eliminated the use of PVC in its packaging, and the United States and Brazil are actively making progress toward that same goal.

In addition, some of the Group's packaging contain recycled materials, and BIC is assessing the amount of recycled material.

REDUCE PACKAGING WASTES

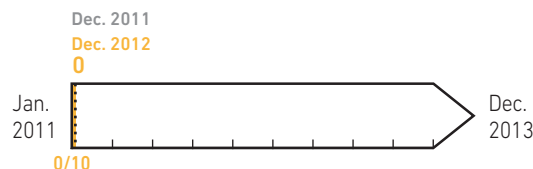
The Group is taking action to increase the recycling rate of packaging production wastes in the packaging center facilities. The Charlotte site in the USA has already reached the program's goal of 100% recycling. This objective is backed by an effort to reduce waste production upstream.

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

Performances

3 Offer eco-optimized packaging*

In 2013, the average weight of the packaging per product unit will be 4.38 g, i.e. a 2% reduction
(Values: Jan. 2011: 4.47 - Dec. 2012: 4.66)



This indicator concerns all packaging accompanying BIC® products in the world: distribution and consumer packaging (except pallets). The product unit means each unit of BIC® product.

2012 results: the indicator has not improved due to higher sales of triple-blade shavers, the average weight of the packaging per product unit is more important.

* Except BIC APP (Advertising and Promotional Products)

Progress made in 2012

A number of initiatives undertaken in 2012 illustrate the BIC Group's drive for progress in this area:

Reducing the quantity of packaging per product sold

In the United States, the company has achieved reductions of 7 to 25% in packaging formats for lighters and writing products. This represents a savings of 120 tons of paper, 15 tons of wood and 3 tons of plastic, which in turn reduces the need for storage space and optimizes transport operations.

Progress toward the goal of zero PVC

In the United States, the Charlotte site installed a new machine in November 2012 that produces blister packs and plastic boxes from PET, as part of the effort to phase out PVC. In 2013, 35% of the packaging produced in Charlotte should be PVC-free, with the goal of reaching 100% by 2016.

In Brazil, BIC Amazonia reduced the use of PVC in its packaging by an average of 10% compared with 2010. The goal is to replace all PVC with PET by the end of 2013.

Actions to reduce packaging waste

In the United States, the Charlotte site has sustained its performance of zero landfilled packaging waste (compared with 26% in 2006). This result has been achieved through a combination of several actions: encouraging suppliers to limit the amount of packaging entering the site; recycling used lighter trays (42 tons recycled in 2012); sending mixed plastic wastes to be recycled; and lastly using non-recyclable wastes for energy recuperation (3%).

In Europe, the ECP site (Slovakia) quickly achieved good results in 2012, with a recycling rate of 75% (compared with 59% in 2011) due to increased vigilance in routine waste sorting.

In Brazil, BIC Amazonia has continued its efforts to reduce wastes by setting up a return circuit to encourage suppliers to reuse their packaging and by making use of more recycling services. The site has now achieved a packaging recycling rate of 85% (compared with 79% in 2011).

Perspectives

The goal of zero PVC has been set for 2013 in Brazil and 2016 in the United States.

Progress in all of these areas is measured using indicators that will continue to be consolidated every quarter, making it possible to closely monitor the actual situation, fine-tune the Group's knowledge of its environmental impact, and improve the management of the actions to be undertaken.

2.3. Environmental responsibility concerning our operations

As an industrial leader in the manufacturing of consumer products, BIC is committed to ensuring that its production facilities operate in an environmentally responsible way. 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 of all, its choices between in-house production and contract manufacturing (84% of the Group's net sales are generated with products manufactured in its own factories; 88% in the Consumer Goods business and 62% in the Advertising and Promotional Products business of BIC APP) and, secondly, the geographic distribution of its factories: in the Consumer business, the products sold on a given continent are also manufactured on that continent (91% in Europe and 63% 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 product's environmental performance," page 37), 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

In its Environment, Health & Safety (EH&S) Policy (page 30), BIC confirms its responsibility to minimize its environmental impact. This policy codifies the Group's commitment to improving its industrial activity, from production to distribution, in order to protect the environment as much as possible. It applies to all of the Group's factories, including since 2010 the BIC APP (Advertising and Promotional Products) sites acquired in 2009.

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

The Group's industrial Policy on Environment, Health & Safety (EH&S) (page 30) is based on the implementation of pragmatic management systems to ensure that everyone gets involved, as well as the ongoing 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 on the water, air, soil, noise, etc.

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

The environmental management systems deployed in the BIC Group's plants call for **contingency plans set up to deal with pollution accidents having 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*"). 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 in French law of the European Council directive 96/82/EC.

Outside of France, some plants have equivalent emergency plans that address risks with potential off-site consequences. For example, all plants in the USA and our factory of New Zealand maintain an "Emergency Response Plan" that includes planning and prevention for off-site scenarios.

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, 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 (page 30), our 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 46 to 50, along with the actions undertaken by the Group and its sites to control and reduce their environmental impact.

Conditions for use of soils

In Europe and the USA, where most of the Group's sites are located, whenever industrial restructuring results in factory closures, BIC has ensured that plant decommissioning was performed in accordance with local law and best environmental practices. When appropriate or when required by law, BIC carries out studies of the soil and subsoil, although most sites are not subject to compulsory examination. Such studies of European plants used over a long period of time demonstrate that our business does not have a significant impact on soil and subsoil.

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

Noise and odor impact

Odor is considered an insignificant aspect for our product molding, assembly and marking activities.

As far as noise impact is concerned, measures are taken within the property limits in the context of local regulations. In the event that noise pollution is identified in the future, we will assess the situation and implement any appropriate corrective actions.

Expenses for preventing consequences 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 2012, 6.5 million euros were invested in environmental improvement programs.

Provisions and guarantees for environmental risks

No provision.

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

Compensation paid during the fiscal year under court order

None.

Progress made in 2012

The factory in Athens (Greece) renewed its ISO 14001 certification in 2012, thus maintaining its triple certification in quality, safety and the environment (ISO 9001, OHSAS 18001 and ISO 14001), just like the two other BIC shaver factories.

In 2012, the three BIC APP factories in the United States were certified by the Quality Certification Alliance (QCA), whose audits cover five areas: quality, product safety and regulatory compliance, environmental stewardship, supply chain security and social compliance.

Once again this year, the management systems of BIC Sport (France) have been identified as a good practice and the subsidiary has earned the renewal of its Ecoride⁽¹⁾ label, an initiative of EuroSIMA Cluster, the European Boardsports Industry Manufacturers Association (in partnership with ADEME Aquitaine).

In 2012, the Group tested a pilot operation for incorporating subcontractors in the BIC environmental reporting system.

Performances

In 2012, the implementation of BIC's management systems is 95% complete for the environment and 97% complete for health and safety.

4 Deploy and maintain management systems in BIC factories

- In 2013, 100% of BIC factories will have Environmental and Health & Safety management systems
(Jan. 2011 value: 92% - Dec. 2012 value: 95%)*
- In 2013, 80% of the employees will work in ISO 14001 certified factories
(Jan. 2011 value: 66% - Dec. 2012 value: 74%)

The calculation of this indicator is based on the rate of implementation of management systems specific to BIC. ISO 14001 certification concerns BIC factories that manufacture finished products.

2012 results: a global advance of three points thanks to the ISO 14001 certification of three new factories. A new certification is planned for 2013.

* The figure disclose is not the average of EMS and H&SMS but the lowest implementation rate.

(1) For more information on Ecoride, see <http://www.eurosima.com/environnement/Demarche-Ecoride-218-0.html>.

→ **90% of the Group's employees work in ISO 9001 certified factories.**

Perspectives

Certification efforts are continuing with two certifications in the USA and one in Europe within the next two years.

2.3.1.2. Reducing water consumption

Progress made in 2012 and performances

Water consumption per ton of production decreased by 6.7% between 2011 and 2012. Total water consumption fell by 11.1% during a period when production decreased by only 4.7%. This result continues a multi-year trend of continuous improvement in water-use efficiency by the BIC Group factories.

11 sites reduced their ratio of water consumption per ton of production. BIC Rasoirs (France) which represents 47% of the Group's water consumption reported a ratio decrease of 1%. The efforts of this French shaver facility included a modification to a furnace that substituted a groundwater cooling system with an air system, in addition to intensive weekly monitoring of cooling water use for injection molding machines. BIC Mexico (Mexico) also significantly decreased its ratio of water consumption per ton of production (-34%) as a result of a program to identify and repair leaks, the use of water-efficient restroom equipment, and the installation of a "hybrid" cooling tower that takes advantage of air cooling. As a matter of fact, it is notable that replacement or modification of older cooling tower systems with more water-efficient cooling processes has become widespread at many sites within the Group, most recently including Pimaco (Brazil) or BIC New Zealand (New Zealand). Significant improvements in water efficiency were also achieved by BIC Technologies (France), Conté (France), BIC APP Sleepy Eye (USA) and BIC Iberia (Spain) with respective ratio reductions of 30%, 28%, 15% and 5%. In a few notable examples, BIC Technologies (France) implemented a program of leak detection and repair, while BIC APP Sleepy Eye (USA) made some operational improvements to its reverse osmosis system which increased its efficiency.

BIC plants completed or implemented 14 projects targeted specifically at water savings during 2012.

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



2.3.1.3. Reducing energy consumption and greenhouse gas emissions

Progress made in 2012 and performances

Optimizing energy consumption

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

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

Lastly, 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 very slightly between 2011 and 2012 (-0.8%), continuing a record of continuous improvement in energy efficiency for the BIC Group factories. It is notable that during the same period, production decreased by 4.7%. By normalizing energy consumption with the ratio to production, we get a measure of energy efficiency that is less dependent on small fluctuations in production volumes. For large decreases in production, fixed consumption like building heating and lighting typically become more noticeable and may dilute efficiency improvements achieved in manufacturing processes.

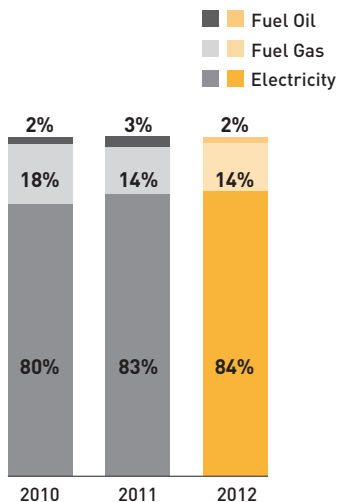
Ten sites improved their ratio of energy consumption per ton of production in 2012. BIC Mexico (Mexico) and BIC CORPORATION Milford (USA), respectively the fourth and sixth largest energy users in the Group, reported ratio decreases of 5% and 4%. BIC Mexico (Mexico) refitted lighting in the building with energy saving bulbs. BIC CORPORATION Milford (USA) installed two energy-efficient electric molding machines to replace two hydraulic machines. Significant improvements of energy efficiency per ton of production were also achieved for BIC APP Red Wing (USA), Conté (France) and BIC Iberia (Spain) with respective decreases of 25%, 6% and 4%. BIC Iberia (Spain) reported a decreased ratio while its production slightly increased thanks to several actions in energy efficiency, including heat recovery in an industrial process, use of natural light and LED lighting. Finally, the BIC Shavers Mexico packaging facility (Mexico) substantially decreased its energy consumption while increasing its activity, the result of comprehensive programs to improve production line efficiency (reduction of machine stop and go) and global management of the building needs of energy.

BIC plants completed or implemented 24 projects targeted specifically at energy savings during 2012.

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



CATEGORIZATION OF THE BIC FACTORIES ENERGY CONSUMPTION



The use of renewable energy

The BIC Group is constantly seeking and seizing opportunities to use renewable energy sources, depending on local contexts and feasibility. To this end, BIC has entered a two year agreement (2012-2013) to purchase Renewable Energy Certificates (RECs) for 100% of the grid electricity used by BIC's three Connecticut (USA) locations: headquarters, a factory and an R&D center. BIC has made this commitment to help support the development and production of renewable wind-generated electricity. Constellation NewEnergy, the supplier, estimates that based on BIC's projected consumption over two years, these RECs represent the avoidance of approximately 18,000 metric tons of indirect carbon dioxide emissions that would otherwise be produced by the electricity grid (estimate is based on U.S. EPA eGRID2010 Version 1.0).

A portion of this REC purchase concerns 6,135 metric tonnes of carbon dioxide corresponding to emissions attributable to the grid electricity consumption of BIC CORPORATION in Milford (USA). Since this site is included in the Group's environmental reporting perimeter, this represents 7.4% of all greenhouse gases emitted by the Group's factories.

Greenhouse gas emissions and actions to fight climate change

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

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

For its transport operations, BIC has developed an approach to reduce its GHG emissions (page 50).

In year 2006, a carbon footprint was conducted in the BIC headquarters in Clichy (France) and in 2007, in two factories, BIC Amazonia (Brazil) and BIC Rasoirs (France), with the Bilan Carbone® ADEME methodology. The studies in factories showed that the indirect GHG emissions (issued by suppliers during production of materials, 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 2012, the BIC Group quantified the direct and indirect emissions of greenhouse gases from its manufacturing plants (scope 1 and 2):

- **the direct emissions** (scope 1) are GHG emissions resulting from the combustion of fossil fuels, primarily natural gas and fuel oil, mainly used to heat buildings. The total amount of direct GHG emissions in 2012 was estimated to 9,131 tonnes of CO₂ equivalent, i.e. a 8.3% decrease compared to 2011;
- **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 2012 was estimated to 82,910 tons of CO₂ equivalent, i.e. a 3.4% decrease compared to 2011.

The total amount of direct and indirect GHG emissions was thus estimated to 92,041 tonnes of CO₂ equivalent, representing a decrease of 3,730 tons of CO₂ equivalent compared with 2011 emissions. Given that production decreased by 4.7% over this same period, the ratio of direct to indirect GHG normalized to the Group's production rose very slightly (+0.9%), while the ratio of energy consumption normalized to production dropped by a similar amount (-0.8%). These apparently contradictory variations can be explained by the evolution of the conversion factors (CO₂ equivalent per kWh consumed) for electricity mixes at the national level, in keeping with International Energy Agency data (CO₂ Emissions From Fuel Combustion Highlights – I.E.A Statistics – 2012 edition – p111 – National averages 2010).

**ANNUAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS
 NORMALIZED TO BIC FACTORIES PRODUCTION – IN TONNES OF
 CO₂ EQUIVALENT/TONNE**



For the past five years, BIC has been providing information to the Carbon Disclosure Project (CDP). In 2012, the Group was again included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI), with an even better score than in 2011, making BIC one of the eight highest-scoring French companies for transparency in carbon emissions (page 74).

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

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

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

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

2.3.1.4. Reducing waste production

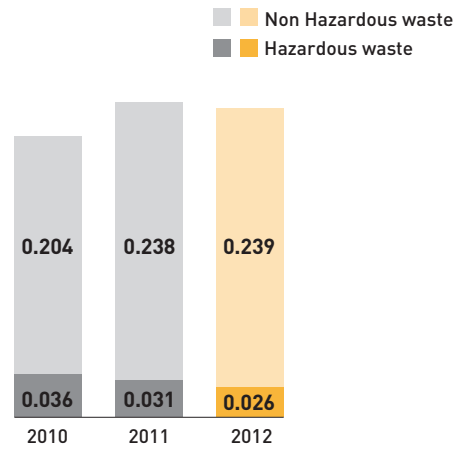
Progress made in 2012 and performances

In 2012, the BIC Group achieved a 1.5% decrease in the amount of waste generated per tonne of production compared with 2011. This results from a decrease in hazardous waste (-14.5%) and a stagnation in non-hazardous waste (+0,4%), both measured on a per tonne of production basis. Waste production from plant closures is included.

In 2012, BIC Group updated its hazardous and non hazardous waste classification with all its sites, in reference to the European regulations.

BIC plants completed or implemented 18 programs targeted specifically at waste reduction during 2012.

**ANNUAL PRODUCTION OF WASTE NORMALIZED TO BIC
 FACTORIES PRODUCTION – IN TONNES/TONNE**

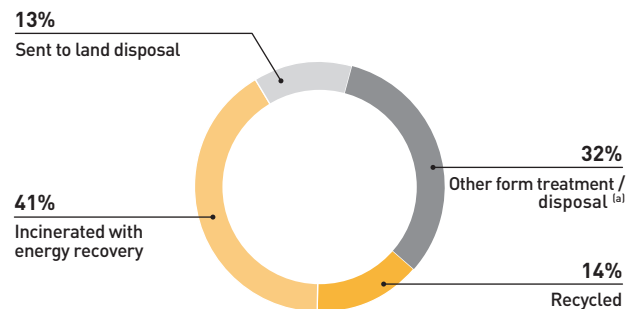


Hazardous waste

In 2012, the BIC Group registered a 14.5% decrease in hazardous waste generated per tonne of production compared with 2011.

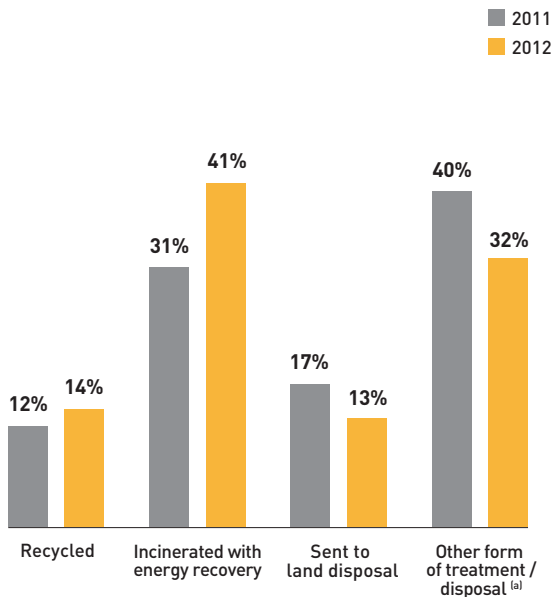
Nine sites improved their ratio of hazardous waste generated per tonne of production. BIC Violex (Greece) decreased its ratio by 3%, mainly through a process improvement that limits the oil changes. The ratio for BIC South Africa (South Africa) also decreased by 46% thanks to implementation of strict controls to reduce waste contaminated by ink. Significant improvements were reported by Conté (France), BIMA (France), BIC Ecuador (Ecuador) and BIC APP Tampa (USA) with respective decreases of 25%, 24%, 21% et 3% in hazardous waste generated per tonne of production. BIC Ecuador (Ecuador) achieved their result via employee education to limit waste contamination and the use of bigger ink tanks making less waste of contaminated plastic tanks.

**2012 BIC FACTORIES HAZARDOUS WASTE TREATMENT –
 % OF TOTAL EXPRESSED IN TONNES**



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

BIC FACTORIES HAZARDOUS WASTE CATEGORIZATION IN 2011 AND 2012 – % OF TOTAL EXPRESSED IN TONNES



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

Non-hazardous waste

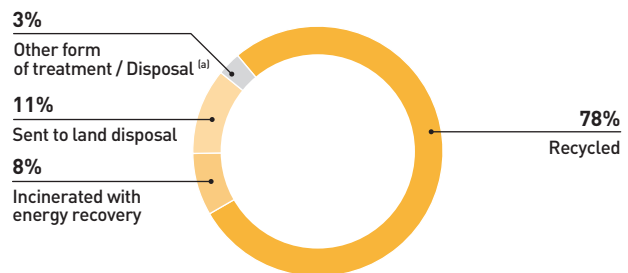
In 2012, the BIC Group's ratio was relatively flat for non-hazardous waste generated per tonne of production, compared with 2011 (+0.4%).

12 factories improved their ratio of non-hazardous waste per tonne of production. BIC APP Red Wing (USA) decreased its ratio by 37% following a quality improvement program that significantly reduced scrap and customer returns. BIC Ecriture 2000 (France) and BIC APP Europe (Spain) reported ratio decreases of 7% and 3%, respectively, mainly due to the reduction and re-use of plastic waste in their molding activities. BIC APP Europe (Spain) achieved this result due to a review of its procedures and training of employees. Finally, it is notable that BIC Charlotte (USA) packaging facility decreased its wood waste as the result of sourcing a more robust pallet that reduces breakage, along with a new procedure to carefully control and evaluate the re-use and disposal of pallets.

This year, there was no significant change of the ratio non hazardous waste per tonne of production, despite exceptional events such as the destruction of obsolete stocks and factory clean-ups.

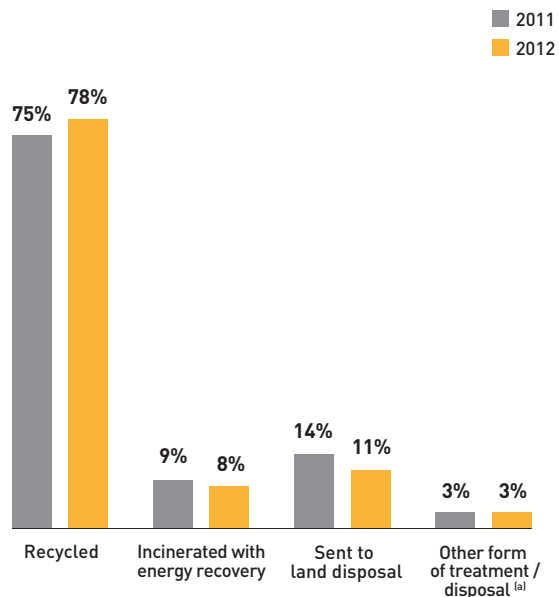
In 2012, BIC Sport signed a partnership with Eveno-Fermeture for the purpose of reducing the volume of polyurethane used in its high-performance thermal products by 15%, replacing it with polyurethane from used surfboards or production scrap. To initiate the process, BIC Sport will encourage the recuperation of used surfboards through direct communication targeting French surfing schools.

2012 BIC FACTORIES NON-HAZARDOUS WASTE TREATMENT – % OF TOTAL EXPRESSED IN TONNES



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

BIC FACTORIES NON-HAZARDOUS WASTE CATEGORIZATION IN 2011 AND 2012 – % OF TOTAL EXPRESSED IN TONNES



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



2 - Our environmental, social, and societal responsibility

Environmental responsibility concerning our operations

5 Improve the environmental performance of BIC factories

In 2013, energy consumption will be 12.99 GJ per tonne of production, i.e. a 3% reduction

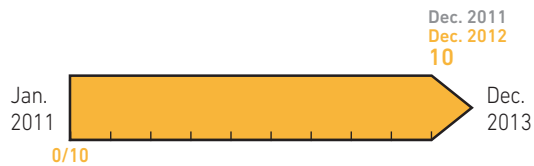
(Values: Jan. 2011: 13.39 – Dec.2012: 12.82)

In 2013, water consumption will be 7.96 m³ per tonne of production, i.e. a 3% reduction

(Values: Jan. 2011: 8.21 – Dec.2012: 7.48)

In 2013, non-recycled waste production will be 0.0903 tonne per tonne of production, i.e. a 1% reduction

(Values: Jan. 2011: 0.0913 – Dec.2012: 0.0746)



Since 2002, BIC has implemented an environmental reporting with its factories.

2012 results: the deployment of environmental management systems and the increase of investments have allowed to carry on with the energy, water and waste reduction efforts.

Perspectives

For 2013, the BIC Group has set quantified objectives for the environmental performance of its production facilities. Commitment number five of the BIC Sustainable Development Barometer measures the Group's progress in terms of energy, water and waste between 2011 and 2013.

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: their effect on biodiversity is the BIC Group's direct responsibility. Secondly through the purchasing of the 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 2012

For the second year in 2012, 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 2013 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.

In the consumer business:

- **91% of BIC® products sold in Europe are also manufactured on this continent.**
- **63% of BIC® products sold in Americas are also manufactured on these continents.**

Approach and progress made in 2012

BIC Group has factories all over the world, which tends to limit the need for shipping its products. In fact, in average, in the Consumer business, 73% of products sold in a continent are manufactured in this continent (91% in Europe and 63% in America).

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.

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 2012, the Transport Community increased the number of its consultations with experts, expanded its cooperation with the Group’s customers and played a greater role in working groups. For example, BIC has actively contributed to the implementation of a CO₂ emissions calculator shared by several consumer goods manufacturers in France. Through these actions, the Transport Community is able to enrich its expertise and benefit from the sharing of other companies’ experience. Participation in the annual “Transport Community” seminar was opened to include key internal stakeholders (scheduling, categories) in order to extend and enrich the discussions. Lastly, in order to raise its employees’ everyday awareness, BIC is gradually integrating the measurement of GreenHouse Gas (GHG) emissions into its shipping management tools.

Everywhere around the world, the impact on GHG emissions is always taken into account in the evaluation of logistical networks. During 2012 in Europe, BIC implemented a system for measuring the fill rate of the trucks operating between its factories and warehouses.

On the Group scale, commitment number six of the BIC Sustainable Development Barometer is devoted to this issue: “Reduce GHG emissions from our transport operations.” One of the secondary objectives specifically measures GHG emissions per tonne of products for intersite shipping, in particular to limit air transport. One of the priorities in 2012 was to analyze the reasons for shipping by air freight. These situations were identified and examined, and in Europe indicators were introduced to monitor them more closely. In addition, a stricter process was adopted for the authorization of air shipping.

In parallel, BIC encourages its service providers to submit their own reports on the emissions resulting from the transport of the Group’s products, in order to work together to identify the challenges, leverage points and action plans.

Optimizing shipments and routes

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

A great many actions were undertaken in 2012 to optimize shipping and routing, some of which achieved especially good results:

- the Manaus factory in Brazil increased its production capacity, which enabled the site to reduce its transport-related emissions by 97% through the elimination of air shipping;
- in Europe, the Group modified its storage strategy, generating a 75% cut in emissions due to the reduced use of air transport;
- shipments between the Greek factory and the co-packing site in Mexico were completely reorganized, with a combination of sea and rail transport, a new route, shipment batching, etc., saving 180,000 km in eight months;
- Mexico was also able to cut its emissions by 500 tons by routing deliveries directly from its co-packer to its end customers, bypassing the distribution center.

Lastly, BIC is also working closely with its customers to consolidate orders, maximize shipments and reduce the distances traveled. For example, in Canada, consolidating the orders for two of its costumers generated a 40% savings in transport costs while reducing GHG emissions.

Selecting responsible carriers

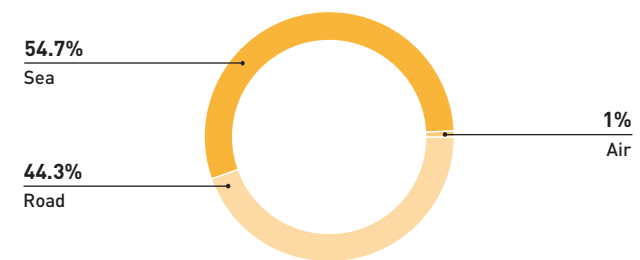
Ultimately, these logistical operations are carried out by the transport companies chosen by BIC. Therefore, their equipment, methods and management systems are determining factors in the level of GHG emissions: the condition of the vehicles, training in the techniques of eco-driving, the use of speed governors, tire technology, emission measurement capacities, etc. BIC selects carriers that allow the Group to reduce the ecological footprint of its shipping operations. In the United Kingdom, for example, a change of carrier in 2012 resulted in reduced delivery times for certain customers without affecting the trucks’ fill rate. In Argentina, BIC chose a carrier whose proposal included optimized routing.

In order to encourage its transport service providers to adopt responsible practices, BIC is developing an increasingly demanding purchasing policy in terms of sustainable development and incorporates the reduction of GHG emissions in its criteria for selecting carriers. Compliance with these demands is specifically evaluated in the 2011-2013 Barometer, concerning both inter- and intra-continental intersite shipping and distribution shipping.

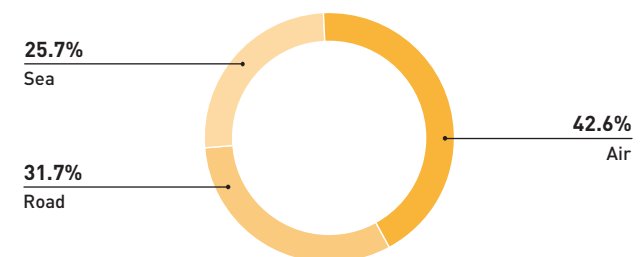
In one of the sessions at the annual Responsible Transport seminar, BIC’s representatives worked with a carrier to specify criteria for evaluating transport companies’ performance in sustainable development. These criteria were then shared within the Group to help all units select the best carriers.

Performances

BREAKDOWN OF TONNAGE SHIPPED – IN % OF THE TOTAL



BREAKDOWN OF GHG EMISSIONS – IN % OF THE TOTAL



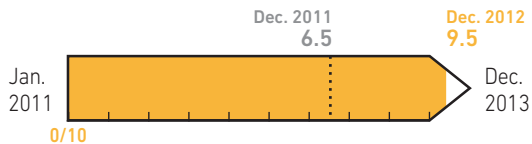
2 - Our environmental, social, and societal responsibility

Environmental responsibility concerning our operations

6 Reduce GreenHouse Gas emissions (GHG) from our transport operations

In 2013, GHG emissions will be 1.135 teqCO₂ per ton of production for intra company transport, i.e. a 4% reduction
(Values: Jan. 2011: 1.182 – Dec.2012: 0.559)*

In 2013, the reduction of GHG emissions will be a selection criterion for at least 75% of the Group's calls for tenders for transport operations
(Values: Jan. 2011: 10% – Dec.2012: 69%)



The perimeter is: for the first objective the intersite shipping, i.e. all factory-factory and factory-warehouse shipments and for the second objective the intersite shipping and the distribution shipping (warehouse-customer shipping).

2012 results: the first indicator clearly achieves its target, mainly due to a consequent decrease in the use of air transport; the second one is still progressing through the implementation of process.

* Except BIC APP (Advertising and Promotional Products)

Perspectives

In 2013, the analysis of the use of air transport will be shared throughout the Group.

In parallel, BIC Group will pursue the programs it has already launched:

- extension of the Code of Conduct to include carriers;
- continued integration of the "reduction of GHG emissions" criterion in calls for tenders;
- reorganization of the supply flow from a supplier in Germany to the Manaus factory in Brazil, with specially-designed containers and a more direct route that will enable the shipping of more product while reducing costs;
- an intermodality study for the flows between Mexico, the United States and Canada;
- continued integration of the measurement of GHG emissions in transport management tools. This will concern 40% of the sales in Europe.

→ 2.3.3. LIMITING THE ENVIRONMENTAL IMPACT OF OUR SALES AND SUPPORT ACTIVITIES

Challenges

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

Approach and progress made in 2012

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.

BIC has entered a two year agreement (2012-2013) to purchase Renewable Energy Certificates (RECs) for 100% of the grid electricity used by BIC's three Connecticut (USA) locations: headquarters, a factory and an R&D center (page 47).

Company vehicles

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

In France during 2012, the accident rate for company vehicles continued to decrease: -11% since 2011.

In 2012 the average level of CO₂ emissions per km dropped from 122 g to 118g for the sales force vehicles, and from 144 g to 135 g for the European business account Directors' vehicles. In addition, members of the BIC sales force took a training course in eco-driving.

Waste management

The headquarters in Clichy (France) has made considerable progress in waste management at the site, in partnership with the food service provider that runs the cafeteria, in particular by improving glass sorting and introducing the recovery and recycling of waste coffee capsules in 2010. A new service provider contracted in 2012 ensures that used coffee capsules are recycled and not sent to landfill.

Eco-performance of the buildings

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

The headquarters in Clichy (France) has succeeded in steadily reducing its energy consumption through a number of actions to improve its installations: changing light bulbs, replacing electronic devices (computers, printers) with energy-saving models, reducing the need for cooling in the machine room, etc. Due to these initiatives, the site's electrical expenses have remained stable despite higher charging rates.

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

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 continued the effort to virtualize its servers. For Europe, the Middle East and Africa, for example, centralizing the messaging services in Clichy (France) made it possible to reduce the number of machines by 75%. In addition, the use of increasingly efficient machines reduced the amount of energy

needed for cooling. Since 2012, new applications shared by users Group-wide are installed in the "cloud," i.e. on virtual servers that are externalized and therefore mutualized. Similarly, BIC is working on the mutualization of its own servers. The sales planning system for the Europe zone is now hosted on a single server in the United States, and studies are underway for mutualizations between the U.S. and Latin America. The printing services have been outsourced to reduce the number of printers, and virtual archiving and sharing of documents, using centralized drives, has replaced photocopies in some offices.

The "Lync" tools, formerly called "OCS," offer internal chat, videoconferencing and a Live Meeting function that allows several co-workers 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 quicker. In 2012, Lync registered 500 new users in the Europe and Middle East-Africa zones. Nearly half of the co-workers are now Lync users. For example, the Group's Sustainable Development Team has been using multi-site Live Meetings: in January 2012, all the continents participated via telepresence. Since 2009 the Group's Sustainable Development Team has used multi-site Live Meetings to unite its 25 members at seven sites (Clichy, Verberie and Redon in France, Shelton in the U.S. Athens in Greece and Sao Paulo and Manaus in Brazil). Since 2011, this innovative solution has also been used for periodic project review meetings by the Finance Departments, which are spread out over more than five different locations.

Perspectives

In France, the teams that operate vehicles will continue to receive training in eco-driving.

The effort to virtualize and reduce the number of servers will continue throughout the Group.

2.4. Our social responsibility to the employees

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

→ 2.4.1. THE WORKFORCE

The following sections describe the profile and evolution of BIC's workforce in 2012.

For the year ending December 31, 2012, the BIC workforce totaled 9,256 permanent and 1,227 temporary employees located in 53 countries around the world.

2.4.1.1. Breakdown of the workforce by region and activity

Changes in staff numbers by region are shown below:

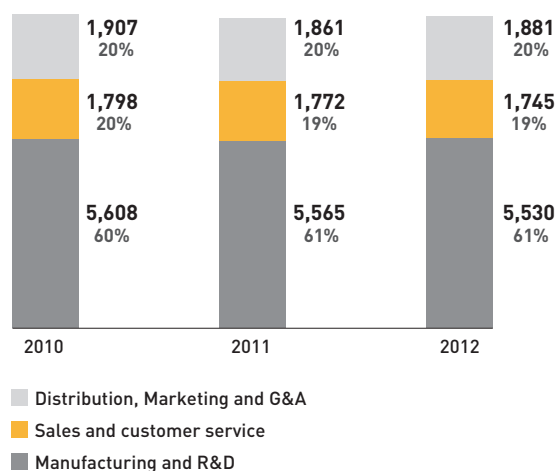
WORKFORCE BY REGION-ON FULL-TIME EQUIVALENT

WORKFORCE BY REGION	DECEMBER 2010	DECEMBER 2011	DECEMBER 2012	VARIATION 2012/2011
Europe	3,650	3,661	3,724	+ 63
North America and Oceania	2,714	2,595	2,466	(129)
Latin America	2,452	2,486	2,517	+ 31
Middle-East, Africa and Asia	497	456	549	+ 93
TOTAL PERMANENT STAFF	9,313	9,198	9,256	+ 58
Temporary	1,192	1,257	1,227	(30)
TOTAL	10,505	10,455	10,483	+ 28

In 2012, permanent employees increased by 58.

This essentially reflects the headcount increase in Mexico (+88 in the Stationery plant and +21 in the Shavers plant) and in Greece (+76 in the Shavers plant) while the headcount of the Advertising and Promotional Products sector continues decreasing (-142 of which -29 in Europe and -73 in the United States).

PERMANENT EMPLOYEES BY ACTIVITY

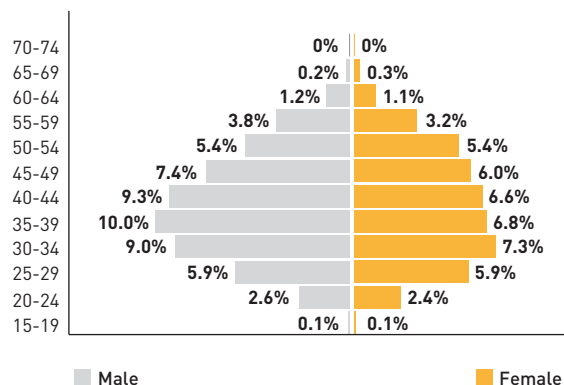


The workforce, across each activity, has remained proportionally constant for the last three years, reflecting the stability of BIC's system of organization.

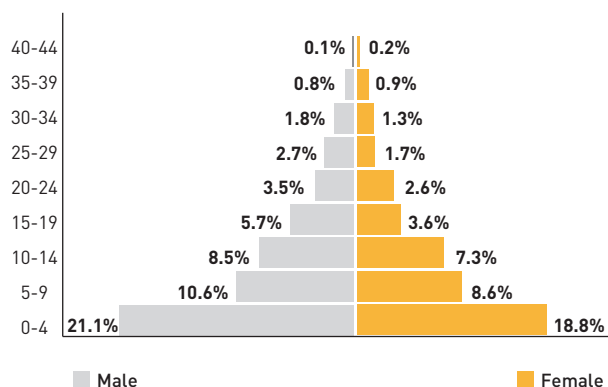
2.4.1.2. Age and seniority

In 2012, the median age of BIC employees is 40 years and median seniority is seven years. The analysis of the age pyramid shows that all ages were represented in the Group. The seniority pyramid shows loyalty of BIC employees (25% of BIC employees have more than 15 years of seniority).

AGE STRUCTURE - 2012



SENIORITY STRUCTURE - 2012



2.4.1.3. Breakdown of the workforce by category

PERMANENT HEADCOUNT BY CATEGORY

	DECEMBER 2010	DECEMBER 2011	DECEMBER 2012	VARIATION 2012/2011
Managers	2,258 (24%)	2,353 (26%)	2,398 (26%)	+45
Non-Managers	7,055 (76%)	6,845 (74%)	6,858 (74%)	+13

Managers accounted for around 26% of permanent Group employees in 2012. 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 achievement of objectives on at least an annual basis. Management might refer to a team, a project, a process, a technique, a customer or a supplier portfolio.

TOTAL STAFF-ON FULL-TIME EQUIVALENT

	2010	2011	2012
Permanent employees	9,313	9,198	9,256
Temporary employees	1,192	1,257	1,227

Permanent employees (with a permanent employment contract) accounted for 88% of the total workforce. Temporary workers account for 12% of the workforce, split across temporary staff, fixed-period contracts and school and university interns. On December 31, 2012, the number of temporary workers was less important than on December 31, 2011: -30 (1,227 versus 1,257).

As last year, temporary workers are employed in production (78% of temporary staff), sales support (8%) and distribution/administration (14%), essentially due to the highly seasonal nature of BIC's activities.

The Group has carried out more than 480 terminations of which half took place in Latin America, specifically in Brazil and Mexico.

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

2.4.1.4. Recruitment and terminations

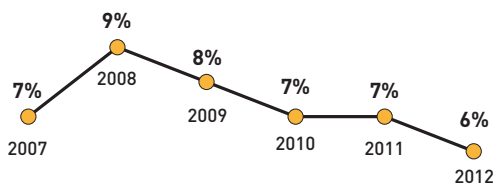
For recruitment purposes, the Group has, over recent years, developed a mobility policy and an active internal promotion policy that is backed by efficiently used career management tools (Individual Development Plan, Succession Plan, talent accelerators, etc.).

In addition, the Group **recruited some 220** external candidates for entry-level or middle management positions, and some **600** for factory and staff positions. In 2012, the external recruitment rate for managers was 10% while it was 9% 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 in-house the managers' expertise in recruitment techniques and has developed a more efficient selection and tracking procedure.

Voluntary turnover in the Group workforce reached 6% in 2012. It represents 525 resignations and 67 voluntary retirements. In 2012, the highest voluntary turnover rate took place in Asia (19%), slightly up from 2011 (17%) and much lower than in 2010 (34%). Oceania is the continent with the largest increase with a rate of 18% in 2012 (8% in 2011). Europe has the lowest voluntary turnover (4%) due to staff stability in factories.

VOLUNTARY TURNOVER



→ 2.4.2. SHARING VALUES

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 (page 30).

Approach

Every two years, since 2005, BIC carries out a values survey. This survey is part of the "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 600 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 for the company's success, the pride of belonging and allegiance to the Group.

Performances and progress made in 2012

The engagement survey

This survey, conducted every two years, measures key parameters concerning employee engagement. It offers an opportunity for them to express their point of view and for the Group to launch internal improvement projects.

In 2012, the scope of the survey was widened to include more than 7,000 employees, compared with 2,442 in 2010. With 87% responding, the results show a very high participation rate, and an overall engagement of 73%, which places BIC alongside the best employers. The survey revealed four key points that help build a strong sense of belonging at the company:

- more than 90% of the employees have a good understanding of the goals at both the Group and the department level;
- 85% of the employees are proud of the BIC® brand and 87% believe that BIC enjoys a very good reputation among both its customers and the general public;
- more than 8 out of 10 employees see BIC as a "customer-oriented" company that is able to respond to its customers' needs and that excels at offering new products;
- 75% of the employees have confidence in the management team's decisions.

However, some points for improvement were also revealed, in particular concerning development opportunities, the coaching and communication skills of direct management, wage competitiveness and cooperation between departments within the Group.

The adherence to values survey

The findings of the survey conducted in 2011 rated overall adherence to the Group's values at 81%, with a participation rate of 75%. The most strongly shared values were Responsibility (87% adherence) and Ethics (86%). The Group will continue to implement the action plans subsequent to this survey.

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

Perspectives

BIC will continue its program of employee surveys. The next adherence to values survey will take place in 2013 and the next engagement survey in 2014.

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

Challenges

Safety in the workplace is a fundamental priority for the BIC Group. Guaranteeing safe working conditions implies the deployment of safety management systems at the production sites. For BIC, the challenge is also to adapt the organization of working hours to the company's needs while protecting the employees' health and the balance between their private and professional lives as much as possible, in accordance with laws and regulations. Consequently, the BIC Group, convinced of the close link between its employees' well-being and the company's economic performance, promotes and coordinates an array of actions to raise its employees' awareness of the issues of safety, health and well-being in the workplace.

2.4.3.1. Health and safety in the workplace

Approach

In keeping with its Environment, Health & Safety (EH&S) Policy, BIC Group strives to prevent or at least reduce health and safety risks for its employees, subcontractors and people who live or work near its production sites. This policy is permanently posted at the production sites.

BIC pursues this objective by deploying and implementing health and safety management systems, which are implemented in the supply, production and distribution phases to cover the risks inherent in the Group's various activities. In addition, a team of three EH&S experts assists the sites in the deployment and follow-up of programs for reducing their employees' health and safety risks.

The self-evaluations of compliance with the Code of Conduct in the factories bolster the management systems implemented to promote health and safety.

Since 2011, the three shaver factories have been triple certified for Safety, Quality and Environmental Protection.

In 2012, the work accidents are mainly caused by manual handling (26%).

Occupational diseases are closely monitored in France. Most are related to musculoskeletal disorders.

2 - Our environmental, social, and societal responsibility

Our social responsibility to the employees

Performances

In 2012, health and safety management systems were operational at 94% of BIC's sites.

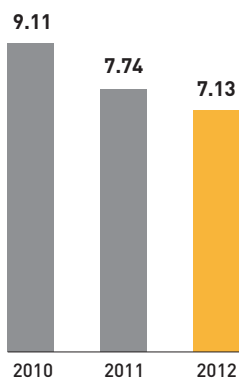
7 Reduce workers' accidents

- In 2013, the Group's accident incidence rate will be 8.65, for a reduction of 5%
(Values Jan. 2011: 9.11 – Dec.2012: 7.13)
- In 2013, the Group's accident severity rate will be 0.37, for a reduction of 5%
(Values Jan. 2011: 0.39 – Dec.2012: 0.19)

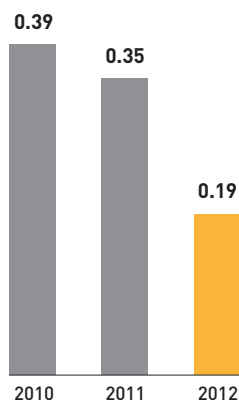
Both indicators are calculated for the BIC factories by using European legal definitions.

2012 results: the objective had been achieved for both indicators in 2011, and has been maintained in 2012 thanks to the deployment of health and safety management systems and related programs.

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



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



In order to further improve the reliability of the indicators for the incidence and severity rates of workers' accidents reported by the Group, the methods for calculating the number of hours worked were standardized in 2012 in cooperation with the factories. A reporting process has been defined and its proper application verified internally with each site. Sites still have to go through a process of appropriation of this new method during 2013.

In 2012, BIC recorded 35 recognized cases of occupational diseases, and six occupational disease recognition requests were pending as of December 31, 2012.

Progress made in 2012

Agreements on health and safety were signed with labor unions or employee representatives in 2012.

BIC Graphic Europe (Spain) signed a number of agreements, in particular concerning:

- the 2012 Safety Training Plan: training in electrical hazards and the use of first aid and other safety equipment, implementation of new protection mechanisms on the production lines, etc.;
- risk evaluation and the resulting action plans: noise reduction, investment in a new ventilation system, reduction of the weight of packages received from subcontractors, etc.;
- the new procedure for investigating workers' accidents and a new communication procedure for occupational hazards.

Also worthy of mention are the awareness campaigns undertaken by BIC Iberia (Spain) to promote employee health in the workplace.

In France, all sites have conducted **a review of the issue of physical stress on the job** in partnership with employee representatives. Jobs have been characterized according to legally-defined strenuousness factors (criteria and their critical thresholds) and the employees concerned have been identified. Given that approximately 50% of the employees perform jobs that are considered strenuous according to the legal criteria, the sites then implemented an action plan (or negotiated and signed a collective agreement) to reduce exposure to these stress factors, especially in cases of multiple exposure. Commitments have been made, including training and awareness in movement and posture, investments (to reduce noise or improve workstation ergonomics), and arrangements to avoid the necessity of alternating work teams or reduce the physical stress endured by employees who are nearing retirement.

Perspectives

Commitment number seven of the BIC Sustainable Development Barometer defines objectives for 2013 in terms of the incidence and severity rates of workers' accidents. The Barometer calls for a 5% reduction by 2013 in both incidence and severity, in comparison with the values for January 2011.

2.4.3.2. Organization and quality of life in the workplace

Approach and progress made in 2012

The organization of work in BIC's factories complies with local laws and the Group's Code of Conduct, which is modeled on the standards of the International Labor Organization.

Overtime is strictly controlled and scrupulously recorded in all of the units concerned.

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

In 2012, the Group launched a **worldwide program called "Quality of Life at Work"** for the purpose of defining a goal and a global strategy for improving quality of life in the workplace. 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," concerning their capacity to acquire and apply new managerial skills as well as their fundamental role in stress management and prevention. "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 and ergonomics, physical exercise, nutrition;
- the manager's role: stress management and prevention as well as the new skills required for team leaders;
- workspace and workstations: configuration of workspaces and common areas;
- employee services to make everyday life easier: Employee Assistance Programs ("PASS" in France and "EAP" in the United States), concierge services, etc.

France

In May 2012, an employee assistance program called "PASS" was launched for all of the Group's sites and sales teams in France. This external service is available free of charge to all employees and their families.

The purpose of the program is to help employees and/or their families through difficult periods, whether job-related or personal: family or financial problems, depression, loneliness, stress, addictions, violence, nutritional issues, sleep disorders, etc. An external service has been set up offering advice and help in two forms. The first is a dedicated, confidential low toll telephone helpline, available seven days a week and 24 hours a day, to give callers an immediate initial contact with a professional counselor. In addition to the helpline, PASS offers employees a second level of support through face-to-face meetings with specialists from outside the company (in series of five interviews), selected according to the problems that need to be addressed.

This system was set up in cooperation with the *Médecine du Travail*, France's national occupational medical service, and employee representatives in the departments concerned.

United States

With the **Wellness in action** (WIN) program, which promotes physical activity, BIC encourages its employees to adopt active, healthy lifestyles. The program consists of various elements to improve employee and family health, enhance employee productivity, and instill a culture of wellness within the company.

During company sponsored Health Fairs, employees can receive various types of medical tests (cholesterol and blood sugar levels, blood pressure, mammograms), seasonal flu vaccinations and information on a wide range of topics like Alzheimer's disease, the importance of nutrition, sleep disorders, cancer screening, etc. These semiannual events, held at the Charlotte, Shelton and Milford factories in the U.S., have been a tremendous success. Health education and awareness are also promoted through monthly e-mail campaigns, seminars and conferences.

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 France in 2012, which is described in detail above.

South Africa

Since 2000, BIC South Africa has implemented a **program to fight against HIV and AIDS** in a country where the virus is taking an especially heavy toll. This initiative is managed by an in-house clinic and a group of peer educators composed of company employees who receive annual training. The program consists of three parts: education of employees using numerous and varied media, voluntary counseling and testing for anyone, permanent and temporary employees alike, and a health program. BIC South Africa pays the vast majority of medical expenses for HIV-positive employees: 100% of the employees who ask for antiretroviral medication receive it. Two new initiatives were added to the program in 2012: a vitamin D3 deficiency test for all HIV-positive employees and prophylactic treatments against tuberculosis, the single biggest killer of persons living with the virus, and osteoporosis, another common HIV-related disorder.

In 2012, this program and periodic "Wellness Days" held throughout the year enabled 69 people to be tested for HIV.

Since 2009, the peer educators have been working on two key challenges for the program's success: the fight against the social stigma of being HIV-positive and fear of the test results, which still all too often discourages people from getting tested. In 2012, the educators focused their group education efforts on the transmission of the virus, and in particular the controversial question of breast-feeding.

As an extension of the annual Anti-AIDS Day, awareness days were organized with the simple but ambitious goal of "Getting to Zero": zero infection, zero discrimination, and zero deaths from AIDS.

Brazil

BIC Amazonia has created an employee association that promotes social and sporting events with, for example, competitions (football, volleyball, billiards, chess, checkers, dominoes, ping-pong, etc.), Christmas gifts for employees and their children, raffles, etc.

One of the most appreciated events is the sports competition in which four teams uniting employees from different departments (stationery, lighters, shavers and support) compete against each other. The event fosters good health and teamwork while strengthening the bonds among co-workers. Every two years, the employees elect a new representative.

Progress made in 2012 and performances

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



Absenteeism excluding on-site accidents and maternity remained low for a Group average at 1.5%, compared with 1.4% in 2011 and 2010, 1.5% in 2009, 1.6% in 2008, 1.8% in 2007, 1.9% in 2006, 1.7% in 2005 and 1.9% in 2004.

The absenteeism rate including on-site accidents and maternity is also low and stable, at 2.2% as in 2011.

Perspectives

The Group intends to make the “Quality of Life at Work” approach permanent by continuing to broadcast and share its vision based on the four main areas of endeavor, working on both the short and long term, both curatively and preventively, with a particular emphasis on stress management and prevention. Action plans will continue to be defined and implemented on the local level.

In 2013, BIC will launch a pilot program called “Managing Tomorrow at BIC” designed to help mid-level managers meet their new challenges as team leaders. In its first year the program will involve approximately 200 managers across a range of functions and units, enabling them to develop their skills in eight new fields, such as better managing matrix organizations and transversal projects, the overabundance of data and information, the different generations of employees and cross-cultural relations, as well as being better equipped to deal with stress, both for oneself and for the team.

→ 2.4.4. EMPLOYEE DEVELOPMENT

Challenges

The values of responsibility and ethical behavior emphasized by BIC go hand in hand with its perennial concern for the professional development of the Group’s workforce through the implementation of programs to cultivate its employees’ skills and employability.

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

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

For managers, career management and training are handled at the Group level. For other employees, these aspects are managed by the local units depending on their specific needs and expectations.

2.4.4.1. Career management

Approach and progress made in 2012

The BIC Group considers that all of its employees should have the opportunity to grow their professional skills during their time with the company, not only through training programs, but also by taking on new tasks and responsibilities, or even by changing jobs in the course of their careers.

The Group’s 2,000 managers participate in annual performance and development interviews in which they review their professional aspirations.

Each manager can also make his or her aspirations known using the online “Taleo” system, which was conceived to facilitate geographic and functional mobility.

More recently, a new process is helping to generalize skill development through “People Acceleration Plans,” which is based on employees’ strengths and areas for improvement, as identified with their managers. Each employee can benefit from a specific development plan for the following year, combining three options:

- training;
- learning through contact with others (managers, peers, coaches, mentors, etc.);
- new professional experience (short-term assignments, participation in project groups, extended responsibilities, possibilities of contact with the Group’s upper management, etc.).

Regarding the allotment of time to be devoted to each employee’s development, BIC plans to generalize the use of the 10/20/70 model that is now commonly used by many international corporations. The Group firmly believes that combining the three above-mentioned development options is the most effective way to improve its economic performance as well as its employees’ satisfaction and engagement levels.

This approach enables BIC to continue favoring internal promotion to fill key positions.

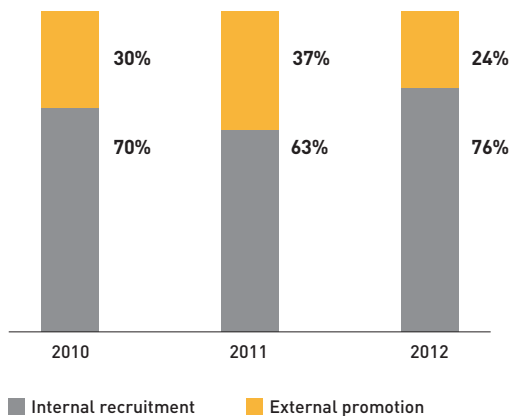
The Group's talents, whose role is crucial for its development, are the subject of special attention and of tailored development plans. In 2012, as in every year, a Succession Plan, based on a detailed analysis of BIC's organization and resources, was approved by the Chairman and the CEO.

In France, since 2009, several agreements have been negotiated and signed with employee representatives. The aim of these agreements is to ensure the professional development of all employees, in particular for those who are seniors (agreement on Seniors) or have a disability and also to facilitate functional and geographic mobility and employability (agreement on SWP).

These agreements have led to the successful implementation of various action plans between 2010 and 2012, in particular regarding the sharing of knowledge between generations in order to better prepare succession and retirement.

Performances

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



In 2012, 76% of the four top manager levels were internal promotions. In 2011, the rate was 63%; in 2010 and 2009, the rate was 70% and the preceding three years the rate was superior to 80%. In 2012, 46% of all the managers were promoted internally and 47% in 2011.

2.4.4.2. Training

Approach and progress made in 2012

Training is one of the most important tools for developing employees' skills. For its managers, BIC offers Group-level programs for the sharing of values and management methods. For non-managers, it relies primarily on local initiatives adapted to each context and the specific needs of each region.

Established in 1998, BIC University is a company training center whose purpose is to develop strong management skills within the Group in order to facilitate teamwork and the sharing of team culture across many job functions and countries. Its curriculum offers local and international training on four continents. In 2012, more than 26,000 training days were logged.

The innovative programs created at BIC University since 2008 include the following: Mini MBA, BIC University Master, the "Hiring for tomorrow at BIC" program, and Executive Management Program.

- the Mini-MBA is an actual certification program created in collaboration with the MIP (Management Institute of Paris) whose objective is to provide the most-up-to date level of knowledge across different key business functions (strategy, finance, sales, marketing, HR, supply chain, production) to young managers. More than 150 managers have already participated in this program in the USA, Latin America and Europe;
- the Masters at BIC University (MBU) is a three-year program for each of the three above-mentioned continents for developing leadership capacity. It is conducted by several coach-consultants who personally supervise the participants in numerous simulation exercises;
- the "Hiring for Tomorrow at BIC" program was launched in late 2010 to help the Group's managers improve their ability to select and recruit outside candidates who are right for BIC and have good potential for professional development. So far the program has been deployed in some 15 European countries and South Africa, and 220 managers of all levels and functions have been trained in these recruitment techniques. The Group plans to launch the program in Latin America in 2013;
- in 2010, BIC University launched a new program: the Executive Management Program. The objective is to prepare the future top managers of BIC subsidiaries in Europe. The participants – all with high potential – will be trained three days per quarter during two years on technical and management skills which are necessary for a leader. BIC University has innovated by introducing co-development groups and by proposing individual coaching to participants. This program was extended in 2011 through an Executive Management Program in the developing countries where BIC is active, uniting 20 participants from Latin America, the Middle East, Africa and Oceania. The first session was held in Brazil in September 2011. The program continued in 2012 in Argentina and Mexico, and will conclude in 2013.



BIC University is a key holder of BIC's culture, values and skills. It has been a crucial tool for the **integration of new employees** (managers and non-managers), in particular following the acquisition of Norwood and Antalis. In 2010, in cooperation with the Europe Consumer Products business teams, BIC University developed a new integration program called "Welcome to BIC" for newly-hired managers from one of the Group's 12 European subsidiaries. This one-week program is offered an average of three times per year, bringing together new managers from all countries and all departments.

Similarly, each year BIC's Asian subsidiaries send a dozen managers from different countries in the region (whose head office is in Singapore) on a "BIC Discovery Trip" to Europe to improve their knowledge of the Group: its values and culture, the brand and its history, BIC's organization and industrial processes, the products and their differentiating characteristics, etc. This 10-day learning expedition which was first organized in 2010 has been offered every year since. It starts at the Clichy headquarters in France and continues with visits to French outlets and factories, ending in Greece with a tour of the shaver factory in Athens.

PIMS (Program for International Managers), launched at the end of 2011, is a program to train and integrate young high-potential employees from emerging countries with a degree in marketing, finance or supply chain management. The first ten participants in the program came from India, China, Tunisia, Turkey and the Democratic Republic of the Congo. After completing a 24-month international training program covering three different job positions on different continents, their role is to contribute to the growth of BIC's operations in Asia, the Middle East and Central and Eastern Europe.

Lastly, the Group offers **local training programs** focusing on the job functions of the various business units, especially the production sites. These recurrent programs are adapted to meet local needs. Offered to non-managers, they cover topics such as IT tools, information management and basic English skills. They are not only technical – the Manaus plant in Brazil, for example, offers many general training courses.

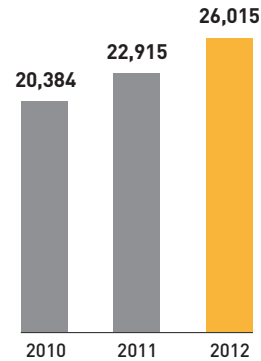
Performances

9 Develop employees' training
 In 2013, 80% of employees will have received one training.
 (Values Jan. 2011: 70% – Dec. 2012: 90.4%)

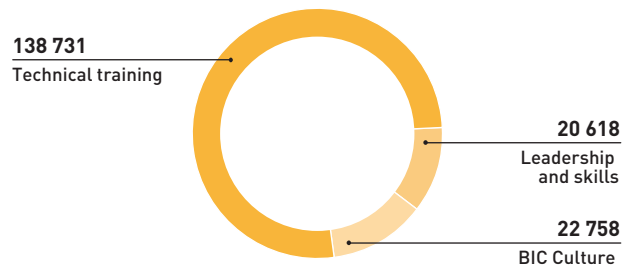
This indicator measures the rate of employees who actually received at least one training on the basis of the Group's permanent employees.

2012 results: BIC commitment towards training continues. Progress has been made thanks to various trainings programs focusing on BIC culture held in Mexico. In Greece, the shavers factory BIC Violex has increased the Health and Safety and technical trainings, to provide support to BIC Shavers Mexico (Mexico) and BIC Amazonia (Brazil) factories.

NUMBER OF TRAINING DAYS – BIC GROUP



NUMBER OF TRAINING HOURS (PER THEME) – BIC GROUP 2012



Perspectives

Commitment number nine of BIC Barometer sets the objective that 80% of employees within the Group will have received one training, thus increasing the rate by 14% compared to January 2011 data.

→ 2.4.5. THE REMUNERATION SYSTEM

Challenges and approach

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

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

- pay for performance;
- internal equity;
- external competitiveness.

An essential element in the BIC Group's remuneration policy is the acknowledgement of the performance of individuals and work teams. Thus, for managers, salary increases reflect individual merit (except in certain countries with legal obligations regarding general increases). 90% of the managers present on December 31, 2012 have received a base salary increase during 2012.

In 2012, variable remuneration relating to performance represents an average of 16% of fixed remuneration salaries.

For non-managers, BIC guarantees an appropriate remuneration and respects minimum salaries determined by local laws.

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

In 2011, a complete analysis of the external competitiveness of managers' base salaries was commissioned. For the 51 countries in which BIC has some managers, Hay Group supplied market median data 2011 for each BIC level.

Performances

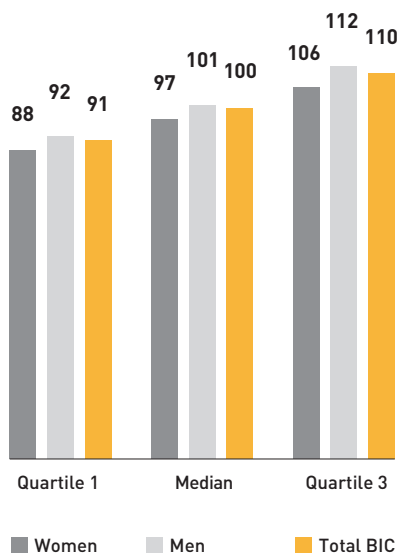
Within the Group, the average annual cost (including payroll taxes) of each employee totaled 51,857 euros in 2012, or a 6.4% increase at actual exchange rates from 2011.

Analysis using constant exchange rates shows a +2.9% increase compared with 2011. Overall, this slight rise reflects:

- a +4.0% increase in average fixed remuneration;
- a +29% increase in variable remuneration compared to 2011. In 2012, the good results led to the payment of good bonuses and to the payment of an exceptional premium to all employees non-eligible for stock options or shares;
- a 3.2% decrease in payroll taxes and other perquisites.

Information on managers' remuneration is provided in the registration document pages 94 to 103.

COMPARISON OF MANAGERS' SALARY WITH THE MARKET



Results showed that, on average, BIC managers, men or women, are positioned at their local market median including men and women. Globally, the 4 point difference between men and women at BIC is explained by the structure of the population: women, who are 36% of managers, are younger than men (40% of women are less than 35 years old while 40% of men are more than 45 years old). Differing remuneration levels between employees are justifiable. They reflect

responsibilities, experience, performance, and potential, and take the specificities of local markets into account.

Given the excellent results achieved by the Group throughout the 2011 fiscal year, and confident in BIC's perspectives and financial longevity, in 2012 the Group decided to award a **special bonus** to BIC employees who do not benefit from free share allocation plans linked to performance criteria (about 92% of the workforce). The bonus allows BIC to share the Group's performance with all of its employees around the world, and regardless of their level of responsibility. In France during 2012, the bonus has been included in the negotiations on the Profit-sharing Bonus paid for the 2011 fiscal year. More globally, the bonus can vary from site to site and/or country to country, but the same amount is paid to all eligible employees of a given site or country.

→ 2.4.6. PROMOTING DIVERSITY

Challenges

As an international group, 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. An in-depth analysis of the workforce in 2012 revealed that 74 nationalities were represented in the Group's permanent headcount.

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

Approach

In 2011, the Group signed the BIC Diversity Charter, which is translated and shared with all employees.

Since then, a dedicated Diversity Team uniting Human Resources employees around the world is in charge of overseeing and applying the Group's Diversity Policy on both the international and local levels. This team helps local HR departments find specific solutions in keeping with each country's cultural and legal context. It also coordinates BIC's diversity awareness and communication operations, consolidated under the "Diversity@BIC" banner, and evaluates the results achieved.

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

Gender diversity

The theme of gender diversity was in the spotlight in 2010. Local initiatives were undertaken in the Group and continued in 2011 and 2012, in particular a pilot project in France focused on male/female equality to encourage of the appointment of more women to positions of executive responsibility. Other action plans now in progress concern training and awareness-raising for BIC managers, the development of leadership by women, non-linear career management and increased follow-up of performance indicators.

2 - Our environmental, social, and societal responsibility

Our social responsibility to the employees

Disabled employees

The BIC Group is committed to promoting employment for the disabled. In France, a series of corporate agreements were negotiated and signed with employee representatives in 2009 and 2010, and an employment assistance program for the disabled has been deployed at each site. The Group's job openings are listed by Cap Emploi, the national employment agency for disabled workers, and a dedicated contact person has been appointed at each BIC site in France. The objective is to improve communication on available positions, raise managers' awareness of hiring opportunities, the advantages of working with disabled persons, and strengthen BIC's partnerships with public-interest associations. The Human Resources teams receive specific training in legislation on disabled workers and methods for their recruitment and integration.

In various countries, especially in Oceania, BIC is working with companies and workshops that employ disabled workers.

Progress made in 2012

Communication and awareness campaigns targeting all BIC employees

In 2012, five specific questions on the issue of diversity were added to the engagement surveys. The results of this internal survey show that 85% of the respondents are satisfied with the state of diversity at BIC.

In 2012, for the second consecutive year, BIC declared July to be "Diversity Month." Operational units around the world organized events to promote awareness of the challenges of diversity. For example:

- in Ecuador, BIC employees were invited to participate in a 4-kilometer race with disabled athletes, followed by a get-together characterized by conviviality and dialog;
- in the U.S., more than 200 employees, as well as the CEO and members of the Executive Committee, attended a diversity celebration at which they were given tee-shirts of different colors and joined together to form a mosaic of diversity;
- at the Clichy site in France, more than 150 employees repeated the experience of creating a collective work of art, this time erecting three "diversity totems";
- 1,315 employees participated in the 2012 Diversity Quiz. This worldwide quiz organized by the Group Human Resources Department was based on five key questions about diversity at BIC between 2011 and 2012.

In addition, the Shelton site in the United States continued to support the Special Olympics of Connecticut, an organization that offers year-round training sessions and competitions in various Olympic disciplines for adults and children with mental or physical disabilities. Forty two BIC employees volunteered to help organize sportive events, including welcoming the participants and awarding medals.

Priority in 2012: promoting the professional integration of minorities

The theme of minorities in the workplace was BIC's top diversity priority in 2012.

For example, 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 find work. Its mentorship program mobilizes managers of member companies to coach young people during their job search. The launch operation was very well received by all the employees at the Clichy site who want to become more personally involved in the Group's diversity actions. More than 30 managers volunteered to become mentors, and so far have coached and advised 53 young job-seekers, 14 of whom had found employment by the end of 2012.

Male/Female equality

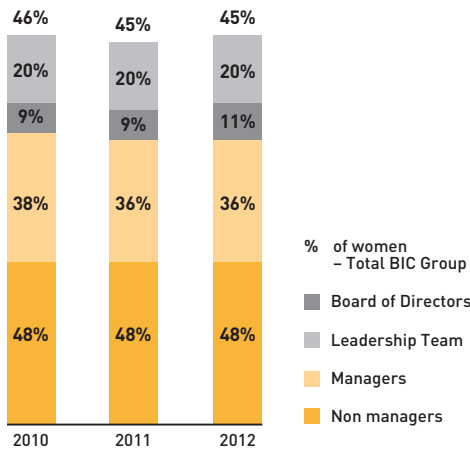
The issue of male/female equality has been addressed in bargaining agreements in various BIC units, for example in France and Spain. In order to improve gender parity, the management of the Tarragona factory (Spain) carried out an assessment of the current situation and, with the approval of its social partners, made a commitment to implement appropriate corrective actions to reduce the disparity (a process that will continue through the end of 2013).

Similarly, BIC France has signed a central agreement on professional equality within the Group. This agreement comprises various commitments and indicators covering aspects like hiring, effective remuneration policy, salary equality and professional development, as well as the balance between private and professional life and meeting family responsibilities.

Performances

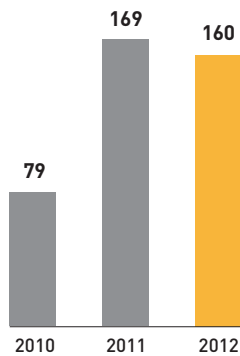
In 2012, women accounted for 45% of permanent employees of the Group excluding acquisitions. They accounted for 39% of the workforce in Europe, 53% in North America, 45% in Latin America and 48% in Middle East, Africa and Asia.

PERCENTAGE OF WOMEN – BIC GROUP



In 2012, such as in 2011, 26 % of senior executive are women.

NUMBER OF DISABLED WORKERS – BIC GROUP



In 2012, disabled workers at the Group's largest sites totalled 160 (excluding indirect jobs associated with outsourcing). They numbered 50 in Europe, 59 in North America/Oceania, 46 in Latin America and 5 in Asia/Middle East/Africa. The commitment of BIC made in favour of diversity is reflected particularly by local trainings and employment assistance for disabled workers.

Perspectives

The Diversity team 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. After spotlighting the theme of gender diversity in France in 2010, disabilities in 2011 and minorities in the workplace in 2012, the priority in 2013 will be generational diversity.

In addition, the Group is examining the possibility of systematically integrating diversity concepts in its future management training programs.

→ 2.4.7. SOCIAL DIALOG

Challenges

In order to maintain its employees' engagement and remain attentive to their expectations, the Group strives to cultivate a high-quality social dialog with its personnel everywhere in the world, 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 higher than 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 dialog, and the employees and their representatives are kept informed to ensure optimal communication.



2 - Our environmental, social, and societal responsibility

Our social responsibility to the employees

Progress made in 2012

All of BIC's subsidiaries and factories seek to apply this approach locally. Examples of the results achieved through social dialogue are mentioned in previous sections of this report concerning specific issues (diversity, safety, etc.). Selected examples are given in the following table, which provides a non-exhaustive overview.

PERIMETER	TOPIC OF DIALOG
United States – Lighters category	Renegotiation of the Collective Bargaining Agreement for the Milford unit. Result: innovative solutions for taking both the employees' desires and the Group's business needs (current and future) into account.
France – All units combined	Continued implementation of the agreements signed in 2009, 2010 and 2011: career security and work assignments for disabled employees and those in the second half of their careers.
France – Local negotiations, all units combined	Examples of agreements signed in 2012: <ul style="list-style-type: none"> • profit-sharing with employees at the site level; • physical stress on the job.
France – Centralized negotiations, all units combined	Examples of agreements signed in 2012: <ul style="list-style-type: none"> • profit-sharing bonus for the 2011 fiscal year; • profit-sharing for the factories; • professional male/female equality.
Greece	In parallel with the Group's engagement survey, BIC Violex asked all of its personnel for suggestions of actions to be taken to improve their working conditions. Examples of actions implemented: <ul style="list-style-type: none"> • management training for team leaders; • a new orientation program for new hires taking employees' recommendations into account; • monthly meetings between employees and management; • a semiannual newsletter; • installation of an employee complaints/suggestion box; • the development of a performance evaluation process for non-managers; • investments to improve certain spaces used by the employees.
Spain – Promotional Products category	Examples of agreements signed in 2012: <ul style="list-style-type: none"> • a Safety Training Plan: training in electrical hazards and the use of first aid and other safety equipment, implementation of new protection mechanisms on the production lines, etc.; • risk evaluation and the resulting action plans: noise reduction, investment in a new ventilation system, reduction of the weight of packages received from subcontractors, etc.; • a new procedure for investigating workers' accidents; • a new communication procedure for occupational hazards; • the formalization of job descriptions for certain positions, plus the introduction of an objective performance evaluation process. <p>An assessment of male/female equality and a commitment by the management, with the approval of its social partners, to implement appropriate corrective actions to reduce the disparity (a process that will continue through the end of 2013).</p>

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 2013 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.

For example, three years ago the pen factory in China organized a chapter of the national general labor union, and various programs are under consideration for 2013 to improve health and safety at the site.

2.5. Our societal responsibility

BIC® products are distributed at 3.2 million points of sale throughout the world. Present in 160 countries, the Group manufactures and distributes its products in developed marketplaces as well as in some of the most impoverished ones.

In order to reduce the gap between developed and emerging countries, the United Nations have set a list of priorities to combat poverty. The Millennium Development Goals (MDG), adopted in 2000 by 189 countries, emphasize the crucial role of universal access to education and hygiene.

Respect and support for local communities is a core societal challenge for BIC, which the Group strives to meet through its local economic presence and philanthropic policies. In concrete terms, BIC introduces products that are affordable to the greatest number of consumers and adapts its offering to the specific habits and features of low-income communities. The Group also backs a great many local initiatives, in particular for the communities near its production sites.

BIC's commitment to offer affordable and adapted products is discussed in detail in the section "Our customers and consumers' expectations" (page 32).

→ 2.5.1. ETHICS AND THE FIGHT AGAINST CORRUPTION

Challenges

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

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

The organization of BIC's subsidiaries is designed to limit the risk of corruption within the Group (see below). For its distributors, BIC seeks to do everything necessary to counter the most serious risks in terms of customer relations, public contracts and customs.

Approach

The need to fight all forms of corruption, both active and passive, is included in the 11 standards of the BIC Group Code of Ethics, which formalizes the ethical principles that apply in all circumstances, for all employees in all countries. This document has been approved by the CEO and the Board of Directors and is available to all employees on the company intranet. It includes a Guide that enables all employees to formulate pertinent questions for evaluating their level of compliance in their relations with the stakeholders.

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 like Legal, Human Resources and Finance are all interconnected. The BIC Group has a 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.

Progress made in 2012

The above-mentioned fraud reporting protocol was introduced in mid-2012.

In September 2012, the Leadership Team and the Directors of the Developing Countries zone received specific training from an independent firm on the fight against corruption.

A member of the Leadership Team issued a reminder on the Code of Ethics and its application to the managers at headquarters and throughout Europe. This reminder also clarified the issue of gifts.

Perspectives

Starting in 2013, specific training programs on corruption will be developed and implemented more widely within the Group.

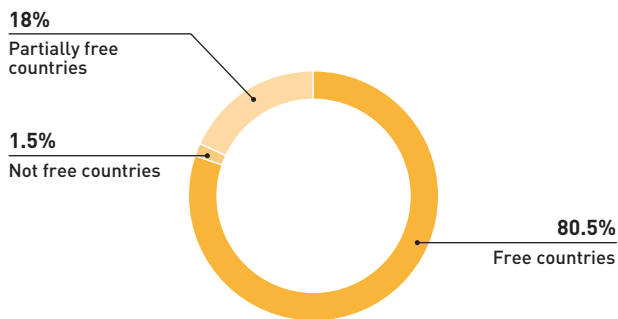
→ **2.5.2. ENSURING RESPECT FOR HUMAN RIGHTS IN THE WORKPLACE**

Challenges

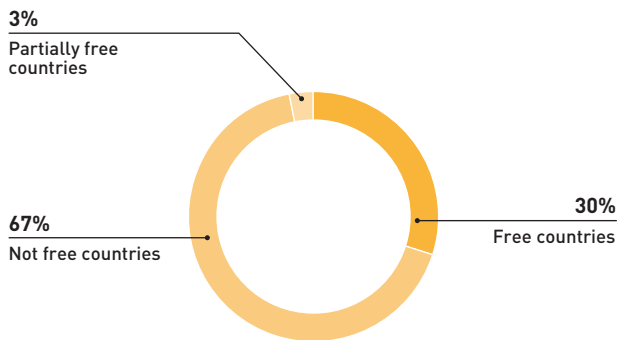
BIC makes 84% of its net sales by manufacturing its products in its own factories: 88% for the Consumer business, 62% in the Advertising and Promotional Products business of BIC APP. 84% of these factories are located in countries with no Human Rights risk according to Freedom House ⁽¹⁾.

BIC works with subcontractors primarily for stationery products in the Consumer business and for Advertising and Promotional Products. Subcontracting gives the Group greater flexibility and allows it to take advantage of new technologies.

BIC'S WORKFORCE BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK⁽¹⁾ IN 2012 – BIC GROUP



GLOBAL CONTRACT MANUFACTURERS BY COUNTRY IN RELATION TO HUMAN RIGHTS RISK⁽¹⁾ IN 2012 – BIC GROUP



Approach

Consequently, to ensure respect for Human Rights in the workplace, BIC has implemented the necessary tools: a Code of Conduct derived from the standards of the International Labor Organization (ILO) and an audit program covering all factories that produce BIC® products (page 30). 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 United States and South Korea.

Checks and corrective actions

Compliance with the Code of Conduct is verified by an audit program, as described below:

- Since 2000, BIC has had a program in place to ensure worldwide compliance with its Code of Conduct by **contract manufacturers**. In 2005, the program was expanded to include manufacturers under local and regional contracts that make BIC® products for local markets. Today, this program is applied to all of BIC's Consumer Products and Advertising and Promotional Products businesses. Ongoing audits are conducted every two years to verify that standards are maintained at a satisfactory level. For contract manufacturers producing Consumer Products for BIC, these audits are carried out by third party Auditors. For the Advertising and Promotional Products business, due to the large number of contract manufacturers, the audit process involves a combination of external audits by third party Auditors and audits by specially-trained BIC APP 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 collaboration with the Human Resources Department;
- a training manual facilitates the implementation of the CAP with the help of local teams.

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

→ **THE SIX STEPS FOR EVALUATING CONTRACT MANUFACTURERS**

- 1 The BIC contract manufacturer signs the BIC Code of Conduct.
- 2 An independent external monitoring agency (or in the case of BIC APP a specially trained employee) conducts an initial assessment of the contract manufacturer.
- 3 The contract manufacturer presents a corrective action plan (CAP) to BIC.
- 4 The contract manufacturer implements the CAP within an agreed, reasonable time frame.
- 5 Follow-up assessment(s) to confirm implementation of the CAP.
- 6 Ongoing assessments (every two years).

Since 2009, BIC has been implementing a specific process in its offices located in China, Russia and Colombia. They were evaluated on their performance in relation to the Code of Conduct, signed the Code of Conduct and, where needed, adopted corrective action plans.

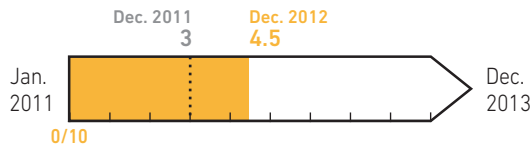
(1) Source: "Freedom in the World 2012," a study by the non-governmental organization Freedom House.

Performances

8 Deploy and maintain the BIC Group Code of Conduct

In 2013, 100% of BIC Consumer Products factories and contract manufacturers will have signed the BIC Group Code of Conduct, been audited and be monitored on a regular schedule.
(Values Jan. 2011: 75% - Dec. 2012: 81%)

In 2013, 100% of BIC APP factories and contract manufacturers will have signed the BIC Group Code of Conduct, been audited (if located in a high risk country) and be monitored on a regular schedule.
(Values Jan. 2011: 32% - Dec. 2012: 75%)



Since 2000, BIC has been committed to a process of social audits.

2012 results: progress is carrying on for both objectives, especially for the second one, for which significant progress has been achieved thanks to the dedicated resource.

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

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

Main issues encountered in the assessment of contract manufacturers

In 2012, the main issue encountered during the audit process concerned the limit of 60 working hours per week. Contract manufacturers continue to resist this limit on working hours. In addition, it was observed that many contract manufacturers that achieve compliance with the BIC Group Code of Conduct after implementing a corrective action plan do not sustain compliance through their next audit cycle, especially in the areas of working hours and health and safety.

→ Two-thirds of BIC's Asian subcontractors for the Consumer Products business have maintained close relationships with the Group for at least five years.

→ In Asia, BIC APP has had a business relationship with its main suppliers for more than 10 years.

Progress made in 2012

Updates in the Code of Conduct

In 2012, the application of the Code of Conduct was extended to all of BIC's partners, including suppliers, subcontractors and service providers, and specifies commitments concerning forced labor and

human trafficking. The auditing protocols have been updated and the new procedures will be implemented for all external audits beginning in 2013.

Social audits of BIC APP contract manufacturers

One of the most important priorities for BIC APP is to ensure that its contract manufacturers respect their employees' Human Rights, comply with all applicable labor laws, and meet all terms and conditions of the BIC Group Code of Conduct. The goal of BIC APP is to have audited 100% of these factories by the end of 2013. In 2012, BIC APP audited 26% of the factories of its contract manufacturers in Asia and India. In 2012, BIC APP simultaneously reduced the number of its Asian and Indian contract manufacturers by 5%.

In North America, BIC APP was accredited by the Quality Certification Alliance (QCA) before the end of 2012. QCA accreditation requires audit scores of 91% or better in five different areas, not only for BIC APP facilities in the U.S. but also for three BIC APP contract manufacturers. Those five areas are Quality, Product Safety and Regulatory Compliance, Environmental Stewardship, Supply Chain Security and Social Compliance.

In Europe, BIC APP joined the SEDEX platform in 2012. SEDEX, the Supplier Ethical Data Exchange, is a non-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 to participate in working groups. In April 2012, the BIC Tarragona factory (Spain) and La Granada (Spain) warehouse audited against SEDEX Members Ethical Trade Audits (SMETA) standards, which combines several reputable programs including the ILO Convention, ETI Base Code, SA8000 and ISO 14001. Both sites passed the audit with high scores and will be audited again in 2014.

SA 8000 certification for the Manaus factory (Brazil)

BIC Amazonia has been certified for two years under the terms of international social responsibility standard SA8000. Examples of the results obtained:

- improved relations between management and employees;
- greater transparency in the HR process, focusing on internal recruitment, training and development;
- best practices have been successfully extended to subcontractors working on-site at the factory.

Perspectives

Commitment number eight of the BIC Sustainable Development Barometer calls for 100% of BIC factories and contract manufacturers to be integrated in the program as of 2013. Consequently, the number of audits will continue to rise, according to a schedule determined by the requirements stipulated in the Barometer.

Changes in the Code of Conduct will effectively be implemented as of 2013.

BIC APP will continue to implement QCA certification and SMETA audits.

→ **2.5.3. ACTING AS A LOCAL ECONOMIC FORCE**

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 41 expatriated employees today. BIC thus contributes directly to local economies by generating jobs.

BIC highly values the local manufacturing of its products in order to contribute to local economic development and include the local communities in the value chain. The Group has strongly localized its manufacturing operations, especially via a network of 12 licensed factories only for the Middle East-African zone. This local partnership approach has kept brought BIC® products closer to its consumers, making them more affordable and minimizing the transportation share of the costs. There are multiple benefits for the partners and the communities alike:

- **local job creation:** more than 500 jobs have been created with our licensed manufacturing partners thanks to BIC's direct operations in the Middle East and Africa, as well as hundreds of jobs in sales relations and trade. Initiatives like the retail kiosks in remote Nigerian areas have also generated income for more than 50 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 acquired BIC skills and expertise in plastic molding technology, many licensed manufacturers now produce other plastic products of their own. As evidence of their 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 one-fourth of the site's expenditures remained locally in Manaus, with the other expenditures going to the rest of Brazil and foreign countries.

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

Since 2004, Brazil has opened its economy to more foreign investment and improved its economic and transportation infrastructures. As a result, the findings of this study would no doubt be somewhat different today, but it nonetheless remains valid for a site operating in a developing country.

→ **2.5.4. A SOCIAL BUSINESS INITIATIVE**

Challenges and approach

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

In May 2011, BIC launched its first Social Business initiative in Bangladesh by joining the NGO CARE's "Rural Sales Program," now called JITA in honor of the self-employed women entrepreneurs called *Aparajitas* ("those who never give up"), who are the backbone of the project. Launched in 2004, JITA fights poverty by promoting entrepreneurial ventures among the poorest women. Under the program backed by BIC, they sell simple products (shavers and soon pens) door-to-door in the most remote and impoverished rural areas of Bangladesh. The local BIC distributor and CARE teams provide sales training and coaching on the features and use of the products and shaving practices. The Group sees JITA as an appropriate long-term solution for these women, giving them the means to overcome poverty and social isolation, as well as a feeling of pride and a new role in the community.

Progress made in 2012

In 2012, the JITA program broadened its scope, with the development of marketing operations, shaving demonstrations with village barbers and women-only meetings to raise awareness on questions of hygiene, health and shaving.

As of the end of 2012, this initiative involved more than 3,000 *Aparajitas*, compared with 900 at the end of 2011, working through more than 100 hubs (the small local distributors that supply the *Aparajitas*), up from 30 in 2011. The program now has an estimated 15,000 direct beneficiaries (vendors and their families) and 43,000 indirect beneficiaries.

Perspectives

BIC estimates that by the end of 2013, 170 hubs will be supplying products to more than 5,100 women. The ultimate goal is to expand the network to 12,000 *Aparajitas* served by 400 hubs and to reach areas that are still inaccessible today. In addition, the range of products offered for sale will be expanded with the addition of the BIC® Evolution™ pencil and the RS2 ballpoint pen, two products that are well suited to the market.

BIC's commitment to the program is ongoing, and preliminary investigations are underway for another similar initiative.

→ 2.5.5. ACCESS TO EDUCATION

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.

In 2012, BIC formed a partnership with Intel, the leading manufacturer of microprocessors, for the launch of BIC® Education, an innovative educational solution for primary schools that combines writing by hand and digital technology. Its basic components are a digital tablet activated by an ergonomic stylus and a pedagogical software program developed especially to help children learn to write. The entire system is manufactured in France.

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's an opportunity to underline the Group's civic commitment and boost sales.

In 2012, BIC South Africa launched a large-scale campaign called "Choose BIC and Change a Future." South Africa is a country that faces enormous educational challenges: 4.7 million of its citizens are illiterate and its unemployment rate of 24% is among the highest in the world. For the campaign, BIC South Africa donated one pen for each product purchased to the NGO READ Educational Trust, which distributed them to underprivileged children. The operation was a huge success, with one million pens donated in just three months.

→ 2.5.6. PROMOTING PHILANTHROPIC ACTIONS

2.5.6.1. BIC Citizens in Action

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

At the global level, this commitment takes the form of matching fund campaigns: the employees are mobilized through fundraising drives in all subsidiaries worldwide, and the Group matches the amount of money collected. In 2012, 152,036 euros were raised in this way.

As in 2010, BIC joined forces with *Planète Urgence* in 2012 to continue offering assistance to Haitian families. The main goal of the "A School, A Future" program is to improve the quality of education in the country by building and equipping three classrooms that will be used by 15 schools (450 children, 15 teachers) and by developing local commercial activities, in particular through the provision of additional funding for a local rural center.

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 worthy local associations and organizations.

2.5.6.2. Product donations and financial aid by BIC Group and its subsidiaries

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. Depending on local needs, the Group also participates in projects for the environment, emergency humanitarian aid and sports. The following table gives a few examples of these local operations.

PROGRAM TYPE	EXAMPLES OF VOLUNTEER ACTIVITIES AMONG BIC GROUP SUBSIDIARIES
Employee volunteer work	<p>France: Employees and members of their families participated in a charitable race organized by the association "Odyssea". The registration fees are donated to the Gustave Roussy Institute specialized in treatment for cancer.</p> <p>USA: Through annual collection campaigns, the Community Service Volunteer committee distributed food and winter clothing to neighbors in need through various organizations.</p> <p>USA: BIC APP employees from Red Wing and Sleepy Eye have mobilized to offer products to local food banks and gifts to children and families in local communities.</p> <p>Canada: BIC employees organized events (barbecues, raffles...) to raise funds to help the local food bank: "North York Harvest Food Bank".</p> <p>Argentina: Employees participated in the painting and in renovating the "Open Hands" foundation premises to improve the quality of services provided to mothers and children.</p> <p>Uruguay: Participation in the annual fundraising dinner organized by l'Unicef, international organization that works for children rights.</p> <p>Oceania: Fundraising organized by subsidiaries in Australia and New-Zealand through several events (barbecue, raffles...) to support associations such as the "Breast Cancer Foundation".</p>

PROGRAM TYPE	EXAMPLES OF PRODUCT DONATIONS AND FINANCIAL AID BY BIC GROUP SUBSIDIARIES
Product donations	<p>Italy: Donation of writing instruments distributed by Santa Claus to the hospitalized children in Buzzi hospital in Milan.</p> <p>France: Donation of writing instruments and shavers to "Restaurants du Coeur," the French Red Cross and other associations that meet charitable needs.</p> <p>Switzerland: Donation of writing instruments to "Progetto Amore," a charitable institution that helps persons in need, especially children and teenagers, through specific projects.</p> <p>Greece: Employees donated notebooks and stationery products to elementary schools located in Athens.</p> <p>USA: Donation of backpacks filled with school supplies to the organization "Adopt-a-classroom," which identifies schools that are in need of supplies.</p> <p>Brazil: Donation of writing and coloring products to "Centro Social Nossa Senhora das Graças," an institution that helps children and teenagers with their studies.</p> <p>Brazil: Donation of shavers as part of a partnership with "Casas André Luiz," a charitable organization that helps people with intellectual disabilities.</p> <p>Argentina: Donation of writing instruments to "Educrea Foundation," which distributes to schools all over the country.</p>
Financial aid	<p>France: Donation to "Mécénat Chirurgie Cardiaque," an organization that provides children in need of cardiac surgery with care in France when they can't be treated in their country due to lack of financial and technical resources.</p> <p>France: Donations to "l'enfant@l'hôpital," an association which provides children in the hospital with access to a special computer network. This helps them feel less lonely and keep up with their schoolwork.</p> <p>USA: BIC, by matching the funds raised by its employees, renews its support for the United Way, an organization dedicated to emergency assistance within local communities.</p> <p>USA, Mexico, Brazil: BIC is a partner of ENACTUS, which is an international not-for-profit which supports student leadership development and social responsibility by bringing together the power of business and education. Leading universities from around the world identify and implement impactful, socially responsible initiatives at the local and international level, that positively impact the lives of thousands of people around the world, all through the positive power of business and free enterprise.</p> <p>Brazil: BIC sponsors students hosted by the Veracruz University Foundation. Its efforts are focused to leverage the improvement of education levels in poor communities in Veracruz state.</p>

→ 181 philanthropic projects involving volunteer work, product donations and financial aid carried out in 2012.

Examples of local actions by BIC subsidiaries

In 2012, a total of 181 philanthropic projects involving volunteer work, product donations and financial aid were carried out worldwide, representing more than 0.5% of the Group's pretax profits, primarily in education and health. These two sectors account for 71% of BIC's community activities, and represent 74% of their total estimated financial value.

In **Europe**, for the third consecutive year, the "Kit Rentrée 2012" operation, to which BIC contributes through the French NGO Dons Solidaires, met with great success. More than 40 associations received shipments of school supplies and hygiene products and distributed them to thousands of underprivileged children at the start of the school year. The kits are very much appreciated for the quality and variety of the items they contain. BIC also supports "AFEV", an association to help prevent student failure in schools. Funded in part by the French national education system, this association promotes scholastic tutoring through a network of volunteer students working in lower-class neighborhoods. BIC supports "AFEV" through both financial and material donations.

In **France**, BIC participates and finances, among other companies, the project "Les écoles du désert." The objective of this project, born in 1992 and managed by CORA, is to help African countries by delivering school supplies, often too expensive for most families. A contest is held to select about 70 French children from 11 to 13 years old and the winners then travel to the country selected to bring the supplies. Each year this project allows giving three years of school supplies to about 10 schools.

In **the USA**, BIC Consumer Products has renewed its support to "Susan G. Komen for the Cure®" to participate in the fight against breast cancer with a donation of more than 76,000 euros from the sales of stationery products. Employees of BIC APP Clearwater have also supported this foundation by taking part in a team race.

In **Spain**, since 2009, BIC joined the "Talita Foundation," an organization that promotes the social and educational integration of children with from physical or intellectual disabilities like trisomy 21 (Down's syndrome). Each year, a solidarity calendar with the pictures of children and famous people is published in order to raise money for the foundation. In 2012, BIC, sponsor of September, has organized a painting workshop for the presentation of the annual Talita calendar, and also donated coloring products for children.

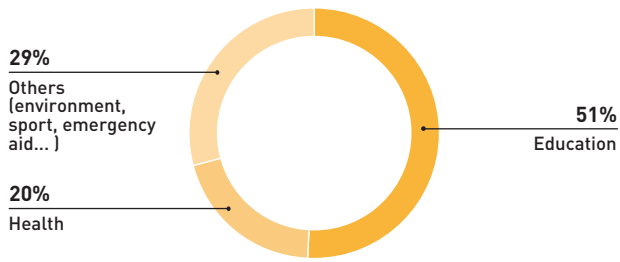
10 Maintain our commitment toward our communities

In 2013, contribution toward our communities will be more than 0.5% of pretax profit.
(Values Jan. 2011: 0.5% – Dec.2012: 0.6%)

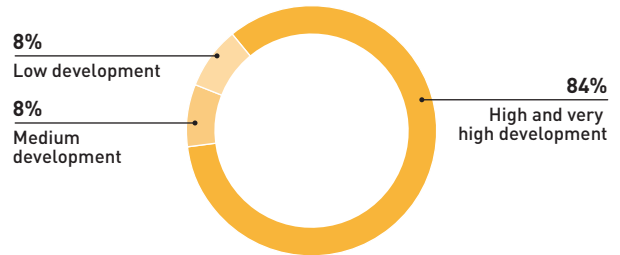
The valued contribution of this indicator concerns product and financial donations of the Group and its subsidiaries and does not include employees volunteer work.

2012 results: the efforts have allowed maintaining the contribution toward our communities.

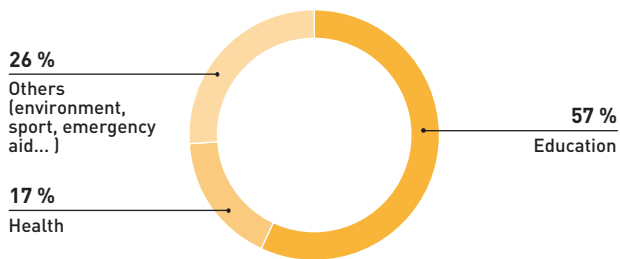
BREAKDOWN OF ACTIONS BY FIELD - BIC GROUP 2012



DISTRIBUTION OF ACTIVITIES BY COUNTRY ACCORDING TO THE UNITED NATIONS HUMAN DEVELOPMENT INDEX (HDI) - 2012



FINANCIAL BREAKDOWN OF ACTIVITIES - BIC GROUP 2012



2.6. Milestones

→ 2.6.1. EXTRAFINANCIAL RATINGS

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

FTSE4Good Europe Index. Since 2005, BIC has been in the FTSE4Good Europe index, comprised of 284 companies, including 46 French companies, which show best performance according to social, environmental and governance criteria. The listings are selected on the basis of ratings by the Ethical Investment Research and Information Service (EIRIS), in compliance with FTSE4Good Europe rules.

ASPI Eurozone® Index. BIC is in the ASPI Eurozone® index of 120 listed Eurozone companies (from DJ Euro Stoxx) showing best performance according to social and environmental criteria. The selection is based on the opinions of CSR rating agency Vigeo.

Ethibel Excellence Index® Europe. BIC is in the Ethibel Excellence Index® of 200 European listed companies (from DJ Stoxx 600 Europe). Component companies are chosen based on the opinions of CSR rating agency Vigeo for their above-average performance in matters of social and environmental issues, and according to ethics criteria set by the independent body Forum Ethibel.

Gaia Index. In 2012, BIC held its place in the Top 3 of the Gaia Index for the Industry sector. The Gaia Index, founded in 2008, rates mid-cap stocks based on extra-financial data. Its purpose is to determine the listed corporations' degree of involvement in the issues of sustainable development, thus allowing their valuation to be impacted by factors like the environment, social issues and governance.

Stoxx Global ESG Index. In 2012, BIC held its place in the Stoxx Global ESG Index, a set of three specialized indexes covering the three ESG criteria (Environmental, Social and Governance), plus a general index based on data and research by the ESG specialist Sustainalytics. This new index, officially founded in April 2011, is characterized by great transparency: both the companies' scores and the methodology used are made public on the Stoxx website.

BIC's improved Carbon Disclosure Project (CDP) score. The Carbon Disclosure Project collects corporate climate change strategies and greenhouse gas emissions data on behalf of 655 institutional investors who have over \$78 billion in assets under management. In 2012, more than 2,400 organizations provided information through the CDP system. In recognition of BIC's actions to reduce and manage carbon emissions, the Group has been included in the CDP France 250 Carbon Disclosure Leadership Index (CDLI) since 2010. BIC improved its score once again in 2012 with 93 points, up from 84 points in 2011, 78 in 2010 and 66 in 2009, making BIC one of the eight highest-scoring companies for transparency in carbon emissions (pages 46 to 48).

→ 2.6.2. PRIZES

On September 26, 2012, the French trade journal AGEFI awarded BIC its "Grand Prix du Gouvernement d'Entreprise" corporate governance prize as well as its "Responsabilité Sociétale" societal responsibility prize for 2012. Each year the AGEFI corporate governance prize honors the corporations that best meet their investors' expectations in terms of good governance rules and practices.

At its annual meeting on March 15-16, 2012, Staples Europe awarded BIC its prize for best supplier.

→ 2.6.3. PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1, 2012 to December 31, 2012.

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. 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. Small-scale operations are excluded from the perimeter. Since 2010, the reporting of these indicators includes the factories of the Advertising and Promotional Products activity (BIC APP) acquired in 2009. The activities in portable fuel cells and FlameDisk® acquired in 2011 have not been included in the perimeter.

2.6.3.2. Indicators

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

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

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

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

Concerning the reporting on greenhouse gas emissions, the conversion factors have been normalized based on those annually proposed by the International Energy Agency.

Since 2010, BIC commissions a review of its procedures and data in order to obtain a statutory report in the aim of providing a limited assurance. This work has resulted in recommendations, shared internally, which will also serve as a basis for improvement during the coming financial year.

The attestation resulting from this review is included in the present document (page 79).

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 247).

2.6.3.3. Methodological information concerning the BIC Sustainable Development Barometer

Definitions

Products

MEASURE THE ENVIRONMENTAL PERFORMANCE OF BIC® PRODUCTS

BIC® product is considered to have been environmentally evaluated when a Life Cycle Analysis (LCA) or a Life Cycle Assessment has been conducted. The environmental impact study is carried out either internally (BIC has equipped its R&D with an eco-tool based on the SimaPro 7.3.2 software) or by an external agency.

This indicator is calculated with the net sales.

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 1000 flames; shaver ≤ 1 g per shaving);
- made from alternative materials (recycled, vegetable origin, etc.);
- refillable;
- ecolabelled (NF Environnement, etc.).

This indicator is calculated with the net sales.

OFFER ECO-OPTIMIZED PACKAGING

This indicator includes all packaging with the BIC® products when 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. By unit of product, we mean that for a 10 shavers' pouch, there are 10 units of products.

Industry

DEPLOY AND MAINTAIN MANAGEMENT SYSTEMS IN BIC FACTORIES

BIC environmental and health & safety management systems are specific to the Group, modeled on the corresponding international standards. The figure disclosed is not the average of EMS and H&SMS but the lowest implementation rate.

ISO 14001 certification is based on the ISO 14001 international standard that defines the environmental management of the organization for continuous improvement of the environmental performance. This objective concerns BIC factories of finished products.

IMPROVE THE ENVIRONMENTAL PERFORMANCE OF BIC FACTORIES

Since 2002, BIC has introduced an environmental reporting for its factories, to 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.

REDUCE GREENHOUSE GAS EMISSIONS (GHG) FROM OUR TRANSPORT OPERATIONS

BIC outsources 100% of its transport operations. The reduction of GHG emissions from products transportation therefore requires two types of actions corresponding to the two objectives selected.

Optimization of shipments: transportation mode, consolidation of shipments, anticipation of orders, etc.

The scope of this objective is the intersite shipping, i.e. all the factory-factory and factory-warehouse shipments (BIC factories and warehouses, contract manufacturers; inter and intra-continental).

Selection of responsible carriers: eco-driving, fleet renewal... The scope of this objective is the intersite shipping (see above) and distribution shipping (warehouse-customer routes).

Social

REDUCE WORKERS' ACCIDENTS

The two indicators, Incidence Rate (IR) and Severity Rate (SR) of accidents are calculated for BIC Group's factories with the European definitions. IR is expressed in number of accidents with temporary or permanent disability per million hours worked and SR is expressed in days of temporary disability per thousand hours worked.

DEPLOY AND MAINTAIN THE BIC GROUP CODE OF CONDUCT

The two businesses, BIC Consumer Products and BIC APP, are distinct because of their different scope. BIC APP's business includes a larger number of subcontractors: priority is given to sites located in countries with "Human Rights" risks (not free and partly free, source: www.freedomhouse.org).

DEVELOP EMPLOYEES' TRAINING

This indicator measures the rate of Group's employees who actually received at least one training (on the basis of the permanent employees).

MAINTAIN OUR COMMITMENT TOWARD OUR COMMUNITIES

The valued contribution in this indicator concerns the Group products and financial donations and its subsidiaries and does not include employees' volunteer work.

The pretax profit is the one of the previous year.

→ 2.6.4. INDICATORS TABLE

ENVIRONMENT	BAROMETER	UNIT	2010	2011	2012
Management systems of factories					
Factories with environmental and health & safety management systems (or with implementation under way)	Barometer	%	92	94	95
BIC employees working in ISO 14001 certified factories	Barometer	%	66	66	74
BIC employees working in ISO 9001 certified factories	Barometer	%	83	90	90
Energy consumption					
Annual energy consumption		Gigajoule	1,142,756	1,109,157	1,048,594
Annual energy consumption normalized to production	Barometer	Gigajoules per tonne	13.10	12.92	12.82
GreenHouse Gas (GHG) emissions					
Total amount of annual GHG emissions		tCO ₂ -e	97,547	95,722	92,041
Direct GHG emissions		tCO ₂ -e	11,887	9,913	9,131
Indirect GHG emissions		tCO ₂ -e	85,660	85,808	82,910
Total amount of annual GHG emissions normalized to production		tCO ₂ -e/tonne	1.12	1.12	1.13
Water consumption					
Annual water consumption		m ³	701,046	687,911	611,742
Annual water consumption normalized to production	Barometer	m ³ per tonne	8.03	8.01	7.48
Waste production					
Annual waste production		Tonnes	20,978	23,080	21,704
Non hazardous waste		Tonnes	17,838	20,421	19,539
Hazardous waste		Tonnes	3,140	2,659	2,165
Annual production of waste normalized to production		Tonnes/tonnes	0.240	0.269	0.265
Recovered waste		%	75	79	84
Annual production of non-recycled waste normalized to production	Barometer	Tonnes/tonnes	0.0913	0.0866	0.0746
Transportation					
GHG emissions related to intra-company transport*	Barometer	tCO ₂ -e	1.182	0.796	0.559
Calls for tenders for transportation that include a criterion on GHG emissions	Barometer	%	10	28	69
Products					
Products certified with the French <i>NF Environnement</i> ecolabel			16	19	20
Products that have been environmentally measured*	Barometer	%	86.5	87.9	89.00
Products that have at least one environmental benefit*	Barometer	%	47.4	48.5	49.9
Packaging					
Average packaging weight per product unit*	Barometer	Grammes	4.47	4.49	4.66

* Except BIC APP (Advertising and Promotional Products)

SOCIAL INDICATORS	BAROMETER	UNIT	2010	2011	2012
Group workforce					
Total workforce (full-time equivalent) – BIC Group			10,505	10,455	10,483
Permanent employees			9,313	9,198	9,256
Temporary workers			1,192	1,257	1,227
Voluntary turnover		%	7	7	6
Workforce by region					
Permanent workforce by geographical area					
Europe		%	40	40	40
North America and Oceania		%	29	28	27
Latin America		%	26	27	27
Middle East, Africa and Asia		%	5	5	6
Workforce by activity					
Permanent workforce by activity					
Manufacturing and R&D		%	60	61	61
Distribution, marketing et G&A		%	20	20	20
Sales force and customer service		%	20	19	19
Training and career management					
Employees that have received one training	Barometer	%	70	85	90
Number of training days		days	20,384	22,915	26,015
Number of training days per employee		days	2.18	2.49	2.81
Number of training hours per theme		hours	163,071	184,867	182,107
Technical training		hours	121,347	133,791	138,731
Leadership skills		hours	22,462	24,889	20,618
BIC culture		hours	19,262	26,187	22,758
Internal promotion rate among managers (levels 3, 4, 5 and 6)					
External recruitment		%	30	37	24
Internal recruitment		%	70	63	76
Diversity					
Women's share in management and workforce					
Board of Directors		%	20	20	20
Leadership Team		%	9	9	11
Managers (levels 3 to 6)		%	25	26	26
Safety					
Incidence rate of workers' accidents in the factories	Barometer	Number per millions of hours worked	9.11	7.74	7.13
Severity rate of workers' accidents in the factories	Barometer	Number per thousands of hours worked	0.39	0.35	0.19
Absenteeism					
Absenteeism rate (excluding on-site accidents and maternity)		%	1.4	1.4	1.5

2 - Our environmental, social, and societal responsibility

Milestones

SOCIETAL INDICATORS	BAROMETER	UNIT	2010	2011	2012
Respect for Human Right in the workplace					
Net sales from BIC® products manufactured in its own factories		%	80.5	79.0	84.0
BIC permanent employees working in countries with no Human Rights risk ⁽¹⁾		%	94	82	80.5
BIC factories located in countries with no Human Rights risk ⁽¹⁾		%	92	87	84
Contract manufacturers located in countries with no Human Rights risk ⁽¹⁾		%	34	26	30
Factories' share (contract manufacturers included) that have signed the Code of Conduct and have been audited and monitored on a regular schedule					
Factories of BIC Consumer Products activity	Barometer	%	75	77	81
Factories of the BIC APP activity	Barometer	%	32	69	75
Net sales in countries with no Human Right risks ⁽¹⁾		%	93.7	88.2	86.6
Sponsorship					
Contribution to the communities (percentage of the Group's pretax profit)	Barometer	%	> 0.5	> 0.5	> 0.5

(1) Source : Freedom House.

This is a free translation into English of the original report issued in the French language and it 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 professional standards applicable in France.

→ 2.6.5. ATTESTATION OF PRESENTATION AND INDEPENDENT VERIFIER'S ASSURANCE REPORT ON SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

ERNST & YOUNG et Associés

SOCIÉTÉ BIC

Year ended December 31, 2012

To Chief Executive Officer,

Pursuant to your request and in our capacity as independent verifier of SOCIÉTÉ BIC, we hereby report to you on the consolidated social, environmental and societal information presented in the management report of the Board issued for the year ended December 31, 2012 in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Management's Responsibility

The Executive Board is responsible for the preparation of the management report of the Board including the consolidated social, environmental and societal information (the "Information") in accordance with the requirements of Article R. 225-105-1 of the French Commercial Code (*Code de commerce*), presented as required by the entity's internal reporting standards (the "Guidelines") and a summary of which is provided in this registration document page 74 and 75 ("Perimeter and selection of indicators").

Our Independence and Quality Control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (*Code de déontologie*) and Article L. 822-11 of the French Commercial Code (*Code de commerce*). In addition, we maintain a comprehensive system of quality control including documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent verifier's responsibility

It is our role, on the basis of our work:

- To attest whether the required Information is presented in the management report of the Board or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (*Code de commerce*) and Decree no. 2012-557 dated April 24, 2012 (Attestation of presentation);
- To provide limited assurance on whether the other Information is fairly presented, in all material respects, in accordance with the Guidelines (limited assurance).

(1) Professional standards of the Ordre des Experts Comptables.

(2) Here is the list of analyzed stakes: Employment, work organization and management, health & safety, training, overall environmental policy, sustainable use of resources, suppliers and subcontractors.

(3) BIC APP Red Wing (USA), BIC APP Sleepy Eye (USA), BIC Conté (France), BIC Ibéria (Spain), PIMACO (Brazil), BIC Rasoirs (France) and BIC Viorex (Greece).

1. Attestation of presentation

Our engagement was performed in accordance with professional standards applicable in France⁽¹⁾:

- We compared the Information presented in the management report of the Board with the list as provided in Article R. 225-105-1 of the French Commercial Code (*Code de commerce*).
- We verified that the Information covers the consolidated perimeter, namely SOCIÉTÉ BIC and its subsidiaries within the meaning of Article L. 233-1 and the controlled entities within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*).
- In the event of the omission of certain consolidated Information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated April 24, 2012.

On the basis of our work, we attest that the required Information is presented in the management report of the Board.

2. Limited assurance report

Nature and scope of the work

We conducted our engagement in accordance with ISAE 3000 (International Standard on Assurance Engagements) and French professional guidance. We performed the following procedures to obtain a limited assurance that nothing has come to our attention that causes us to believe that the other Information presented is not fairly presented, in all material respects, in accordance with the Guidelines. A higher level of assurance (reasonable) would have required more extensive review.

Our work consisted in the following:

- We assessed the appropriateness of the Guidelines as regards their relevance, completeness, neutrality, clarity and reliability, taking into consideration, where applicable, the good practices in the sector.
- We verified that SOCIÉTÉ BIC had set up a process for the collection, compilation, processing and control of the Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the Information. We conducted interviews with those responsible for social and environmental reporting.
- We selected the consolidated Information to be tested⁽²⁾ and determined the nature and scope of the tests, taking into consideration their importance with respect to the social and environmental consequences related to the Group's business and characteristics, as well as its societal commitments.
- Concerning the quantitative consolidated information that we deemed to be the most important:
 - at the level of the consolidating entity and the controlled entities, we implemented analytical procedures and, based on sampling, verified the calculations and the consolidation of this information;
 - at the level of the sites that we selected⁽³⁾ based on their business, their contribution to the consolidated indicators and a risk analysis:
 - we conducted interviews to verify that the procedures were correctly applied to identify any omissions;

- we performed tests of detail based on sampling, consisting in verifying the calculations made and reconciling the data with the supporting documents;

The sample thus selected represents on average 29% of the workforce and between 28% and 60% of the quantitative environmental information tested.

- Concerning the qualitative consolidated information that we deemed to be the most important, we conducted interviews and reviewed the related documentary sources in order to corroborate this information and assess its fairness.
- As regards the other consolidated information published, we assessed its fairness and consistency in relation to our knowledge of SOCIÉTÉ BIC and, where applicable, through interviews or the consultation of documentary sources.
- Finally, we assessed the relevance of the explanations given in the event of the absence of certain information.

Comments on the Information

The safety reporting guideline has been revised to clarify the number of hours worked calculation method. Increased sites information should avoid any misunderstanding on the calculation of hours worked between the indicators "Frequency rate of accidents" and the "absenteeism rate".

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Paris La Défense, February 12, 2013

The Independent Verifier

Ernst & Young et Associés

Environment and Sustainable Development Department

Eric Mugnier



3

CORPORATE GOVERNANCE

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3.1. Chairman's Report on the Board of Directors function 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 12, 2013, after it had been checked by the Audit Committee.

→ 3.1.1. COMPOSITION AND FUNCTION OF ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1.1. Composition of administrative and management bodies

See § 3.4 Mandates of the Directors and of the Corporate Officers as of December 31, 2012.

3.1.1.2. Function of the Board of Directors

Rules of Procedures formalize the mission, organization and ethical principles that guide the actions of the Board of Directors. SOCIÉTÉ BIC abides by the AFEP and MEDEF's corporate governance Code of listed corporations (available on the website www.medef.fr). The Company complies with this Code except when indicated in this report.

a) Mission

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 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.

b) Rights and duties of the Directors – Ethics – Conflicts of interests

In order to successfully achieve its mission, the Board of Directors has complete, sincere and fast information, in particular regarding the activity of each category, as well as the financial and treasury situation of the Company. The Rules of Procedures provide how the Board of Directors is kept informed about the financial situation of the Company. The Rules also provide that each Director has the duty to keep up-to-date and to ensure that he receives in due time sufficient and relevant information.

The Rules of Procedures provide that any Director must be a shareholder and should hold, beyond the only statutory requirement (one share), 500 shares.

Moreover, Directors and other people concerned are informed in writing of rules concerning restrictions and/or prohibitions regarding share purchase or sale activity when they 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 could be directly or indirectly involved. In such case, the Director can take part neither to the debates nor to the decision on this matter.

c) Formation

According to the Articles of Incorporation, the Board of Directors must comprise between three and twelve members. The Rules of Procedures state that "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:

- four Independent Directors within the definition of the AFEP and MEDEF's corporate governance Code of listed corporations: John Glen, Gilles Pélisson, Frédéric Rostand and Pierre Vareille. The Board of Directors will propose at the Shareholders' Meeting of May 15, 2013 the election of Elizabeth Bastoni in replacement of Gilles Pélisson, who is a Director for twelve years and cannot be considered any more as independent.

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 prior to publication of the annual report.

According to the Rules of Procedures revised by the Board of Directors before the publication of the present report, Directors qualified as independent strive to maintain this quality. However, if a Director believes that he can no longer or will shortly no longer be qualified as independent under the AFEP and MEDEF's corporate governance Code, such Director shall immediately notify the President, who will place this item on the agenda of the next meeting of the Board of Directors;

- two women: Marie-Pauline Chandon-Moët and Marie-Henriette Poinso. The number of women on the Board of Directors would be increased to three with the election of Elizabeth Bastoni at the Shareholders' Meeting of May 15, 2013;
- four nationalities, helping the BIC Group to benefit from an international vision.

The Directors are elected by the Annual Shareholders' Meeting. The term of their mandate is three years except shorter term in order to favor a smooth replacement of Directors.

Since 2006, the functions of Chairman of the Board and of Chief Executive Officer are separated.

d) Function

The Board of Directors is assisted by two committees of experts, the Audit Committee and the Compensation and Nomination Committee. These committees meet several days prior to the Board Meeting which allows the Management team to take any necessary additional corrective measures to be reviewed at the Board Meeting.

Invitation and notification to Board members for upcoming meetings 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/March, 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, for the half-year results;
- in October, to examine accounts of the 3rd Quarter of the year;
- in December, to analyze the activity and the initial estimates of full-year results.

Other meetings of the Board of Directors are organized as required by the Group's business activities throughout the year. The meetings serve to provide the Board with regular and relevant information and promote an environment for strong corporate governance.

The Chief Executive Officer, the Executive Vice-Presidents, the Leadership Team members or any other person having a particular expertise as to the matters included in the agenda, are authorized, at the request of the Chairman, to attend the whole or part of the Board Meeting. The Statutory Auditors can also be invited to attend meetings other than the ones for which their convening is legally mandatory.

In 2012, the Board of Directors met six times for meetings of an average of three hours and forty seven minutes. The rate of attendance was 100%. 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, 2011 and for the first Half of the year 2012,
 - review of the quarterly results,
 - revision of the 2012 budget and 2013 preliminary budget;

- corporate governance:
 - setting compensation for Corporate Officers and Directors,
 - succession plan of the Corporate Officers and Directors,
 - allocation of free shares with or without performance conditions,
 - drawing-up of the various documents submitted to the Shareholders' Meeting;
- strategy:
 - analysis of the strategy for the Group's Shaver category,
 - analysis of the strategy for the Group's Lighter category,
 - arbitration procedure regarding the company Cello (see § 1.1. Group profile and strategy);
- miscellaneous:
 - share repurchase program – cancellation of shares,
 - BIC® Education project (educational solution for primary school, combining handwriting and digital technology).

e) 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 makes it possible to give a progress report on the procedures of the Board of Directors in order to increase its efficiency and to ensure that the important questions are suitably prepared and discussed.

An assessment of the performance of the Board of Directors was conducted during 2011 by an independent advisor through deep interviews of the Chairman, the Directors and the Board secretary. The interviews were mainly related to the composition of the Board of Directors, its methodology, its composition, its relation with the general management team and the Shareholders, as well as to the role and performance of the committees of experts. The assessment showed the efficiency and the involvement of the Directors and made it possible to identify a few possible improvements (such as the form of the documents submitted to the Board or the organization of strategic seminars outside the Company) that do not require the modification of the Rules of Procedure, nor the further formalization of the rules of operation of the Board of Directors.

At the beginning of 2013, an assessment of the performance during the previous year was conducted through a questionnaire sent to each Director. This questionnaire was mainly related to the composition of the Board of Directors, to the access to information by the Directors, to the quality and efficiency of the discussions held by the Board of Directors, as well as to 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.

In 2012, it was decided that the Board of Directors to be held in April 2013 would take place in the United States. This will especially allow the Directors to deepen their reflection on Advertising and Promotional Products category.

f) Principles and rules defined by the Board of Directors in order to determine the remuneration and benefits of the Corporate Officers

See § 3.3.1. Senior Management compensation.

The Company abides by the AFEP and MEDEF's recommendations on the compensation of Corporate Officers (see AFEP and MEDEF's corporate governance Code). Two recommendations cannot be applied and are explained in the following table.

g) Summary of the non-compliances with the AFEP and MEDEF's Code

The Company abides by the AFEP and MEDEF's Code, except for the following recommendations:

RECOMMENDATION OF THE AFEP AND MEDEF'S CODE	JUSTIFICATION
Paragraph 20.2.5. Additional pension schemes "Additional pension schemes with defined benefits must be subject to the condition that the beneficiary must be a director or employee of the company when asserting his or her pension rights pursuant to applicable rules."	Mario Guevara, CEO of SOCIÉTÉ BIC and CEO of BIC CORPORATION and of BIC INTERNATIONAL, American companies, could be entitled to a pension established by BIC CORPORATION, without being a Corporate Officer of SOCIÉTÉ BIC, of BIC CORPORATION and of BIC INTERNATIONAL when asserting his pension rights. The American senior managers benefit from this pension plan, established by BIC CORPORATION for more than 30 years. Mario Guevara, in the Group for twenty years, has been eligible for this pension for twelve years, significantly in advance of his appointment as Executive Vice-President and then CEO. Fifteen individuals benefit from this pension plan, which has not been modified since the appointment of Mario Guevara.
Paragraph 20.2.3. Performance shares "In accordance with terms determined by the Board and announced upon the award, the performance shares awarded to Executive Directors are conditional upon the acquisition of a defined quantity of shares upon the availability of the awarded shares."	Since December 11, 2007's plan, Corporate Officers must keep 20% of performance shares definitely acquired, until their mandate expires (the 20% will be reduced to 10% when the CEO owns five years of base salary in BIC shares and when Executive Vice-Presidents own three years of base salary in BIC shares). This obligation to keep shares, added to the performance conditions, appears sufficient.

3.1.1.3. Committees set up by the Board of Directors

Two committees of experts, 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 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.

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 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 Chairman

and 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 2012, the Audit Committee met five 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.

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 International Financial Reporting Standards, Internal Control Structure and other financial reporting matters including the reference document.

In 2012, the Audit Committee also worked on:

- review of the Group risk mapping process;
- review of Internal Control and Audit findings;
- review of treasury functions including cash management, liquidity and banking arrangements, and Group FX hedging;
- review of potential impact of the Eurozone crisis.

b) Compensation and Nomination Committee

Gilles Pélisson – Chairman (Independent Director).

Marie-Henriette Poinot.

Frédéric Rostand (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.

During 2012, the Compensation and Nomination Committee met six times. The rate of attendance was 100%. The committee's activity focused specifically on:

- details and level of remuneration for the Chairman;
- details and level of base remuneration, plus annual variables and long-term incentives for the CEO and the two Executive Vice-Presidents;
- determination of the criteria and annual targets used to calculate their variable remuneration 2012;
- details of their supplementary pension plans and other benefits;
- review of the non-recurring 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 of the company;
- principles and number of free shares granted to employees without performance conditions;
- analysis of the compliance with AFEP/MEDEF recommendations;
- preparation of the Corporate Officers Succession Plan (for which the contribution of the Chairman has been requested);
- the replacement of Gilles Pélisson as a Director.

The committee also gave its opinion on the remunerations 2012/2013 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 any case be first authorized by the Board of Directors:

- transactions not in line with 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 in a foreign operation, 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 Risk Management and Internal Control Systems – Reference Framework

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 Controllers' Manual. 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 a 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:

- 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 for internal control as a company's system, defined and implemented under its responsibility, which aims to ensure that:

- laws and regulations are complied with;
- the instructions and directional guidelines fixed by Executive Management are applied;
- the Company's internal processes are functioning correctly, particularly those implicating the protection of its assets;
- financial information is reliable.

In general, the 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 of 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 earnings releases reported publicly. The reliability of this information depends on the quality of the associated internal control procedures and system (see reporting procedures § 3.1.2.2.4. *Internal Control procedures*) that ensure:

- the segregation of duties principle, enabling a clear distinction between recording, operational and retention duties;
- that function descriptions provide 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 concern SOCIÉTÉ BIC as the parent company of the Group and all the entities consolidated within the Group.

The internal control in place has been designed for all entities to suit the existing organization, the objectives determined by the Board of Directors and the Leadership Team (see § 3.1.2.3. – *Risk management and internal control participants, specific structure(s) in charge/respective roles and interactions*), and compliance with law 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 different centralized Group departments.

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 uncertainties in the outside world, the judgmental nature of people's decisions and the result of potential human failure or of a simple error.

Moreover, any time a control activity is to be implemented, the comparative cost/benefit is taken into account ensuring reasonable control coverage.

3.1.2.2. Components of risk management and internal control of the Company and its subsidiaries

The efficiency of the risk management and internal control systems of a Company relies on its components built to serve the objectives as defined previously.

3.1.2.2.1. Control environment

a) Organization

The Group implemented a structured internal control system giving the appropriate guidelines and responsibilities to achieve the objectives set by the Board of Directors and the Leadership Team.

This organization is based on the definition of responsibilities and objectives set by the Management and then shared individually with the employees.

b) Main tools

To support this structure and measure its accuracy and efficiency, different tools have been implemented. Below are listed the main tools shared by all entities of the Group:

- Code of Ethics (see § 3.1.2.3.5. *Employees*);
- Vision and Values (see § 3.1.2.3.5. *Employees*);
- Group Accounting and Controllers Manual:

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 the *Social and environmental responsibility – § 2.4. Our social responsibility to the 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 *Social and environmental responsibility – § 2.4. Our social responsibility to the employees*;
- Information systems:

Different information systems are used depending on the business processes they support. They are organized primarily by continent. However, consolidation procedures are in place to have access to a consolidated result which allows Group Management to monitor performance and manage the operations.

Most of the Group's entities use fully integrated systems (ERP) to assist in the management of the business and report financial data using a consolidation and management software (see § 3.1.2.2.4. *Internal Control procedures*).

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 process and follow-up for the achievement of Management's objectives.

3.1.2.2.3. Risk management process

Risk management, among its objectives, aims to address the existing risks that could potentially impact the Company. All risks cannot be addressed. When covered, the employed means include internal mitigation processes or external insurance protection.

This specific process leads to a three-step approach based on the following activities:

- risk identification and analysis;
- risk management;
- risk monitoring.

a) Risk identification and analysis

The identification process highlights the main risks arising from both external and internal sources. The driver for identification is the potential impact on the Company's objectives, personnel, assets, environment or reputation.

The risk identification and analysis process consists of two components: a bottom-up approach and a top-down approach:

BOTTOM-UP APPROACH

This annual practice, based on a self-declaration principle, aims to identify and measure from a subsidiary level the risks considered as significant for the Group.

Questionnaires are addressed to the representatives of the targeted level (General Manager/Chief Financial Officer). Their feedback covers the main risks.

The Internal Control and Audit (IC&A) Department, as the process coordinator, challenges when required the answers received and the action plans mentioned in response to the identified risks. It also consolidates the documents and weighs the impacts to deliver a Group Risk Matrix. This matrix provides for all risk categories the average impact for the Group and a summary is shared with the Audit Committee and the Statutory Auditors. It is also shared with the Chairman of the Board.

The analysis and measurement of the identified risks are maintained internally.

TOP-DOWN APPROACH

In addition, following a recommendation of the Audit Committee and a request by the Leadership Team, the Company initiated in 2010 a project to improve formalization of risk management.

This project, conducted by the IC&A Department with the support of an independent advisory firm, is monitored by the Leadership Team. The purpose was 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.

For the Group risk mapping to remain pertinent, the major risks identified in 2010 have been updated and re-assessed in 2011 and 2012.

Risks listed by this approach have been considered in the *Group Presentation – § 1.7. Risk factors* and are taken into account for the internal audit schedule.

A similar methodology has been applied to the process of preparing financial statements and consolidation.

b) Risk management

The major risks identified in the Group risk mapping are managed by the Leadership Team. These risks were followed and monitored in 2012. Progress and status of action plans related to certain key risks have been also reviewed and discussed at Board Meetings. The other risks continue to be monitored closely.

In addition, different procedures exist (see § 3.1.2.2.4. *Internal Control procedures*). The Leadership Team, Categories, Continents and centralized departments such as Legal, Sustainable Development or Treasury, monitor risks on an ongoing basis. They are involved in the management of risks disclosed in the *Group Presentation – § 1.7. Risk factors*:

- the Group Treasury manages and monitors interest rate exposure and foreign exchange exposure on a daily basis;
- the Legal Department regularly follows changes of laws/regulations and litigations in progress;
- the main industrial and environmental risks are taken into account by the category or Country Management and the Sustainable Development Department;
- the significant strategic and operational risks are managed by the Leadership Team.

A yearly review of Insurance coverage process is also performed: see *Group Presentation – § 1.7. Risk Factors – Insurance – Coverage of any risks to which the issuer may be exposed*.

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 own Finance and Operations Directors, report information to the continent finance teams who 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 headquarters 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 engaged. 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 both physical custody of the goods, valuation of these items and monitoring of the related flows. Thus the procedures in place address both 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; and
- 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 follow the Group rules as well as comply with local accounting and financial standards. The Group rules are disclosed in the *Notes to the consolidated financial statements – Note 1 Main rules and accounting policies*.

CASH MANAGEMENT PROCEDURES

Mostly centralized within the Group Treasury, some aspects of cash management are maintained at the local level. For both levels, procedures are in place to cover:

- cash balance and payment management including physical safeguards, the performance of bank reconciliations and supervision of segregation of tasks performed;
- bank mandates and management of authorization signatures;
- debt financing activities, whether short or long term.

Centrally, the Group Treasury follows specific procedures regarding its investment portfolio and foreign exchange exposure management, as described in the *Comments on the year - § 4.3. Management of currency and interest rate risks*.

FIXED ASSETS MANAGEMENT PROCEDURES

As defined in the objectives for internal control, asset security is identified as a matter of focus. To achieve this goal, 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 review that no material differences exist in the Group.

This control addresses both operational and financial environments and focuses on:

- validity of the operations and transactions, including the authorization processes for expenditure and investment;
- 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, who represents the Shareholders, acts in all circumstances in the interest of the Company. It must also review and approve the Company's strategic objectives.

3.1.2.3.2. The Leadership Team

The Leadership Team, under the direction of Mario Guevara, Chief Executive Officer of SOCIÉTÉ BIC, is comprised of nine executives whose principal goal is to implement the strategy of the Company as defined by the Board. It is also responsible for defining the implementation and the supervision of the means to achieve the objectives.

In addition to Mario Guevara, to François Bich, Executive Vice-President and General Manager Lighters and to Marie-Aimée Bich-Dufour, Executive Vice-President and General Counsel, the Leadership Team members include:

- operational representatives responsible for continents:
 - Billy Salha, General Manager Europe,
 - Chris Mills, General Manager North America,
 - Edgar Hernandez, General Manager Middle East, Africa, Oceania, Latin America, Asia;
- representatives of product categories:
 - Ed Dougherty, category President for Stationery and Shavers,
 - Benoît Marotte, General Manager for Stationery,
 - Edgar Hernandez, Chief Executive Officer for Advertising and Promotional Products;
- representative of transverse functions:
 - Jim DiPietro, Chief Financial Officer.

Category General Managers are directly responsible for Manufacturing, New Product Development, Research and Quality Assurance. In addition, category Managers are responsible for developing and proposing each category's long-term strategy.

The Leadership Team monitors the quality of the internal control process and the implementation of risk coverage. It also ensures, with the Group Chief Financial Officer's support, that indicators are consolidated in order to measure the operational performance against the budget and, if necessary, focus on the variances and corrective measures that may need to be implemented.

In addition to the budget, forecasts are prepared and revised three times during the year to monitor the budget achievement and understand any current marketplace dynamics. A strategic planning process is in place to help identify future growth opportunities.

3.1.2.3.3. The Audit Committee

The Audit Committee, described earlier in this report (see § 3.1.1.3. *Committees set up by the Board of Directors*), among other assignments, monitors closely the risk management and internal control systems on a regular basis. The committee can interview the Internal Audit Manager to be updated on the work performed during the year and can give its opinion on the department's organization. A summary of internal audit findings is shared with the committee on a yearly basis.

3.1.2.3.4. The Internal Control & Audit Department

In January 2004, the Group established the Internal Control and Audit Department, reporting operationally to the Financial Direction and on demand to the Leadership Team.

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 2012

Since the beginning of 2006, a long-term rotation schedule has been put in place to ensure that all sites and key processes are reviewed approximately every three years.

The 2012 schedule led the IC&A Department to perform the audits of 34 entities, in manufacturing and distribution, combining initial visits and follow-up visits.

These audits were carried out in accordance with a methodology and procedures set by the IC&A department, including in particular:

- performance of tests (walkthroughs and detailed testing) and interviews with the contributors of the cycles reviewed in accordance with an approach based on the identified risks;
- the issuance of a report after the audit, which lists recommendations for improvements to be considered by the site/department, in accordance with a precise action plan and deadlines. The IC&A report is an excellent communication tool and plays an important role in the continuous improvement of controls within the Group.

No significant issues were identified as a result of the reviews. The issued recommendations in the audit reports highlighted improvements to certain controls for better efficiency. Local Management has shared their response to these recommendations and proposed action plans with the related implementation dates and responsibilities for execution. These implementations have been checked during follow-up visits performed by the IC&A Department. Furthermore, follow-up of action plans progress contribute to an efficient monitoring of recommendations implementation related to significant audit issues. Finally, the best practices in terms of internal control noted while performing these reviews have been communicated and shared within the Group.

In addition, each subsidiary of the Group completed a risk assessment in the format of a self-evaluation coordinated by the IC&A Department. The objective is to measure regularly the exposure to the potential major risks for these entities and, consequently, to provide a risk matrix at Group level. This annual requirement is in place since December 2003.

In addition to these self-assessments, 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 in 2013. 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 2012 and no major issues have been identified.

A summary of the work performed 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.

As explained in the § 3.1.2.2.3. *Risk management process*, the IC&A Department continued to conduct in 2012 the risk mapping approach.

b) Perspectives and Action Plan for 2013

The IC&A Department will continue to focus on process and efficiency improvements, testing of operational effectiveness of key controls and enhancing the overall review process.

The 2013 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 2012, 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 - Corporate governance

Chairman's Report on the Board of Directors function and on the risk management and internal control procedures implemented by the Company

3.1.2.3.5. Employees

Each employee is involved in internal control in accordance with his/her respective knowledge and access to information to design, operate and monitor the internal control system.

To reinforce the commitment of all employees to the importance of internal control, the Values of the Group have been posted since 1998 at all Group locations so that employees can share them. In 2005, the Group Vision and Values were updated and presented to all employees. Since 2005, a survey is performed every two years with employees regarding the compliance with Group Values (81% positive opinions in 2011). These values were continuously shared in 2012 within the Group.

A Group Code of Ethics exists and is available for all employees. The Board of Directors has taken note of it and reasserted, as necessary, the importance of action and behavior principles mentioned in this Code. The Leadership Team validated the Group Code of Ethics, the procedures and policies, and cascades it throughout the Group.

Additionally a Charter of Diversity was signed in 2011 by the Chief Executive Officer and the Director of Human Resources. 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, 2012

This is a free translation into English of the Statutory Auditors' report issued in French prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as Auditors of SOCIÉTÉ BIC, and pursuant to Article L. 225-235 of the French Commercial Code (Code de Commerce), we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2012.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We performed our procedures in accordance with professional standards applicable in France.

Information in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining whether any significant weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report on the information given in respect of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set forth in the report of the Chairman of the Board of Directors, prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, February 22, 2013
The Statutory Auditors

Grant Thornton
French Member of Grant Thornton International
Gilles HENGOAT

Deloitte & Associés
Jean-François VIAT

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

→ 3.3.1. SENIOR MANAGEMENT COMPENSATION

3.3.1.1. Compensation policy

3.3.1.1.1. General policy

Remuneration is fixed by the Board of Directors upon the recommendation of the Compensation and Nomination Committee. This committee:

- analyzes and compares trends in remuneration for comparable individuals and positions in the marketplace;
- 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.

3.3.1.1.2. Rules governing the granting of the variable annual part (Bonus) in 2012

- The Chairman, Bruno Bich, received no variable remuneration for 2012.
- The bonus paid to the Chief Executive Officer, Mario Guevara, was calculated on the basis of five criteria proposed by the Compensation and Nomination Committee and authorized by the Board of Directors at the beginning of the fiscal year:

CRITERIA	2012 BONUS TARGET AS A % OF BASE SALARY	ACTUAL 2012 BONUS PAID, AS A % OF BASE SALARY
Group net sales	25.0%	23.7%
Income from operations	25.0%	27.3%
Net income	12.5%	15.1%
Inventory	12.5%	11.9%
Customers	12.5%	12.7%
Personal objectives	37.5%	34.3%
TOTAL	125.0%	125.0%

The bonus paid for 2012 represents 100% of the bonus target, amounting to 900,000 U.S. dollars.

- The bonus paid to the Executive Vice-Presidents, François Bich and Marie-Aimée Bich-Dufour, was calculated on the basis of four criteria:

BONUS – FRANÇOIS BICH

CRITERIA	2012 BONUS TARGET AS A % OF BASE SALARY	ACTUAL 2012 BONUS PAID, AS A % OF BASE SALARY
Net sales	12.0%	12.40%
Income from operations	18.0%	21.25%
Inventory	12.0%	11.50%
Personal objectives and general appraisal	18.0%	18.00%
TOTAL	60.0%	63.15%

The 2012 bonus paid to François Bich amounts to 290,968 euros, which represents 105% of the bonus target.

BONUS – MARIE-AIMÉE BICH-DUFOUR

CRITERIA	2012 BONUS TARGET AS A % OF BASE SALARY	ACTUAL 2012 BONUS PAID, AS A % OF BASE SALARY
Net sales	9.0%	8.5%
Income from operations	13.5%	14.4%
Inventory	9.0%	8.6%
Personal objectives and general appraisal	13.5%	15.5%
TOTAL	45.0%	47.0%

The 2012 bonus paid to Marie-Aimée Bich-Dufour represents 104% of the bonus target, amounting to 128,564 euros.

3.3.1.2. Individual remuneration

The total amount of remuneration awarded to the four Corporate Officers for the fiscal year 2012 is equal to 1,477,947 euros as fixed remuneration (base) and 1,119,594 euros as variable remuneration (bonus). For the fiscal year 2011, those amounts were 1,402,137 euros as fixed remuneration (base) and 1,050,655 euros as variable remuneration (bonus) ⁽¹⁾.

The total amount of remuneration awarded to the members of the Management team ("Leadership" team of nine members, including the Chief Executive Officer and the two Executive Vice-Presidents) for the

fiscal year 2012, was equal to 3,029,969 euros as fixed remuneration (base) and 2,082,607 euros as variable remuneration (bonus). For the fiscal year 2011, the team was made up of eleven members and those amounts were 3,506,826 euros as fixed remuneration (base) and 2,210,075 euros as variable remuneration (bonus) ⁽¹⁾.

Total compensation and fringe benefits awarded for fiscal years 2011 and 2012 by SOCIÉTÉ BIC and by the companies it controls, according to Article L. 233-16 of the French Commercial Code, to members of the Management bodies and to Senior Management of SOCIÉTÉ BIC in accordance with 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 Recommendation of December 22, 2008)

BRUNO BICH CHAIRMAN	FINANCIAL YEAR 2011 (in euros)	FINANCIAL YEAR 2012 (in euros)
Compensation due in respect of the financial year (detailed in table B)	180,000	183,600
Valuation of stock options awarded during the financial year (detailed in table D)	-	-
Valuation of performance shares awarded during the financial year (detailed in table G)	-	-
TOTAL	180,000	183,600

Bruno Bich has been the Non-Executive Chairman since March 2006 and receives a fixed remuneration (with no variable element) through SOCIÉTÉ BIC, in relation to his position as Non-Executive Chairman.

MARIO GUEVARA CHIEF EXECUTIVE OFFICER	FINANCIAL YEAR 2011 (in U.S. dollars) ^(a)	FINANCIAL YEAR 2012 (in U.S. dollars) ^(b)
Compensation due in respect of the financial year (detailed in table B)	1,622,906 (1,165,629 euros)	1,697,620 (1,320,489 euros)
Valuation of stock options awarded during the financial year (detailed in table D)	-	-
Valuation of performance shares awarded during the financial year (detailed in table G)	1,842,953 (1,323,675 euros)	1,874,694 (1,458,225 euros)
TOTAL	3,465,859 (2,489,304 euros)	3,572,314 (2,778,714 euros)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2011 (1 euro = 1.3923 U.S. dollars).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2012 (1 euro = 1.2856 U.S. dollars). (See Note 3 to the consolidated financial statements.)

(1) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2012 (1 euro = 1,2856 U.S. dollars) and for 2011 (1 euro = 1,3923 U.S. dollars).

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

FRANÇOIS BICH EXECUTIVE VICE-PRESIDENT	FINANCIAL YEAR 2011 (in euros)	FINANCIAL YEAR 2012 (in euros)
Compensation due in respect of the financial year (detailed in table B)	773,858	755,397
Valuation of stock options awarded during the financial year (detailed in table D)	-	-
Valuation of performance shares awarded during the financial year (detailed in table G)	588,300	648,100
TOTAL	1,362,158	1,403,497

MARIE-AIMÉE BICH-DUFOUR EXECUTIVE VICE-PRESIDENT	FINANCIAL YEAR 2011 (in euros)	FINANCIAL YEAR 2012 (in euros)
Compensation due in respect of the financial year (detailed in table B)	398,755	404,336
Valuation of stock options awarded during the financial year (detailed in table D)	-	-
Valuation of performance shares awarded during the financial year (detailed in table G)	205,905	194,430
TOTAL	604,660	598,766

TABLES B – SUMMARY OF THE COMPENSATION OF EACH CORPORATE OFFICER

(Table 2 according to the AMF Recommendation of December 22, 2008)

BRUNO BICH CHAIRMAN	AMOUNTS FOR FINANCIAL YEAR 2011 (in euros)		AMOUNTS FOR FINANCIAL YEAR 2012 (in euros)	
	DUE	PAID	DUE	PAID
Fixed compensation	180,000	180,000	183,600	183,600
Variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	-	-	-	-
TOTAL	180,000	180,000	183,600	183,600

MARIO GUEVARA CHIEF EXECUTIVE OFFICER	AMOUNTS FOR FINANCIAL YEAR 2011 <i>(in U.S. dollars) ^(a)</i>		AMOUNTS FOR FINANCIAL YEAR 2012 <i>(in U.S. dollars) ^(b)</i>	
	DUE	PAID	DUE	PAID
Fixed compensation	700,000 (502,765 euros)	700,000 (502,765 euros)	720,000 (560,050 euros)	720,000 (560,050 euros)
Variable compensation	840,000 (603,318 euros)	945,000 (678,733 euros)	900,000 (700,062 euros)	840,000 (653,391 euros)
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	1) Vehicle benefit: 19,200 (13,790 euros)	1) Vehicle benefit: 19,200 (13,790 euros)	1) Vehicle benefit: 19,200 (14,935 euros)	1) Vehicle benefit: 19,200 (14,935 euros)
	2) Company contributions to Company U.S. savings plan:	2) Company contributions to Company U.S. savings plan:	2) Company contributions to Company U.S. savings plan:	2) Company contributions to Company U.S. savings plan:
	a) 401 K: 7,350 (5,279 euros)	a) 401 K: 7,350 (5,279 euros)	a) 401 K: 7,550 (5,873 euros)	a) 401 K: 7,550 (5,873 euros)
	b) "Exec Comp Plan": 28,000 (20,111 euros)	b) "Exec Comp Plan": 28,000 (20,111 euros)	b) "Exec Comp Plan": 28,800 (22,402 euros)	b) "Exec Comp Plan": 28,800 (22,402 euros)
	3) Other: 28,356 (20,366 euros)	3) Other: 28,356 (20,366 euros)	3) Other: 22,070 (17,167 euros)	3) Other: 22,070 (17,167 euros)
TOTAL	1,622,906 (1,165,629 euros)	1,727,906 (1,241,044 euros)	1,697,620 (1,320,489 euros)	1,637,620 (1,273,818 euros)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2011 (1 euro = 1.3923 U.S. dollars).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2012 (1 euro = 1.2856 U.S. dollars). (See Note 3 to the consolidated financial statements.)

FRANÇOIS BICH EXECUTIVE VICE-PRESIDENT	AMOUNTS FOR FINANCIAL YEAR 2011 <i>(in euros)</i>		AMOUNTS FOR FINANCIAL YEAR 2012 <i>(in euros)</i>	
	DUE	PAID	DUE	PAID
Fixed compensation	451,722	451,722	460,757	460,757
Variable compensation	318,464	350,000	290,968	318,464
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	Vehicle (Value of benefit): 3,672	Vehicle (Value of benefit): 3,672	Vehicle (Value of benefit): 3,672	Vehicle (Value of benefit): 3,672
TOTAL	773,858	805,394	755,397	782,893

MARIE-AIMÉE BICH-DUFOUR EXECUTIVE VICE-PRESIDENT	AMOUNTS FOR FINANCIAL YEAR 2011 <i>(in euros)</i>		AMOUNTS FOR FINANCIAL YEAR 2012 <i>(in euros)</i>	
	DUE	PAID	DUE	PAID
Fixed compensation	267,650	267,650	273,540	273,540
Variable compensation	128,873	150,285	128,564	128,873
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	Vehicle (Value of benefit): 2,232	Vehicle (Value of benefit): 2,232	Vehicle (Value of benefit): 2,232	Vehicle (Value of benefit): 2,232
TOTAL	398,755	420,167	404,336	404,645

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

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.

Also, none of the Leadership Team members receive Directors' fees in connection with the functions they perform in Group companies.

Total Directors' fees paid to Mrs. Chandon-Moët, Mrs. Poinot, Mr. Glen, Mr. Péliçon, 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.

These Board members do not receive any other compensation from BIC.

TABLE C – NON-CORPORATE OFFICERS' FEES

(Table 3 according to the AMF Recommendation of December 22, 2008)

BOARD MEMBERS	DIRECTORS' FEES PAID RELATING TO 2011 <i>(in euros)</i>	DIRECTORS' FEES PAID RELATING TO 2012 <i>(in euros)</i>
Marie-Pauline Chandon-Moët	31,000	31,620
John Glen	47,000	47,950
Gilles Péliçon	47,000	47,950
Marie-Henriette Poinot	43,000	43,870
Frédéric Rostand	43,000	43,870
SOCIÉTÉ M.B.D.	43,000	43,870
Pierre Vareille	43,000	43,870
TOTAL	297,000	303,000

3.3.1.4. Allocation of stock options

As part of a policy recommended by the Compensation and Nomination Committee, the Board has decided not to award stock options in 2011 and set up a policy of free share grants.

To the knowledge of the Company, 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 the 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 template that summarizes all stock option plans is included in Note 23 to the consolidated financial statements.

TABLES D – STOCK OPTIONS AWARDED DURING THE FINANCIAL YEAR 2012 TO EACH CORPORATE OFFICER

(Table 4 according to the AMF Recommendation of December 22, 2008)

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 <i>(in euros)</i>	NUMBER OF OPTIONS AWARDED DURING THE FINANCIAL YEAR	EXERCISE PRICE <i>(in euros)</i>	EXERCISE PERIOD
N/A	-	-	-	-	-	-

STOCK OPTIONS AWARDED DURING THE FINANCIAL YEAR 2011 TO EACH CORPORATE OFFICER

OPTIONS AWARDED TO EACH CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NATURE OF THE OPTIONS (PURCHASE OR SUBSCRIPTION)	VALUATION OF THE OPTIONS ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS <i>(in euros)</i>	NUMBER OF OPTIONS AWARDED DURING THE FINANCIAL YEAR	EXERCISE PRICE <i>(in euros)</i>	EXERCISE PERIOD
N/A	-	-	-	-	-	-

TABLES E – STOCK OPTIONS EXERCISED DURING THE FINANCIAL YEAR 2012 BY EACH CORPORATE OFFICER
(Table 5 according to the AMF Recommendation of December 22, 2008)

OPTIONS EXERCISED BY CORPORATE OFFICERS (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NUMBER OF OPTIONS EXERCISED DURING THE FINANCIAL YEAR	EXERCISE PRICE (in euros)	AWARD YEAR
Marie-Aimée Bich-Dufour	6 (Dec 17, 2003)	6,500	36.96	2003
Marie-Aimée Bich-Dufour	7 (Dec 15, 2004)	5,000	36.76	2004
Marie-Aimée Bich-Dufour	8 (Dec 14, 2005)	5,000	50.01	2005
Marie-Aimée Bich-Dufour	9 (Dec 13, 2006)	5,000	52.35	2006
Marie-Aimée Bich-Dufour	10 (Dec 11, 2007)	5,000	49.62	2007

STOCK OPTIONS EXERCISED DURING THE FINANCIAL YEAR 2011 BY EACH CORPORATE OFFICER

OPTIONS EXERCISED BY CORPORATE OFFICERS (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NUMBER OF OPTIONS EXERCISED DURING THE FINANCIAL YEAR	EXERCISE PRICE (in euros)	AWARD YEAR
N/A	-	-	-	-

TABLE F – STOCK OPTIONS PLANS

(Table 8 according to the AMF Recommendation of December 22, 2008)

	PLAN N°6	PLAN N°7	PLAN N°8	PLAN N°9
Annual Shareholders' Meeting date	May 28, 2003	May 28, 2003	May 28, 2003	May 24, 2006
Board of Directors' Meeting date	Dec. 17, 2003	Dec. 15, 2004	Dec. 14, 2005	Dec. 13, 2006
Number of beneficiaries	555	563	575	567
Number of options available for subscription	377,550	370,450	427,850	398,500
<ul style="list-style-type: none"> • Among which, options granted to the Corporate Officers as of December 31, 2012 				
<ul style="list-style-type: none"> • Mario Guevara 	14,000	12,000	15,000	-
<ul style="list-style-type: none"> • Marie-Aimée Bich-Dufour 	6,500	5,000	5,000	5,000
Date from which options may be exercised	Dec. 18, 2006	Dec. 16, 2007	Dec. 15, 2008	Dec. 14, 2009
Option expiration date	Dec. 16, 2013	Dec. 14, 2014	Dec. 13, 2015	Dec. 12, 2014
Exercise price (in euros) ^(a)	36.96	36.76	50.01	52.35
Number of options exercised as of Dec. 31, 2012	293,482	275,402	290,800	283,730
Number of void options as of Dec. 31, 2012	66,250	71,450	77,400	56,800
Number of remaining options as of Dec. 31, 2012	17,818	23,598	59,650	57,970

(a) No discount on the exercise price.

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	PLAN N°10	PLAN N°11	PLAN N°12	PLAN N°13
Annual Shareholders' Meeting date	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	633	613	602	643
Number of options available for subscription	440,500	371,400	360,000	382,950
<ul style="list-style-type: none"> Among which, options granted to the Corporate Officers as of December 31, 2012 				
<ul style="list-style-type: none"> Mario Guevara 	-	-	-	-
<ul style="list-style-type: none"> Marie-Aimée Bich-Dufour 	5,000	-	-	-
Date from which options may be exercised	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiring date	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price (in euros) ^(a)	49.62	40.18	47.99	63.71
Number of options exercised as of Dec. 31, 2012	314,249	240,000	44,391	-
Number of void options as of Dec. 31, 2012	39,300	29,300	28,800	23,900
Number of remaining options as of Dec. 31, 2012	86,951	102,100	286,809	359,050

(a) No discount on the exercise price.

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

3.3.1.5. Free, performance-based share allocations

From 2005, exercising the power placed at its disposal by the Shareholders' Meeting, the Board of Directors resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of three-year performance-based free share grants. The Corporate Officers mentioned in the table below benefit from this policy.

According to Law n°2006-1770 of December 30, 2006, BIC Corporate Officers will have to keep 20% of free shares acquired, until their mandate expires. The 20% will be reduced to 10% when the Chief

Executive Officer owns five years of base salary in BIC shares and when the Executive Vice-Presidents own three years of base salary in BIC shares.

To the knowledge of the Company, 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 total number of granted shares is reported in Note 23 to the consolidated financial statements.

TABLES G – PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR 2012 TO EACH CORPORATE OFFICER
(Table 6 according to the AMF Recommendation of December 22, 2008)

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR TO EACH CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP	NUMBER AND DATE OF THE PLAN	NUMBER OF SHARES AWARDED DURING THE FINANCIAL YEAR	VALUATION OF THE SHARES ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS (in euros)	ACQUISITION DATE	AVAILABILITY DATE	PERFORMANCE CONDITIONS
Mario Guevara	8 (Féb. 14, 2012)	22,500	1,458,225	Mar. 14, 2015	Mar. 14, 2018	1) Increase net sales 2) Net cash from operating activities, excluding capital outlays, as a percentage of net sales
François Bich	8 (Féb. 14, 2012)	10,000	648,100	Mar. 14, 2015	Mar. 14, 2018	
Marie-Aimée Bich-Dufour	8 (Féb. 14, 2012)	3,000	194,430	Mar. 14, 2015	Mar. 14, 2018	

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR 2011 TO EACH CORPORATE OFFICER

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR TO EACH CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP	NUMBER AND DATE OF THE PLAN	NUMBER OF SHARES AWARDED DURING THE FINANCIAL YEAR	VALUATION OF THE SHARES ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS (in euros)	ACQUISITION DATE	AVAILABILITY DATE	PERFORMANCE CONDITIONS
Mario Guevara	7 (Feb. 15, 2011)	22,500	1,323,675	Mar. 15, 2014	Mar. 15, 2017	1) Increase net sales 2) Net cash from operating activities, excluding capital outlays, as a percentage of net sales
François Bich	7 (Feb. 15, 2011)	10,000	588,300	Mar. 15, 2014	Mar. 15, 2017	
Marie-Aimée Bich-Dufour	7 (Feb. 15, 2011)	3,500	205,905	Mar. 15, 2014	Mar. 15, 2017	

TABLES H – PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE DURING THE FINANCIAL YEAR 2012 TO EACH CORPORATE OFFICER

(Table 7 according to the AMF Recommendation of December 22, 2008)

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 FINANCIAL YEAR	ACQUISITION TERMS	AWARD YEAR
Mario Guevara	2 (Dec. 14, 2005)	1,431	56% of the initial allocation is finally acquired, based on the realization of performance conditions	2005
Marie-Aimée Bich-Dufour	2 (Dec. 14, 2005)	1,431		2005

PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE DURING THE FINANCIAL YEAR 2011 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 FINANCIAL YEAR	ACQUISITION TERMS	AWARD YEAR
Mario Guevara	1 (May 19, 2005)	1,855	70% of the initial allocation is finally acquired, based on the realization of performance conditions	2005
Marie-Aimée Bich-Dufour	1 (May 19, 2005)	1,855		2005

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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 2012 Bruno Bich received 555,360 U.S. dollars.
- b) Mario Guevara contributes to the BIC CORPORATION Supplementary Executive Retirement Plan. This plan provides a pension equal to 2.5% of the average remuneration of the last three years of service, by year of seniority, with a maximum of 50% (i.e. 20 years of service) including the pension granted by the U.S. Qualified Pension Plan. The commitments arising from this plan are recorded in BIC CORPORATION's accounts in accordance with IAS 19. The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2012 for Mario Guevara is 9,898,992 U.S. dollars (9,014,653 U.S. dollars for the Supplementary Executive Retirement Plan and 884,339 U.S. dollars for the U.S. Qualified Pension Plan). As of December 31, 2012, Mario Guevara has accrued a pension benefit equivalent to 2.5% x 20 years of service = 50% of the average remuneration of the last three years of service (i.e., for information, a pension equal to 795,000 U.S. dollars payable at age 57, if he had stopped his activity in December 31, 2012).
- c) François Bich and Marie-Aimée Bich-Dufour contribute to the Supplementary Executive Retirement Plan for BIC executives in France. This plan, which is an additional pension plan, provides a supplementary pension to the compulsory plans equal to 1.25% of the average remuneration of the last three years of service, based on years of membership of the plan, with a maximum of 25% (i.e. 20 years). In addition, the consolidation of all their pension rights cannot exceed a replacement rate of 50%. SOCIÉTÉ BIC has made provision for the commitments arising from this plan in accordance with IAS 19. The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2012 is 4,861,683 euros for François Bich and 1,754,380 euros for Marie-Aimée Bich-Dufour. As of December 31, 2012, François Bich has accrued a pension benefit equivalent to 1.25% x 20 years of service = 25% of the average remuneration of the last three years of service (i.e., for information, a pension equal to 195,000 euros, if he had stopped his activity in December 31, 2012) and Marie-Aimée Bich-Dufour has accrued a pension benefit equivalent to 1.25% x 17 years of service = 21.25% of the average remuneration of the last three years of service (i.e., for information, a pension equal to 86,800 euros, if she had stopped her activity in December 31, 2012).

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 I

(Table 10 according to the AMF Recommendation of December 22, 2008)

CORPORATE OFFICERS	WORKING CONTRACT		SUPPLEMENTARY PENSION PLAN		MANDATE TERMINATION INDEMNITIES OR BENEFITS		NON-COMPETITION INDEMNITIES	
	YES	NO	YES	NO	YES	NO	YES	NO
Bruno Bich Chairman 1 st nomination: June 2, 1986 End of mandate: Annual Shareholders' Meeting in 2013, for the fiscal year 2012		X	X				X	X
Mario Guevara Chief Executive Officer Beginning of mandate: March 1, 2006 End of mandate: Annual Shareholders' Meeting in 2013, for the fiscal year 2012		X ^(a)	X (See § 3.3.1.6.)				X	X
François Bich Executive Vice-President Beginning of mandate: December 15, 1988 End of mandate: end of CEO's mandate		X	X (See § 3.3.1.6.)				X	X
Marie-Aimée Bich-Dufour Executive Vice-President Beginning of mandate: March 22, 1995 End of mandate: end of CEO's mandate		X	X (See § 3.3.1.6.)				X	X

(a) No working 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 2012 (ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE)

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

DECLARING	TYPE AND NUMBER OF TRANSACTIONS				NUMBER OF SHARES
	PURCHASES	SALES	EXCHANGES	OTHERS	
Mario Guevara	-	2	-	-	900
Bruno Bich	-	-	2	-	275,391
	-	1	-	-	7,000
	-	-	-	1 (a)	195,000
	-	-	-	1 (b)	184,239
SOCIÉTÉ M.B.D.	19	-	-	-	73,916
Marie-Aimée Bich-Dufour	-	-	-	5 (c)	26,500

(a) Loan.

(b) Trust distribution.

(c) Exercise of stock options.

→ 3.3.3. EMPLOYEES' INTERESTS IN THE ISSUER'S CAPITAL

3.3.3.1. Agreements for profit sharing

No plan in conformance with 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 J

(Table 9 according to the AMF Recommendation of December 22, 2008)

STOCK OPTIONS GRANTED TO THE FIRST TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS, AND OPTIONS EXERCISED	TOTAL NUMBER OF ATTRIBUTED OPTIONS/ OF SUBSCRIBED SHARES	WEIGHTED AVERAGE PRICE (in euros)	DATE OF MATURITY	NUMBER OF PLAN
Options granted during the exercise by the issuer and by any company included in the perimeter of allocation of the options, to ten 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, raised during the year , by the ten employees of the issuer and these companies, receiving the highest number of so subscribed options	12,600	30.93	Dec. 9, 2012	5
	8,400	36.96	Dec. 16, 2013	6
	5,000	36.76	Dec. 14, 2014	7
	6,150	50.01	Dec. 13, 2015	8
	9,650	52.35	Dec. 12, 2014	9
	28,050	49.62	Dec. 10, 2015	10
	3,550	40.18	Dec. 9, 2016	11
	3,350	47.99	Dec. 14, 2017	12
TOTAL	76,750			

The characteristics of these plans are described in Note 23 to the consolidated financial statements as well as the use made by the employees. No stock-option is granted since 2011.

3.3.3.3. Free share allocations with or without performance conditions

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. From 2012, some 500 executives receiving stock options on the basis of their position in the Company (eligible) receive three-year performance-based free share grants.

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

- net sales growth;
- net cash from operating activities, excluding capital outlays, 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 permanently transferred, will be non-transferable for a further period of three years.

In 2012, 159,940 performance shares were granted to 535 beneficiaries.

In 2011, 87,650 performance shares were granted to 28 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 condition.

The acquisition period is four years. After this four years period, the shares will be non-transferable for a further period of two years for the French beneficiaries.

In 2012, 20,050 shares were granted without performance conditions to 222 beneficiaries.

The total number of granted shares is reported in Note 23 to the consolidated financial statements.

FREE SHARES GRANTED AND TRANSFERRED IN 2012 TO THE FIRST TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS

FREE SHARES GRANTED AND TRANSFERRED TO THE FIRST TEN 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 N°
<ul style="list-style-type: none"> • Shares granted during the exercise by the Company or by any company included in the perimeter of allocation of shares, to the ten employees of the Company and of any company included in this perimeter, being allocated the highest number of shares ^(a) 	36,500	17,481,663	March 14, 2015	March 14, 2018	8
<ul style="list-style-type: none"> • Shares transferred during the exercise by the Company or by any company included in the perimeter of allocation of shares, to the ten employees of the Company and of any company included in this perimeter, being transferred the highest number of shares ^(a) 	16,750 6,368	604,675 306,237	March 12, 2012 March 14, 2012	March 12, 2015 March 14, 2012	5 2

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

3.4. Mandates of the Directors and the Corporate Officers as of December 31, 2012

→ CHAIRMAN OF THE BOARD OF DIRECTORS

BRUNO BICH	
Age	66
Nationality	French/American
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on June 2, 1986
Expiration date	Annual Shareholders' Meeting in 2013, for fiscal year 2012
Member of a committee	No
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2012, SOCIÉTÉ M.B.D. held 26.13% of SOCIÉTÉ BIC share capital and 36.65% of the voting rights.
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:

COMPANY	COUNTRY	MANDATE/FUNCTION
EDHEC Group	France	Member of International Advisory Board
Harlem Academy	USA	Trustee

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Management Institute of Paris – M.I.P. (merged with EDHEC Group)	France	Co-founder and member of the Supervisory Board
Imperial Tobacco ^(a)	United Kingdom	Director of the Board

(a) Listed company.

→ CHIEF EXECUTIVE OFFICER AND DIRECTOR

MARIO GUEVARA	
Age	53
Nationality	Mexican/American
Independent Director	No
Date of 1st appointment	Director of the Board: Annual Shareholders' Meeting on May 22, 2001 Chief Executive Officer: March 1, 2006
Expiration date	Annual Shareholders' Meeting in 2013, for fiscal year 2012
Member of a committee	No
Number of BIC shares held	10,552
Professional address	BIC INTERNATIONAL One BIC Way, Suite 1 Shelton, CT - 06484 - 6299 - USA

Chief Executive Officer of SOCIÉTÉ BIC since March 1, 2006, Mario Guevara was General Manager for North, Central and South America from 2001 to March 10, 2004 and then Executive Vice-President until February 28, 2006.

Main position:

- Chief Executive Officer of SOCIÉTÉ BIC since March 1, 2006.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
BIC Chile SA ^(a)	Chile	Chairman of the Board
BIC CORPORATION ^(a)	USA	Chairman of the Board Chief Executive Officer
BIC INTERNATIONAL Co. ^(a)	USA	Chief Executive Officer Director of the Board
BIC Japan KK ^(a)	Japan	Director of the Board

(a) BIC Group.

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

- Not applicable.

→ EXECUTIVE VICE-PRESIDENT AND DIRECTOR

FRANÇOIS BICH	
Age	63
Nationality	French
Independent Director	No
Date of 1st appointment	Board of Directors of September 30, 1977 ratified by the Annual Shareholders' Meeting on May 29, 1978
Expiration date	Annual Shareholders' Meeting in 2014, for fiscal year 2013
Member of a committee	No
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2012, SOCIÉTÉ M.B.D. held 26.13% of SOCIÉTÉ BIC share capital and 36.65% of the voting rights.
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:

COMPANY	COUNTRY	MANDATE/FUNCTION
Société du Briquet Jetable 75 ("BJ 75") ^(a)	France	President
SOCIÉTÉ M.B.D.	France	Chairman of Supervisory Board

(a) BIC Group.

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

- Not applicable.

→ DIRECTORS

MARIE-PAULINE CHANDON-MOËT (MAIDEN NAME: BICH)	
Age	45
Nationality	French
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on May 28, 2003
Expiration date	Annual Shareholders' Meeting in 2014, for fiscal year 2013
Member of a Committee	No
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2012, SOCIÉTÉ M.B.D. held 26.13% of SOCIÉTÉ BIC share capital and 36.65% of the voting rights.

Main position:

- Not applicable.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
SOCIÉTÉ M.B.D.	France	Director of Supervisory Board
Ferrand SAS	France	President

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

- Not applicable.

3 - Corporate governance

Mandates of the Directors and the Corporate Officers as of December 31, 2012

JOHN GLEN	
Age	53
Nationality	British
Independent Director	Yes
Date of 1st appointment	Board of Directors of December 10, 2008 ratified by the Annual Shareholders' Meeting on May 14, 2009
Expiration date	Annual Shareholders' Meeting in 2015 for fiscal year 2014
Member of a committee	Chairman of the Audit Committee
Number of BIC shares held	500
Professional address	THE BUCCLEUCH GROUP 27 Silvermills Court – Henderson Place Lane Edinburgh EH3,5DG United Kingdom

Main position:

- Chief Executive Officer of Buccleuch Group (United Kingdom – non listed company).

Other current mandate or function:

- Not applicable.

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Air Liquide Group ^(a)	France	Vice-President Finance and Administration Member of the Executive Committee
European Financial Reporting Group (EFRAG)	Belgium	Vice Chairman of the Supervisory Board

(a) Listed company.

GILLES PÉLISSON	
Age	55
Nationality	French
Independent Director	Yes
Date of 1st appointment	Annual Shareholders' Meeting on May 22, 2001
Expiration date	Annual Shareholders' Meeting in 2013, for fiscal year 2012
Member of a committee	Chairman of the Compensation and Nomination Committee
Number of BIC shares held	500 + 500 jointly held shares
Professional address	LE VAL FOURCATS Avenue Molière, 143 1190 Bruxelles – Belgium

Main position:

- Independent Director and President of Groupement des Professions de Services (GPS) – MEDEF (France).

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
TF1 ^(a)	France	Director of the Board
Groupe Lucien Barrière SAS	France	Permanent representative of Marc de Lacharrière Group, Director of the Board
Fondation ESSEC	France	President
NH Hoteles SA	Spain	Director of the Board
Accenture Plc ^(a)	USA	Director of the Board
Sun Resorts	Maurice Island	Director of the Board

(a) Listed companies.

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Accor ^(a)	France	Chairman of the Board Director of the Board Chief Executive Officer
Fondation Accor	France	President
ASM	France	Permanent representative of Accor Director of the Board
Lenôtre	France	Chairman of the Supervisory Board Director of the Board
ESSEC	France	Chairman of Supervisory Board
Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria, Inc.	USA	Director of the Board
Accor Services Italia S.r.l.	Italy	Director of the Board
Sofitel Italia S.r.l. (ex Sagar S.r.l.)	Italy	Director of the Board
Accor Partecipazioni Italia S.r.l. (ex Accor Hospitality Italia)	Italy	Director of the Board
Scapa Italia S.r.l.	Italy	Director of the Board

(a) Listed company.

**MARIE-HENRIETTE POINSOT
(MAIDEN NAME: BICH)**

Age	51
Nationality	French
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on May 21, 1997
Expiration date	Annual Shareholders' Meeting in 2015 for fiscal year 2014
Member of a committee	Compensation and Nomination Committee
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2012, SOCIÉTÉ M.B.D. held 26.13% of SOCIÉTÉ BIC share capital and 36.65% of the voting rights.

Main position:

- Director of strategic planning of the Options Group (France – non listed company).

3 - Corporate governance

Mandates of the Directors and the Corporate Officers as of December 31, 2012

Other current mandate or function:

COMPANY	COUNTRY	MANDATE/FUNCTION
Options SAS	France	Member of Strategic Planning Committee

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

- Not applicable.

FRÉDÉRIC ROSTAND	
Age	50
Nationality	French
Independent Director	Yes
Date of 1st appointment	Annual Shareholders' Meeting on May 28, 2003
Expiration date	Annual Shareholders' Meeting in 2014 for fiscal year 2013
Member of a committee	Compensation and Nomination Committee
Number of BIC shares held	1,000
Professional address	SODIAAL 170 bis boulevard du Montparnasse 75680 Paris cedex 14 – France

Main position:

- Chief Executive Officer of SODIAAL Group (France – non listed company).

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
Sodiaal Union	France	Chief Executive Officer
Groupe Sodiaal	France	Chief Executive Officer
Sodiaal International	France	Chief Executive Officer
Beuralia	France	Director of the Board
Entremont Alliance	France	Director of the Board
Candia	France	Director of the Board
Eurosérum	France	Director of the Board
Monts & Terroirs (ex-Juragruyere)	France	Director of the Board
CF&R Gestion (Compagnies des Fromages & RichesMonts)	France	Chairman Chairman of the Board Director of the Board
CF&R (Compagnie des Fromages & RichesMonts)	France	Managing General Partner "Gérant commandité"
Nutribio	France	Director of the Board
Yoplait	France	Director of the Board + Chairman of the Supervisory Board
Orlait	France	Member of the Management Board

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Générale de Santé SA ^(a)	France	Chairman of the Directory Board
Compagnie Générale de Santé SAS	France	President
Générale de Santé Cliniques	France	Chairman Chief Executive Officer
GIE Générale de Santé	France	Director of the Board
GIE Générale de Santé Hospitalisation	France	Director of the Board
Conectis Santé	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Hôpital Privé Beauregard (ex-Provence Santé)	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Sam Bio	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
École Européenne de Chirurgie	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Cofindex	France	Permanent representative of Sogur, Director of the Board
Fondation d'entreprise Générale de Santé	France	Director of the Board
Financière la Providence	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Générale de Santé Domicile	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
Immobilière de Santé	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
Pass	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
Louis Delhaize SA	Belgium	Director of the Board

(a) Listed company.

3 - Corporate governance

Mandates of the Directors and the Corporate Officers as of December 31, 2012

SOCIÉTÉ M.B.D.	
Type of legal entity	Société en commandite par actions
Registration	389,818,832 – Register of Trade and Companies of Nanterre (France)
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on May 24, 2006
Expiration date	Annual Shareholders' Meeting in 2015, for fiscal year 2014
Member of a committee	Audit Committee
Number of BIC shares held	26.13% of SOCIÉTÉ BIC share capital and 36.65% of the voting rights (as of December 31, 2012)
Address	1 place Paul Verlaine 92100 Boulogne-Billancourt – France
Permanent representative	Édouard Bich 48 years old Nationality: French Other current mandates or functions: <ul style="list-style-type: none"> • Digital Fashion Group SAS (ex Envie de Fraises SAS) – France – Member of the Supervisory Board (not listed) • The Wharton School – USA – Member of the Executive Board for Europe, the Middle East and Africa (not listed) Expired mandates or functions in the previous five years (non BIC Group companies): Not applicable. Holds BIC shares directly and indirectly (through SOCIÉTÉ M.B.D.).

SOCIÉTÉ M.B.D. does not exercise any other mandate.

PIERRE VAREILLE	
Age	55
Nationality	French
Independent Director	Yes
Date of 1st appointment	Annual Shareholders' Meeting on May 14, 2009
Expiration date	Annual Shareholders' Meeting in 2015, for fiscal year 2014
Member of a committee	Audit Committee
Number of BIC shares held	1,000
Professional address	CONSTELLIUM Max Högger-Strasse 6 8048 Zürich - Switzerland

Main position:

- Chairman and Chief Executive Officer of CONSTELLIUM.

Other current mandate or function:

- Chairman of the Alumni Association of Ecole Centrale de Paris.

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

COMPANY	COUNTRY	MANDATE/FUNCTION
FCI SA	France	Chairman of the Board and Chief Executive Officer
FCI Holding	France	President
FCI AUTOMOTIVE HOLDING SAS	France	Permanent representative of FCI President
FCI Asia Pte. Ltd.	Singapore	Director of the Board
FCI USA, Inc.	USA	Chairman of the Board and Chief Executive Officer

→ EXECUTIVE VICE-PRESIDENT

MARIE-AIMÉE BICH-DUFOUR	
Age	54
Nationality	French
Date of 1st appointment	Board of Directors of March 22, 1995
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2012, SOCIÉTÉ M.B.D. held 26.13% of SOCIÉTÉ BIC share capital and 36.65% of the voting rights
Professional address	SOCIÉTÉ BIC 14 rue Jeanne d'Asnières 92110 Clichy - France

Main positions:

- Executive Vice-President of SOCIÉTÉ BIC;
- General Counsel of BIC Group.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
Association Nationale des Sociétés par Actions (ANSA)	France	Representative of SOCIÉTÉ BIC, Director of the Board
ASMEP-ETI (Syndicat des Entreprises de Taille Intermédiaire)	France	Representative of SOCIÉTÉ BIC, Director of the Board
BIC Holdings Southern Africa (Pty.) Ltd. ^(a)	South Africa	Director of the Board
BIC GmbH ^(a)	Germany	Managing Director
BIC Australia Pty. Ltd. ^(a)	Australia	Director of the Board
BIC Iberia SA ^(a)	Spain	Director of the Board
BIC Violex SA ^(a)	Greece	Director of the Board
BIC India Pvt. Ltd. ^(a)	India	Chairman of the Board
BIC Products Pte. Ltd. ^(a)	India	Chairman of the Board
BWI Manufacturing India Pvt. Ltd. ^(a)	India	Chairman of the Board
BIC Malaysia Sdn. Bhd. ^(a)	Malaysia	Director of the Board
Mondial Sdn. Bhd. ^(a)	Malaysia	Director of the Board
BIC (NZ) Ltd. ^(a)	New-Zealand	Director of the Board
BIC Portugal SA ^(a)	Portugal	Director of the Board

^(a) BIC Group.

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

- Not applicable.

3 - Corporate governance

Mandates of the Directors and the Corporate Officers as of December 31, 2012

→ ABSENCE OF CONVICTION OF THE DIRECTORS AND THE CORPORATE OFFICERS

To the Company's knowledge and during the five previous years, no Director or Corporate officer has been convicted in relation to fraudulent offences, associated with a bankruptcy, receivership or liquidation or the subject of any official public incrimination or sanction by statutory or regulatory authorities (including designated professional bodies) or a decision by a Court disqualifying them from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

→ ABSENCE OF A CONFLICT OF INTERESTS AMONG THE DIRECTORS AND THE CORPORATE OFFICERS

There is no conflict of interests between any duties to the issuer, of the persons referred to above, and their private interests and/or other duties.



4

COMMENTS ON THE YEAR

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4.1. Operations and consolidated results

→ THE GROUP IN 2012

2012 KEY EVENTS

February	Favourable award from the Tribunal constituted under the Rules of the Singapore International Arbitration Center in respect to the acquisition of 40% of the Cello Pens & Stationery (CPS) in the 7th and last entity as per the definitive agreements signed on January 21, 2009 with the Cello Group.
February	Acquisition of land for the construction of a writing instrument facility in the fast growing African and the Middle East region to enhance manufacturing footprint and better meet consumer demand in this region. Located in Tunisia (Region of Bizerte), the facility will be operational end 2013. The total investment is estimated to be around 12 million euros.
March	Formal notice sent to the Government of the Netherlands by the European Commission send to request information on apparent breaches by the NVWA (Netherlands Food and Consumer Product Safety Authority) of its obligations regarding non-compliant pocket lighters entering Europe.
October	In France, in collaboration with Intel, BIC launch BIC® Education, a next generation digital educational solution for schools combining handwriting and digital technology.
December	BIC notes the decision taken on December 12, 2012 by the European Union Commission, not to renew the anti-dumping tax on flint lighters of Chinese origin and continues to protest against the non-compliance with safety standards of the majority of imported lighters models in Europe and against unbalanced custom duties on lighters between China and Europe.

In 2012, BIC realized net sales of 1,898.7 million euros (+2.8% on a comparative basis⁽¹⁾) and reached 373.8 million euros normalized IFO⁽²⁾ (19.7% of net sales). Net income was 263.1 million euros and earnings per share (EPS) 5.56 euros.

In 2012, BIC realized 85% of its sales in Consumer Goods (through its stationery, lighter, shaver and other products categories) and 15% in the Advertising and Promotional industry.

Consumer business

- In Stationery products, net sales increased 2.6% at constant currencies. In Europe, BIC net sales grew low-single digit and in North America, net sales increased mid-single digit. Developing countries grew low-single digit.
- In the Lighter category, net sales grew 4.3% at constant currencies. In Europe and North-America, BIC registered a mid-single digit growth. In developing markets, full year 2012 net sales increased low-single digit.

- In the Shaver category, BIC sales increased 10.1% at constant currencies with low-single digit growth in Europe and double-digit increase in North America and developing markets.

Advertising and Promotional Products

- BIC APP net sales decreased 9.2% at constant currencies impacted by the challenging economic situation in Southern Europe.

In 2012, BIC continued to invest in brand name development to strengthen its recognition and reputation among customers and consumers in both developed and developing markets. Our goal is to consistently produce quality products at a lower cost, either in-house with our own technologies or, to a lesser extent, by outsourcing to increase flexibility.

(1) On a comparative basis: at constant currencies and constant perimeter; Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates – Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during previous year, until their anniversary date.

(2) Normalized IFO: normalized for 2012 means excluding restructuring, the costs of BIC APP integration plan, the gain on the disposal of the phone cards distribution business in France and real estate gains – for 2011 excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to "other products" Greece consumer division and the gain on the disposal of REVA peg business.

COMPARISON OF KEY FIGURES 2010-2012

(in million euros)	CHANGE 2011/2012					
	2010	2011	2012	AS REPORTED	AT CONSTANT CURRENCIES ^(a)	ON A COMPARATIVE BASIS ^(b)
NET SALES	1,831.5	1,824.1	1,898.7	+4.1%	+0.7%	+2.8%
Gross Profit	870.6	898.5	965.4	+7.4%		
Normalized Income From Operations ^(c)	314.9	362.4	373.8	+3.1%		
Income From Operations	304.6	339.7	370.5	+9.1%		
Financial income/(costs)	(1.8)	9.2	10.5	+14.2%		
Income Before Tax and non-controlling interests	302.8	348.8	381.0	+9.2%		
Income tax expense	(100.4)	(115.1)	(121.6)	+5.6%		
Income From Joint ventures	5.0	4.1	3.7			
Group Net Income	207.5	237.9	263.1	+10.6%		
Earnings Per Share (in euros)	4.29	5.00	5.56	+11.2%		
Number of shares ^(d)	48,341,785	47,565,299	47,339,322			

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) 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, and this until their anniversary date.

(c) Normalized for 2012 means excluding restructuring, the costs of BIC APP integration plan, the gain on the disposal of the phone card distribution business in France and real estate gains – for 2011 excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to “Other Products” Greece consumer division and the gain on the disposal of REVA peg business.

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

BIC Group 2012 net sales reached 1,898.7 million euros, compared to 1,824.1 million euros in 2011, up 4.1% as reported, +0.7% at constant currencies and +2.8% on a comparative basis.

- Our Consumer business increased 5.3% on a comparative basis in 2012. Developed markets showed a good performance with sales up 3.0% on a comparative basis in Europe, despite the challenging environment in Southern Europe and +7.8% in North America. In developing markets, net sales grew 4.7% on a comparative basis, with Latin America, Middle-East and Africa up mid-single digit and Asia low single-digit.

- The Advertising and Promotional Products business sales decreased 9.2% at constant currencies. In the US, the market experienced mid-single digit growth (driven by the apparel segment). Europe remained under pressure due to the significant contraction of markets in Southern Europe.

The 2012 gross profit margin increased 1.5 point to 50.8% of sales versus 49.3% in 2011. Gross profit margin improvements were due to the sales growth in the Consumer categories along with manufacturing efficiencies and the impact of the phone card business disposal.

2012 Income from operations increased 9.1% as reported to 370.5 million euros. 2012 IFO included a total of -3.3 million euros of non-recurring items.

(in million euros)	2011	2012
INCOME FROM OPERATIONS	339.7	370.5
As % of net sales	18.6%	19.5%
Non-recurring items	22.8	3.3
Of which restructuring costs	5.1	8.7
Of which goodwill and trademarks impairments and related expenses	18.6	
Of which gain on disposal and real estate	(1.0)	(5.4)
NORMALIZED IFO	362.4	373.8
As % of net sales	19.9%	19.7%

The key components of the change in Normalized IFO margin were:

- gross Profit improvement (+1.8 points);
- slight increase in brand support (-0.1 points) ;
- increase in Fuel Cell project expenses (-0.5 points);
- increase in OPEX (-0.9 points) with most of the increase coming from the impact of the phone card business disposal and FX;
- special premium impact paid to employees (-0.3 points on GP and -0.2 points on OPEX).

NORMALIZED IFO MARGIN

	2011	2012
Group	19.9%	19.7%
• Consumer business	22.2%	21.9%
• BIC APP	8.1%	7.6%

Full year 2012 income before tax increased 9.2% as reported to 381.0 million euros. Finance revenue increased 1.3 million euros compared to 2011 due to higher interest income in 2012 than in 2011. Tax rate was 31.9%.

Earnings per share (EPS) were 5.56 euros in 2012, compared to 5.00 euros in 2011, up 11.2%. Normalized EPS grew 4.3% at 5.61 euros compared to 5.38 euros in 2011.

2012 Group net income was 263.1 million euros, a 10.6% increase as reported. 2012 Group net income included 3.7 million euros from income from joint ventures (Cello Pens) according to the equity method.

→ 2012 GROUP PERFORMANCE BY CATEGORY

BIC GROUP NET SALES AND INCOME FROM OPERATIONS (IFO) BY PRODUCT CATEGORY 2011-2012

(in million euros)	STATIONERY		LIGHTERS		SHAVERS		OTHER PRODUCTS CONSUMER ^(a)		BIC APP	
	Net sales	IFO	Net sales	IFO	Net sales	IFO	Net sales	IFO	Net sales	IFO
2011	588.5	83.5	510.8	199.8	328.2	59.8	94.6	(22.8)	302.0	19.3
2012	617.9	94.6	551.0	208.2	373.5	65.0	65.3	(15.0)	291.1	17.7

(a) Income from operations includes Other Products Income from operations as well as Group expenses not allocated to the categories.

BIC GROUP IFO AND NORMALIZED ^(a) IFO BY PRODUCT CATEGORY 2011-2012

(in million euros)	STATIONERY		LIGHTERS		SHAVERS		OTHER PRODUCTS CONSUMER ^(b)		BIC APP	
	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO
2011	83.5	83.5	199.9	199.8	59.8	59.8	(5.2)	(22.8)	24.3	19.3
2012	94.7	94.6	207.6	208.2	64.8	65.0	(15.3)	(15.0)	22.0	17.7

(a) Normalized for 2012 means excluding restructuring, the costs of BIC APP integration plan, the gain on the disposal of the phone cards distribution business in France and real estate gains – for 2011 excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to “other products” Greece consumer division and the gain on the disposal of REVA peg business.

(b) Income from operations includes Other Products Income from operations as well as Group expenses not allocated to the categories.

Consumer business

Stationery

2012 Stationery net sales increased 5.0% as reported to 617.9 million euros and +2.6% at constant currencies. Full year 2012 volumes grew 1.3%.

The global Stationery market increased mid-single digit in 2012. Performance was driven by developing countries (mainly Asia) while developed countries showed low-single digit growth. The office supply channel remained soft.

- **Developed Markets:** BIC's performance was in line with the market, led by market share gains in Europe but offset by slight market share losses in the U.S. due to elevated brand support activity from competitors in support of their new products initiatives and continuing price pressure from private label in the depressed office products sector.
- **Developing Markets:** BIC's performance was better than the market with Central/Eastern Europe and Asia showing the fastest growth. In Latin America the Stationery category was not immune to the overall economic slowdown, though BIC performed above the market average across the region. In addition to the economic slowdown, we experienced some customer returns that impacted results during the 4th quarter.

Some key new products and ranges contributed to 2012 performance:

- Growth within the entire 4-Color family, new products included Mini 4-Color and 4-Color Custom;
- Bold Points: Cristal® and Velocity line extensions;
- Super EZ: a range of smooth writing Ball Pens in Asia;
- Evolution™: expansion of the graphite and coloring range in Latin America.

The level of brand investment increased in 2012 to support current and future growth. Investments in selected countries (Korea, Thailand & China) accelerated sales and share growth. In France, our partnership with the Tour de France has been a success, as well as our "Made in France" campaign. In Brazil, the campaign to support the Evolution™ range (coloring and graphite) has demonstrated solid results driving sales increase and market share gains.

Full year 2012 Stationery normalized IFO margin was 15.3% compared to 14.2% in 2011 driven by improved manufacturing efficiency and disciplined cost control.

Lighters

Full year 2012 Lighter net sales increased 7.9% as reported to 551.0 million euros and +4.3% at constant currencies. Full year 2012 lighter volumes were up 3.3%.

- **In Europe,** the performance was driven by Eastern Europe where we continued to invest to build our brand (Russia, Ukraine and Turkey) and distribution gains in large countries such as France and Italy, despite on-going imports of non-compliant Asian lighters.

- **In North America,** we gained market share gains in both the U.S. and Canada. These gains are due to the continuous success of added-value sleeve products, such as the "Support to the Troups" series and sustained growth in Multi-purpose lighters.
- **In Developing Markets,** Middle East and Africa was the best performing region, due to distribution gains. In Latin America, the lighter market was affected by anti-tobacco regulations and important tax increases, notably in Brazil. In this context, we continued to gain market share in most countries, especially in Argentina and Mexico. In Asia, sales were driven by improved distribution in convenience stores and sleeves designed specifically for the region.

Lighter 2012 normalized IFO was 37.7% compared to 39.1% in 2011. The positive impact of the increase in net sales was offset by an increase in production costs (raw materials).

Shavers

Full year 2012 Shaver net sales increased 13.8% as reported to 373.5 million euros and +10.1% at constant currencies. Full year 2012 shaver volumes were up 3.3%.

2012 was a very good year for the shavers' category. All year long, we have continued to leverage our "Great Value" proposition to strengthen our positions in all geographies, enlarging the base of consumers using our core products, but also bringing new consumers to the BIC franchise thanks to successful new products.

- **In Europe,** despite a challenging environment in the Southern countries, we continued to post growing sales and gained market share. This growth was driven by our Classic 3 blade products such as the BIC® 3, the innovative BIC® Flex 3 with movable blades and the BIC® Simply Soleil® for women.
- **In North America,** despite a high level of promotion from our competitors, we continued to grow our market share in the U.S., due to the success of our new products (BIC® Soleil® Savvy for women and BIC® Hybrid 4 Advance for men) and effective promotional campaigns.
- **In Developing Markets,** despite increase promotional activity in some Latin American countries and an unstable political environment in the Middle East and Africa, we performed well with a good resistance of our single and twin blade products combined with a rapid growth of our 3-Blade BIC® Comfort 3®.

2012 new products (BIC® Soleil® Savvy for women, BIC® Hybrid Advance 4 and BIC® Hybrid Flex & Easy for men), all combining our hybrid concept and our moveable blade technology, contributed to 30% of the growth of the shavers' category.

The 2012 Shaver normalized IFO margin was 17.3% compared to 18.2% in 2011. The increase in net sales was offset by less favourable cost absorption in 2012 compared to 2011.

Other Products

The Other Consumer Products category includes various strategic and tactical activities. In 2012, the Other Products net sales decreased 31.0% as reported to 65.3 million euros, -31.8% at constant currencies and increased 14.3% on a comparative basis.

- BIC Sport: In 2012, BIC Sport sales reached 23.5 million euros, up 33.2% as reported and +27.8% at constant currencies.
- The Other Consumer Products category also includes the licensing revenues derived from the BIC® Phone developed in partnership with several different European Telecom operators. More than 370 315 BIC® Phones were sold in 2012.

Other consumer products 2012 IFO was -15.0 million euros. It includes the expenses related to the portable Fuel Cell project (-12.5 million euros compared to -4.8 million euros in 2011) and the cost of the launch of the BIC® Education solution.

2012 IFO also includes +0.8 million euros non-recurrent gain related to disposal of the phone card business. Excluding non-recurrent items, normalized IFO for other consumer products was -15.3 million euros compared to -5.2 million euros in 2011.

Advertising and Promotional Products

BIC Advertising and Promotional Products business (BIC APP) 2012 sales reached 291.1 million euros, down 3.6% as reported and -9.2% at constant currencies.

In the US, the market estimates showed mid-single digit growth, driven by the apparel segment whereas Stationery, Hard Goods and Calendars were overall stable. In Europe we saw significant contraction of our markets in Southern Europe due to the economic crisis in Greece, Spain and Italy. Northern Europe and France remained more resilient during the year, but we also saw trends slowing down at years end.

- **Stationery (49% of BIC APP sales):** in North America, the first half was slightly positive compared to last year. During the second half, sales were affected by the implementation of our new ERP resulting in shipment delays. These issues are being addressed and the business has shown an improvement in customer service. In Europe, we suffered from the very challenging economic environment in Southern countries. Developing Markets continued to perform well as a result of strong market growth combined with good execution in Latin America (notably Mexico).
- **Hard goods (31% of BIC APP sales):** Europe faced the most challenges due to the economic situation in Southern Europe. In this context however, new products performed well and the launches in the drinkware segment were quite successful showing the power of a good innovation pipeline. Developing Markets performed best as we continued to drive new products into the market. In North America, the business continues to face pressure from low priced suppliers which will be addressed in 2013 with a new line of products under the Good Value brand. We are addressing the added value sector by implementing Brite Pix concept, a new business solution that delivers superior printing capabilities as well as personalization, on more than 500 items by years end.
- **Calendars (20% of BIC APP sales):** in a soft market, we maintained market share thanks to the quality of the products and the service we offer to customers.

In 2012, BIC APP's reported IFO margin was 6.1% compared to 6.4% in 2011. This includes 4.3 million non-recurrent items in part related to restructuring in Europe aimed at adapting our industrial facilities to the sharp contraction of our markets in Southern Europe. Full year 2012 normalized IFO margin reached 7.6% compared to 8.1% in 2011.

→ 2012 GROUP PERFORMANCE BY GEOGRAPHICAL AREA

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA

(in million euros)	2011	2012	CHANGE 2011/2012		
			AS REPORTED	AT CONSTANT CURRENCIES ^(a)	ON A COMPARATIVE BASIS ^(b)
Europe	517.7	484.5	-6.4%	-7.0%	-0.3%
North America	728.0	818.0	+12.4%	+3.5%	+3.5%
Developing markets	578.4	596.2	+3.1%	+4.1%	+4.7%

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) 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, and this until their anniversary date.

IMPACT OF CHANGE IN PERIMETER AND CURRENCY FLUCTUATIONS ON NET SALES

In %	2011	2012
Perimeter	-1.0	-2.1
Currencies	-2.5	+3.4
• Of which U.S. dollar	-2.2	+3.5
• Of which Brazilian real	-	-0.9

SENSITIVITY TO KEY CURRENCY CHANGES ON NET SALES

In %	2011	2012
+/-5% changes of U.S. dollar	+/-1.8	+/-2.0
+/-5% changes of Brazilian real	+/-0.6	+/-0.6
+/-5% changes of Mexican peso	+/-0.2	+/-0.2

Europe

The Europe region includes Western and Eastern Europe. In 2012, net sales in Europe reached 484.5 million euros, down 6.4% as reported, -7.0% at constant currencies and -0.3% on a comparative basis compared to 2011.

Consumer business

In Western Europe, the markets in Greece, Spain and Portugal were strongly affected by challenging economic situation and showed high single digit declines. Markets in Northern European countries remained overall flat and were up mid- single digits in most Eastern European countries.

The Consumer business in Europe experienced good results in 2012 thanks to market share gains in all three categories and in most countries.

- **In Stationery**, net sales growth was driven by the strong performance of France, Benelux, the UK, Romania and Poland. We gained market share in most countries. Back-to-school (sell-out) was good due to excellent results in France, Benelux, the UK, Spain and Greece. With purchasing power under pressure due to the economic downturn in several countries, our European ECONOBIC loyalty program was very well received by the consumers.
- **In Lighters**, while the market remained flat, our good results were driven by continuous growth in Eastern Europe and distribution gains in large countries such as France and Italy and despite non-compliant Asian imports.
- **In Shavers**, we continued to gain market shares in most countries and especially in France, Sweden, Greece (despite very challenging market conditions) and Ukraine.

Advertising and Promotional Products

We saw significant contraction of our markets in Southern Europe due to the economic crisis in Greece, Spain and Italy. Northern Europe and France remained more resilient during the year, but we also saw a slowdown trend at year's end.

North America

The North America region includes the USA and Canada. In 2012, net sales in North America reached 818.0 million euros, up 12.4% as reported and +3.5% at constant currencies compared to 2011.

Consumer business

BIC North America (U.S. and Canada) delivered a strong performance, growing share in nearly all product categories, within an increasingly competitive yet still cautious market environment.

- **In Stationery**, sales grew mid-single digit. In the U.S., our market share decreased slightly due to elevated brand support activity from competitors in support of their new products and continuing price pressure from private label in the depressed office products sector. The back-to-school season was supported by dedicated TV advertising campaigns focusing on added-value products such as our Easy Glide™ ink and the BIC® for Her line.
- **In Lighters**, our mid-digit sales growth reflected continued share gains in both the U.S. and Canada, more than offsetting continued overall negative market volume trends in line with cigarette consumption. This good performance was driven by a continued emphasis on added-value sleeve products and by sustained growth in multi-purpose lighter. BIC® pocket lighter will observe its 40th anniversary in 2013; to celebrate this important milestone we have invited consumers to choose their favorite lighter sleeve designs from past years and submit their own sleeve design as part of our 2013 "Best of You" consumer promotion.

- **In Shaver**, double digit sales growth was achieved in both countries driven by expanded distribution and strong shelf presence at large retailers across our full line. Specific drivers of success include the strength of the overall Soleil franchise, the continued strong performance of our triple blade BIC® Hybrid Advance® and the performance of our premium quality new products featuring our flexible blade technology (BIC® Soleil Bella™, BIC® Flex 3 and Flex 4, and the innovative BIC® Soleil Savvy and men's Hybrid Advance 4). This performance has been achieved despite an aggressive increase in promotional investment by competition across the total Wet Shave category and has resulted in significant share gains and the establishment of BIC as the strong n°2 disposable brand in the market.

Advertising and Promotional Products

In the US, the market estimates showed mid-single digit growth, driven by the apparel segment whereas Stationery, Hard Goods and Calendars were overall stable.

In Stationery, the first half was slightly positive compared to last year. During the second half, sales were affected by the implementation of our new ERP resulting in shipment delays. These issues are being addressed and the business has shown an improvement in customer service. In hard goods, the business continues to face pressure from low priced suppliers. In calendars, in a soft market, we maintained market share thanks to the quality of the products and the service we offer to customers.

Developing markets

Developing markets include Latin America (Mexico, Central America, the Caribbean and South America), Middle East, Africa, Oceania and Asia. In 2012, net sales reached 596.2 million euros, up 3.1% as reported, +4.1% at constant currencies and +4.7% on a comparative basis.

Consumer business

Latin America

Sales grew mid-single digit in Latin America. While the economic environment did slowdown in most countries, we grew in our three categories thanks to distribution gains and new products launches.

- **Stationery**: in a near flat market, we maintained our leadership in ball pen Classic and grew strongly in ball pen value-added, marking and coloring.
- **Lighters**: the tobacco consumption was affected by anti-tobacco regulations and important tax increases, impacting indirectly the lighter market, notably in Brazil. In this context, we continued to gain market share in most countries such as in Mexico where we increased distribution in the Southeast of the country through to our "point to point" program.
- **Shavers**: the one-piece market grew low single digit driven by consumers trading up from one and two blades to three blades.

The triple-blade segment now represents one fourth of the total market in value. In this environment, we continued to strengthen our positions and gained market share.

In all categories, sales were sustained by successful marketing programs such as the BIC® Evolution™ advertising campaign in Brazil, Argentina and Mexico and the "Y a ti que BIC® te va" in Lighters.

Middle East and Africa

Despite continual political turbulences in several countries, notably Syria, Egypt, Tunisia and Nigeria, 2012 was a good year for the Middle East and Africa region, where we continued to work closely with our distributors to gain distribution and reinforce the presence of the BIC® brand.

- **Stationery**: in regions where the BIC® Cristal® ball pen is historically very strong, we focused on point to point distribution and continued product range expansion and experienced solid performances with the 4 Color family and the Evolution Graphite Pencil.
- **Lighters**: despite on-going low-cost and low quality Asian imports, we grew in volume and value due to distribution gains and a focus on both decorated sleeve series and utility lighters, which contributed largely to this growth.
- **Shavers**: we maintained our solid position in our core products (double-edge and single blade) and continued to expand our business with added value products such as the BIC® Flex 3 and BIC® Flexi Lady in the Middle East and the BIC® Flex and BIC® Easy range in South Africa.

Keeping with our objectives of tying into Education, we continued to implement school programs in most of the countries, developing an interactive show featuring both the products and the BIC® Boy to achieve better branding. During the back-to-school and for the second year in a row, we donated pens to children in need to help on the path of learning. In total, 1 million pens have been distributed to disadvantaged schools via the READ Educational Trust (www.read.co.za). This cause related marketing builds brand awareness and increases consumer brand perception.

Asia

In Asia, net sales growth were driven by new products, enhanced distribution and increased brand exposure to Asian consumers.

- **Stationery**: sales growth was driven by the implementation of a three prong strategy:
 - product line extension in Japan;
 - the launch of Ez, our super smooth ink product specific to the Asian markets;
 - a brand awareness campaign in key markets such as Korea, Thailand and the Philippines. In China, a new image store was opened in the Shanghai's wholesaler markets in order to display information on the BIC® brand and its products.

- **Lighters:** we achieved strong sales growth thanks to:
 - improved distribution in convenience stores (Japan, Korea, Malaysia, Singapore, China, Philippines, Vietnam, Hong-Kong and Taiwan) and new channel of trade such as Japanese electronic department stores;
 - sleeve lighters designed for the region;
 - on-going advertising and public relations campaigns delivering consistent image and messages on quality and safety.
- **Shavers:** the competitive landscape remained challenging, with the dominance of system shavers. We continue to focus on future product lines that will help us establish a foot-hold in the area.

Oceania

In 2012, we delivered solid sales within the three categories in Oceania while expanding our reach across the Pacific Islands. Markets remained challenging, specifically in Australia due to softening business confidence reflecting the slowdown in the resources and mining industry.

- **Stationery:** We experienced market share growth in ball pen and markers, following the launch of the BIC® Cristal® Easy Glide, BIC® Cristal® Extra Life brands and the full BIC® Mark-it marking range and benefited from distribution gains.
- **Lighters:** Our lighter share remained solid in our two primary markets (Australia and New Zealand), and particularly in the key Grocery, Petrol and Convenience channels. We also expanded our market coverage and distribution channels across the Pacific Islands.
- **Shavers:** Shavers benefited from the strong performance of our new triple blade products, with solid market share gains in New Zealand driven by the success of our Hybrid platforms. These Platforms are currently being rolled out, and have been well received across Australia and the Pacific Islands.

Advertising and Promotional Products

Developing Markets registered a solid performance as we continued to drive new products into the market.

4.2. Financial situation

At the end of 2012, net cash position was 334.5 million euros, compared to 329.5 million euros as of December 31, 2011.

2012 cash generation is impacted by the dividend payment for -189.5 million euros, -1.6 million euros of cash paid on share buy-back and -125.4 million euros CAPEX.

MAIN BALANCE SHEET ITEMS

<i>(in million euros)</i>	2010	2011	2012
Shareholders' equity	1,444.6	1,467.1	1,495.3
Current borrowings and bank overdraft	11.7	8.8	11.0
Non-current borrowings	2.8	1.6	1.5
Cash and cash equivalents – assets	371.2	300.7	287.3
Other current financial assets	40.7	39.2	59.6
Net cash position	397.1	329.5	334.5
Goodwill	219.9	211.6	208.8
Intangible assets	38.2	51.0	57.6
TOTAL ASSETS	2,024.2	2,080.5	2,189.4

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.

CONDENSED CASH FLOW STATEMENT

<i>(in million euros)</i>	2010	2011	2012
Cash flow from operations	302.7	340.8	369.5
(Increase)/Decrease in net working capital	(1.3)	(114.8)	(37.9)
Other operating cash flows	(41.2)	(25.2)	(28.9)
Net cash from operating activities	260.2	200.8	302.7
Net cash from investing activities	(37.8)	(91.9)	(116.6)
Net cash from financing activities	(362.1)	(176.8)	(186.2)
Net increase/(decrease) in cash and cash equivalents	(139.6)	(68.0)	-
Closing cash and cash equivalents	368.0	299.4	283.0

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 centre and reports the status of its FOREX hedges to Senior Management 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 main currency exposure is the EUR-USD rate.

In 2012, the yearly exposure for commercial flows was hedged at the average rate of 1 euro = 1.3473 U.S. dollars. Regarding the 2013 exposure, as of December 31, 2012, 100% of the identified exposure has been hedged at an average rate of 1 euro = 1.2792 U.S. dollars.

The main other currencies exposures in order of volume are the Canadian dollar, the British pound and the Australian dollar. These exposures are hedged at least at 95% for the all year 2013.

As soon as a transaction is traded on the financial markets, Group Treasury categorises 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 Cash Flow Hedge qualification as defined by IAS 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 survey by Group Treasury, which also provides a monthly market-to-market valuation of each position, in compliance with IAS 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 BIC Group, which all have adopted a business model of "universal bank" with a good protective balance between their different activities that makes them less sensitive to market risks. To date, the minimum Long Term Standard & Poor's rating of our main banking counterparties is A-, the scale of ratings goes from AA- to A-.

In countries where it is not possible to centralize the risk as described above, foreign exchange exposure is coordinated by Group Treasury and local management. Such exposure is mainly concentrated in Latin America and South Africa. These subsidiaries locally produce most of the products sold on their national market, 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 a too limited 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 distribution policy of dividends.

Considering the Group's strong full-year 2012 performance, and confident in BIC Group's prospects and sustainability of its strong financial situation, the Board of Directors will propose 2.56 euros as an ordinary dividend per share, at the Annual Shareholders' Meeting on May 15, 2013. The pay-out ratio (calculated with the ordinary dividend) would be 46% in 2012, compared to 44% in 2011.

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)
2011 ^(a)	2.20	44%
2010	1.90	44%
2009 ^(a)	1.40	44%

(a) For the fiscal year 2009, the company paid a special dividend of 1.00 euro and for the fiscal year 2011 the company paid a special dividend of 1.80 euro.

4.5. Investments

→ PRINCIPAL INVESTMENT OVER THE PAST FEW YEARS

Regarding industrial investments, BIC Group has organized its manufacturing activities in two areas for several years:

- first, in continued quality improvement for each production line, including continuous investments in manufacturing processes and new technologies;
- second, in the specialization of focused production sites by product category.

In 2004, we acquired our distributor in Japan (today BIC Japan KK) and Stypen® in France.

In November 2005, BIC opened its own stationery production facility in China.

In 2006, we opened a distribution subsidiary in Turkey. Moreover, we acquired PIMACO Company, Brazil's leading manufacturer and distributor of adhesive labels for office, school and home use, in order to help BIC grow in the office segment.

In 2007, BIC acquired Atchison Products Inc., supplier of imprinted promotional bags in the USA, a strong addition to our Promotional Products business.

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, BIC Group announced in June 2009 the acquisition of Norwood Promotional Products. Norwood PP is a U.S. supplier of promotional product with leadership positions in calendars, bags, awards, drinkware and other promotional goods. The acquisition was completed on July 6, 2009 and total consideration for the acquisition was 125 million U.S. dollars plus 31 million U.S. dollars in assumed liabilities.

On January 21, 2009, the BIC Group and the Cello Group announced that they had signed a definitive agreement whereby BIC Group acquired 40% of the Cello Writing Instrument business for 7.9 billion Indian rupees. As part of the agreement, BIC has a call option in 2013 to increase its stake to 55% at a price based on a formula tied to earnings. This agreement was partially completed on March 5, 2009 for 3.8 billion Indian rupees. Proportionate share of Cello Pens net income has been accounted through the equity method in BIC accounts since April 1, 2009.

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 January 4, 2010, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties". BIC Group confirmed its intention to ensure the

implementation. On August 4, 2010, BIC announced 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.

On April 27, 2011, BIC Group acquired Sologear LLC, a Middleton, Wisconsin based company. Sologear is the maker of FlameDisk®, a portable charcoal-alternative heat source for grilling. BIC. On November 30, 2011, BIC Group acquired the assets of Angstrom Power Incorporated, Vancouver, B.C., a company specializing in the development of portable fuel cell technology.

→ PRINCIPAL INVESTMENT IN 2012

In February 2012, 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 will be operational end 2013. The total investment is estimated to be around 12 million euros.

In October 2012, BIC, in collaboration with Intel, announced the launch of BIC® Education in France, a next generation digital educational solution for schools. BIC® Education is a simple and innovative educational solution for primary schools, combining handwriting and digital technology. Equipped with digital tablets, one for each student, and educational software designed for and with teachers, it is a comprehensive tool for today's teaching methods. Teachers can create adapted educational material and at the same time maintain control of their class, while each student enjoys interactivity and digital benefits.

→ PRINCIPAL INVESTMENT IN PROGRESS: GEOGRAPHIC DISTRIBUTION AND FINANCING METHODS

Not applicable.

→ PRINCIPAL FUTURE INVESTMENTS

Not applicable.

4.6. Prospects for 2013 and strategy

→ 2013 OPERATIONAL OUTLOOK

Consumer business

Stationery

The market should grow at a rate in line with 2012, low-to-mid single digit in value. In Developed Markets, competition and challenges in the office channel are not expected to abate. In Developing Markets the very high growth rates are in the past, but continued steady growth is expected as income and literacy continue to increase. 2013 should deliver low-to-mid single digit growth for our Stationery business.

Lighters

In 2013, we will continue to rely on our proven safety and best quality added-value lighters, which will be celebrating their 40th anniversary. In Europe, we will continue to improved distribution. In North America, focus will be given to Special Edition® sleeve designs and new licenses. In developing countries, we will continue to strengthen our footprint and improve our brand awareness.

Shavers

In 2013, we anticipate accelerated new product and promotional activity from competitors, notably from the launch of new disposable shavers from the two main brands. This may slow recent growth rates but we still expect at least to maintain market share in this new environment, thanks to the launch of new products such as the BIC® Flex 03 Control in Europe, the BIC® Soleil® Shave and Trim in the US and the BIC® Flex 4 rechargeable in Latin America.

Advertising and Promotional Products

For 2013, we expect the Advertising and Promotional market to grow slightly in the US, with most of the growth in the back half of the year, and to remain challenging in Europe, notably in Southern countries. In this context, BIC APP will continue to focus on customer service, new products, and innovation via the launch of "Britepix", a new business solution that delivers superior printing capabilities as well as personalization to better meet customer needs. We expect net sales to be stable to slightly up.

→ GROUP MID-TERM OUTLOOK (3 TO 5 YEARS)

Consumer business

For the Consumer business, our objective is to grow faster than our markets thanks to our quality and price positioning and to continue to improve operational efficiency. As a result, we expect to increase net sales between +2% and +4% per year and to achieve 15% to 20% normalized IFO margin.

Advertising and Promotional Products

For BIC APP, we expect low to mid-single digit annual sales growth within the next 3 to 5 years and between 8% and 12% normalized IFO margin.

→ RISKS AND OPPORTUNITIES

In summary, we foresee the major challenges for 2013 to be:

- continued economic uncertainty in Europe, notably in Southern countries;
- continued foreign currency volatility;
- global geopolitical environment.

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

Sales growth, market share gains, margins, cash flow and a strong balance sheet are the principal indicators of the Group's performance.

In 2013, our objectives are to continue to rely on our solid and international organization, our strong management team and all BIC employees around the world, to effectively manage our business, achieve market share increases and protect cash generation.

→ RECENT EVENTS

Not applicable.

5

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1. CONSOLIDATED INCOME STATEMENT

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Net sales		1,831,514	1,824,087	1,898,707
Cost of goods	4	(960,875)	(925,606)	(933,344)
Gross profit		870,639	898,481	965,363
Distribution costs	4	(295,698)	(291,439)	(309,349)
Administrative expenses	4	(182,804)	(177,126)	(184,748)
Other operating expenses	4	(98,133)	(88,537)	(121,329)
Other income	5	33,029	23,636	31,714
Other expenses	5	(22,435)	(25,348)	(11,173)
Income from operations		304,598	339,667	370,478
Income from cash and cash equivalents	6	9,482	10,602	12,490
Finance costs	6	(11,260)	(1,428)	(2,010)
Income before tax		302,820	348,841	380,958
Income tax expense	7	(100,363)	(115,060)	(121,553)
Net income from consolidated entities		202,457	233,781	259,405
Income from joint ventures	12	5,000	4,100	3,728
Net income from continued operations		207,457	237,881	263,133
Net income from discontinued operations		-	-	-
Income before non-controlling interest		207,457	237,881	263,133
Non-controlling interest		-	-	-
GROUP NET INCOME		207,457	237,881	263,133
Earnings per share <i>(in euros)</i>	8	4,29	5,00	5,56
Diluted earnings per share <i>(in euros)^(a)</i>	8	4,26	4,95	5,49
Weighted average number of shares outstanding net of treasury shares	8	48,341,785	47,565,299	47,339,322

(a) Dilutive elements considered are stock options and free shares.

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Group net income		207,457	237,881	263,133
Other comprehensive income				
Gain/(Loss) on cash flow hedge	24	(6,595)	(11,415)	13,460
Exchange differences arising on translation of overseas operations ^(a)		66,838	(4,077)	(32,333)
Actuarial differences on post employment benefits	19-4	(11,237)	(56,982)	(78,701)
Available for sale investments		(2)	(2)	0
Other comprehensive income from joint ventures	12-1	-	(1,040)	593
Deferred tax and current tax recognized on other comprehensive income	7-2	5,272	22,933	22,683
Other comprehensive income – Net of tax		54,276	(50,583)	(74,298)
TOTAL COMPREHENSIVE INCOME		261,733	187,298	188,835
Attributable to:				
• BIC Group		261,733	187,298	188,835
• Non-controlling interest		-	-	-
TOTAL		261,733	187,298	188,835

(a) The main items impacting the translation reserve variance for the period are as follows: U.S. dollar -8.2 million euros, Brazilian real -23.3 million euros, Mexican peso +3.5 million euros, Argentinian peso -2.0 million euros.

3. CONSOLIDATED BALANCE SHEET

Assets

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Property, plant and equipment	9-1, 9-2	358,188	360,242	398,040
Investment properties	9-3	2,339	2,304	2,176
Net goodwill	10	219,869	211,600	208,807
Intangible assets	11	38,162	51,020	57,569
Joint ventures	12	72,103	75,161	79,482
Other non-current assets	13	16,555	14,610	19,696
Deferred tax assets	14	136,140	158,159	175,260
Derivative financial instruments	24-4	-	223	625
Non-current assets		843,356	873,319	941,655
Inventories	15	344,001	411,281	404,880
Income tax advance payments		10,520	14,089	22,299
Trade and other receivables	15/22-5	389,314	416,928	446,140
Other current assets		14,291	17,984	15,309
Current derivative financial instruments	24	5,192	904	6,574
Other derivative instruments	24-4	-	33	336
Other current financial assets		40,672	39,223	59,587
Cash and cash equivalents	22-4, 24-7	371,191	300,733	287,316
Assets held for sale	9-4	5,671	6,008	5,273
Current assets		1,180,852	1,207,183	1,247,714
TOTAL ASSETS		2,024,208	2,080,502	2,189,369

Equity and liabilities

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Share capital	16-1	184,128	179,683	181,599
Accumulated profits		1,191,112	1,230,507	1,279,977
Translation reserve		61,758	56,641	24,901
Cash flow hedge derivatives		7,650	271	8,872
Group Shareholders' equity		1,444,648	1,467,102	1,495,349
Non-controlling interest		-	-	-
Shareholders' equity	SHEQ	1,444,648	1,467,102	1,495,349
Non-current borrowings	17	2,781	1,584	1,470
Other non-current liabilities		106	743	373
Employee benefits obligation	19-2	166,880	203,016	274,606
Provisions	18	50,479	56,822	57,654
Deferred tax liabilities	14	22,367	19,014	23,195
Non-current hedging contracts	24-4	29	82	41
Non-current liabilities		242,642	281,261	357,339
Trade and other payables	15	130,255	110,765	112,133
Current borrowings	17	11,709	8,761	10,954
Current tax due		12,226	20,013	18,886
Other current liabilities	20	177,930	185,486	193,197
Other derivative instruments	24	1,481	-	(0)
Current hedging contracts	24-4	3,317	7,114	1,511
Current liabilities		336,918	332,139	336,681
TOTAL EQUITY AND LIABILITIES		2,024,208	2,080,502	2,189,369

SHEQ: See consolidated statement of changes in equity.

4. CONSOLIDATED CASH FLOW STATEMENT

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Operating activities				
Net income	IS	207,457	237,881	263,133
<i>Income and expense without cash impact:</i>				
Amortization of intangible, tangible assets and investment properties	4, 9, 11	77,318	70,477	71,628
Impairment loss	4, 5, 9-2, 11	6,014	114	333
Negative goodwill and goodwill impairment	10	3,410	8,678	-
Provision for employee benefits	19-3	16,740	9,616	17,813
Other provisions (excluding provisions on current assets)		9,139	7,821	8,417
Hedging and derivative instruments	24-4	2,265	(5,071)	1,468
Option premium expense		658	464	430
Recognition of share-based payments	23, SHEQ	7,368	7,632	8,643
Deferred tax variation	14	(11,598)	(1,696)	6,707
Income from joint ventures	12-1	(5,000)	(4,100)	(3,728)
(Gain)/Loss from disposal of fixed assets	5, 9, 11, (a)	(11,067)	8,985	(5,310)
Cash flow		302,704	340,801	369,534
(Increase)/Decrease in net working capital	15	(1,319)	(114,802)	(37,947)
Payments related to employee benefits	19-2	(25,081)	(30,469)	(19,499)
Financial expense/(income)	6	297	(7,209)	(9,441)
Interests (paid)/received		(5,123)	8,371	7,076
Income tax expense	7-1	104,865	108,057	104,288
Income tax paid		(116,117)	(103,928)	(111,308)
NET CASH FROM OPERATING ACTIVITIES	(g)	260,226	200,821	302,703
Investing activities				
Disposal of fixed assets	(b)	7,335	3,800	8,145
Purchases of property, plant and equipment	9-1	(56,647)	(76,214)	(109,471)
Purchases of intangible assets	11	(6,343)	(12,753)	(15,970)
(Increase)/Decrease in other investments		487	46	(575)
Business (acquisitions)/divestitures	10, (c)	17,376	(6,823)	1,308
NET CASH FROM INVESTING ACTIVITIES		(37,792)	(91,944)	(116,563)

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Financing activities				
Dividends paid	SHEQ, 21, (d)	(116,432)	(90,567)	(189,507)
Non-controlling interest buy-back		(200)	-	-
Borrowings/(repayments)	17	(226,931)	(1,657)	(880)
Repayments of obligations under finance leases		462	(354)	(366)
Purchase of financial instruments	(e)	(690)	(405)	(458)
(Purchase)/Sale of other current financial assets		(309)	150	(18,823)
Increase in treasury shares and exercise of stock options	16-2, 23-1, (f)	(17,955)	(84,001)	23,864
NET CASH FROM FINANCING ACTIVITIES		(362,055)	(176,834)	(186,170)
Net increase/(decrease) in cash and cash equivalents		(139,621)	(67,957)	(30)
Opening cash and cash equivalents	BS, 17	478,885	367,972	299,370
Exchange difference		28,708	(645)	(16,375)
CLOSING CASH AND CASH EQUIVALENTS	BS,17	367,972	299,370	282,965

IS: See consolidated income statement.

SHEQ: See consolidated statement of changes in equity.

BS: See consolidated balance sheet.

Closing cash and cash equivalents include cash, cash equivalents of 287,316 thousand euros and bank overdrafts of 4,351 thousand euros.

(a) Main gains on disposals on 2012 are related to:

- the French Phone Card refill business (0.8 million euros);
- land and buildings located in Boulogne-sur-Mer in France (0.7 million euros);
- land and buildings located in Australia (gain of 3.9 million euros).

Main disposals on 2011 were the following:

- REVA peg business in Australia (gain of 1.0 million euros);
- PIMACO business to business divisions in Brazil (loss of 9.6 million euros).

(b) Main fixed assets sold during 2012 are:

- land and buildings located in Boulogne-sur-Mer (France), for 1 million euros;
- the Janesville site in the USA for 0.9 million euros;
- land and buildings located in Australia, for 4.1 million euros.

(c) In February 2012, BIC Group disposed the DAPE 74 phone refills distribution business for 0.8 million euros and cashed in during second half 2012 the final payment related to the disposal of the PIMACO business to business divisions in Brazil for 0.5 million euros.

During 2011, BIC Group:

- acquired Sologear in the USA for 1.0 million euros, with an earn-out that could be paid over five years;
- acquired assets from Angstrom Power Incorporated (Canada) for 13.5 million euros;

- disposed the REVA peg business in Australia for 1.5 million euros;
- disposed the PIMACO business to business divisions in Brazil for a total of 6.5 million euros.

(d) The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see Note 21).

(e) During 2012, SOCIÉTÉ BIC purchased option premiums for 0.4 million euros as in 2011.

(f) During 2012, 20,878 shares were repurchased by SOCIÉTÉ BIC for 1.6 million euros. Also, 295,065 shares were bought according to the liquidity agreement for 24.3 million euros and 292,798 shares were sold for 24.2 million euros. In addition, 487,877 options were exercised in the period for 22.0 million euros, of which 4.8 million euros have not been cashed in end of December 2012. Moreover, SOCIÉTÉ BIC received early 2012, 8.4 million euros related to stock options exercised at the end of 2011.

During 2011, 1,608,948 shares had been repurchased by SOCIÉTÉ BIC for 101.4 million euros. Also, 358,459 shares had been bought according to the liquidity agreement for 22.9 million euros and 363,861 shares had been sold for 23.3 million euros. In addition, 415,357 options had been exercised in the period for 19.1 million euros, of which 8.4 million euros have not been cashed in end of December 2011. Moreover, SOCIÉTÉ BIC had received early 2011, 6.3 million euros related to stock options exercised at the end of 2010.

(g) 2012 net cash from operating activities include 9.2 million euros cashed out related to restructuring (10.9 million euros for full year 2011).

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in thousand euros)</i>	NOTES	SHARE CAPITAL	ACCUMULATED PROFITS	TRANSLATION RESERVE	CASH FLOW HEDGE DERIVATIVE	GROUP SHARE-HOLDERS' EQUITY	NON-CONTROLLING INTEREST	SHARE-HOLDERS' EQUITY
At January 1, 2011		184,128	1,191,112	61,758	7,650	1,444,648	-	1,444,648
Dividends paid	21	-	(90,567)	-	-	(90,567)	-	(90,567)
Decrease in share capital		(4,636)	(71,116)	-	-	(75,752)	-	(75,752)
Increase in share capital		1,587	17,485	-	-	19,072	-	19,072
Treasury shares		(1,396)	(23,827)	-	-	(25,223)	-	(25,223)
Recognition of share-based payments	23	-	7,632	-	-	7,632	-	7,632
Non-controlling interest buy-back							-	-
Other		-	(6)	-	-	(6)	-	(6)
Total comprehensive income		-	199,794	(5,117)	(7,379)	187,298	-	187,298
At January 1, 2012		179,683	1,230,507	56,641	271	1,467,102	-	1,467,102
Dividends paid	CF, 21	-	(189,507)	-	-	(189,507)	-	(189,507)
Decrease in share capital ^(a)		-	-	-	-	-	-	-
Increase in share capital ^(b)		1,864	20,160	-	-	22,024	-	22,024
Treasury shares		53	(1,803)	-	-	(1,751)	-	(1,751)
Recognition of share-based payments	CF, 23	-	8,643	-	-	8,643	-	8,643
Non-controlling interest buy-back							-	-
Other		-	3	-	-	3	-	3
Total comprehensive income		-	211,974	(31,740)	8,601	188,835	-	188,835
At December 31, 2012		181,599	1,279,977	24,901	8,872	1,495,349	-	1,495,349

(a) No share was cancelled during 2012.

(b) Following the exercise of stock options (subscription plan), the share capital was increased by 487,877 shares.

CF: 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 2012 have been approved by the Board of Directors' Meeting of February 12, 2013 and are submitted for approval to the Annual Shareholders' Meeting held on May 15, 2013.

The consolidated financial statements were prepared in recognition of an economic environment still difficult, especially regarding financial asset valuation, assessment of inventory turnover and collection of trade receivables. Assets with values linked to long-term projections, especially intangible assets, were valued according to assumptions taking into account the economic and financial crisis. Particular attention was paid to the potential impact on the discounting of operating cash flows, as the financial parameters used are the market ones at the end of 2012.

1 Accounting policies

1-1 General

According to the European regulation n° 1606/2002 of July 19, 2002, the consolidated financial statements of 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. International Financial Reporting Standards are available on the European Union website at http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their interpretations SIC (Standing Interpretation Committee) and IFRIC (International Financial Reporting Interpretations Committee).

The financial statements have been prepared on the historical cost basis, except for the valuation of certain financial instruments. The principal accounting policies remain unchanged compared to last year except for the following policies, effective since January 1, 2012.

1-2 Adoption of new and revised International Financial Reporting Standards, interpretations and amendments

Standards, interpretations and amendments effective in the current period

The following amendment is effective since January 1, 2012 and has been applied to the consolidated financial statement as of December 31, 2012:

- Amendment IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets.

The implementation of this new regulation had no significant impact on the consolidated financial statements as of December 31, 2012.

Standards, interpretations and amendments issued and adopted by the European Union with mandatory application after 2012

In 2012, the Group did not elect to early apply any standard, interpretation or amendment approved by the European Union, particularly regarding:

- Amendment IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities;
- Amendment IAS 1 – Presentation of Items of Other Comprehensive Income;
- Amendment IAS 12 – Income Taxes– Deferred Taxes: Recovery of Underlying Assets;
- Amendment IAS 19 – Employee Benefits;
- Amendment IAS 27 – Separate Financial Statements;
- Amendment IAS 28 – Investments in Associates and Joint Ventures;
- Amendment IAS 32 – Offsetting Financial Assets and Financial Liabilities;
- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- IFRS 13 – Fair Value Measurement.

The Group is currently conducting analysis on the practical consequences of these new regulations and the effects of their implementation on the financial statements. Except for the amendment to IAS 19 – Employee Benefits (see 1-14), so far, no significant impact on the financial statements is anticipated.

As of December 31, 2012, as the Group decided not to anticipate the amendments to IAS 19, past service cost is still recognized immediately to the extent that the benefit is already vested, and otherwise is amortized on a straight-line basis over the average period until the benefit becomes vested. Insofar as the benefits are already vested immediately following the introduction of, or the change to a defined benefit plan, past service costs is recognized immediately as an expense.

With IAS 19 Revised, past service costs will be recognized for its full amount as a component of cost of services (in the income statement) whether benefits are vested definitively to their beneficiaries or are conditional.

Furthermore, the interest costs and expected return on plan assets used in the previous version of IAS 19 will be replaced with a "net-interest" amount in the income statement, which will be calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to IAS19 require retrospective application. The Group considers that when IAS 19 Revised will be applied for the first time for the year ending December 31, 2013, the profits after income tax for the years ended December 31, 2011 and December 31, 2012 would be respectively reduced by 2.5 and 3.5 million euros and the other comprehensive income after income tax for the said years would be increased by 2.7 and 3.7 million euros. The impact net of tax in

the opening retained earnings as of January 1, 2011 will amount to 2.2 million euros with the corresponding adjustments being recognized in the retirement benefit obligation and deferred tax liability.

Standards, interpretations and amendments issued with mandatory application after 2012 and not yet adopted by the European Union:

- Amendments IFRS 1 – Government Loans;
- Annual improvements (2009-2011 cycle);
- Amendments IFRS 10, 11, 12 and IAS 27– Transitory dispositions;
- Amendments IFRS 10, 12 and IAS 27– Investment Entities;
- IFRS 9 – Financial instruments – Classification and measurement.

Analysis on the practical consequences of these new regulations is in progress.

1-3 Basis of consolidation

The consolidated financial statements include the financial statements of SOCIÉTÉ BIC and entities controlled by SOCIÉTÉ BIC ("its subsidiaries"). Control is achieved where SOCIÉTÉ BIC has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

1-4 Business combinations

In accordance with Revised IFRS 3 "Business Combinations", business combinations completed after January 1, 2010 are accounted following the purchase method. Identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date and, when appropriate, non-controlling interest in the acquiree is measured at either fair value or at the proportionate part in the fair value of assets and liabilities of the acquired entity. This option is available on an individual basis for each operation of the business combination.

Any share previously held in the acquiree before the takeover, should be reassessed at fair value and the profit or the corresponding loss recorded in income statement.

Badwill are recorded immediately in income statement.

When incurred, acquisition costs are recognized immediately as an expense, except those relating to equity instruments.

Any potential price adjustment is estimated at fair value as of the acquisition date and initial assessment can later be adjusted against goodwill only in case of new information related to facts and circumstances existing at the date of acquisition and in the case the evaluation was still described as provisional (trial period limited to 12 months); any subsequent adjustments that do not meet these criteria are recorded as a liability or asset through the Group income statement.

1-5 Joint ventures

A joint venture is an entity over which the Group has a joint control and that is neither a subsidiary nor an interest in an associate. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in the financial statements using the equity method of accounting. Under the equity method, joint ventures are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the held entity, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture) are not recognized, unless there is an obligation to compensate losses.

Any excess of the cost of acquisition over the Group's shares of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where a Group entity transacts with a joint venture of the Group, profit and losses are eliminated to the extent of the Group's interest in the relevant joint venture.

1-6 Goodwill

Goodwill arising from the acquisition of a subsidiary represents the excess of the cost acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity 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 finest 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, impairment loss is first allocated to the reduction of 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 disposal.

The Group's policy for goodwill arising on the acquisition of a joint venture is described under "Joint ventures" above.

1-7 Non-current assets held for sale

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.

1-8 Revenue recognition

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. Revenue is recorded as follows:

- sales of goods are recognized when goods are delivered and title are transferred;
- interest income is accrued on time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount;
- dividend income from investments is recognized when Shareholders' rights to receive payment have been established.

Considering the nature of BIC Group's activities, interest and dividends received are disclosed as financial income in the income statement.

1-9 Leasing

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 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 apportioned 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 income statement.

Rentals payable under operating leases are charged to 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.

1-10 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates, namely 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. Euro 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 ("foreign currencies") are recorded at the rates of exchange prevailing on the dates of the transactions. At each closing date, monetary items denominated in foreign currencies are retranslated at the rate prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency 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 settlements of monetary items, and on the retranslation of monetary items, are included 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 1-21 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 euro using 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 rates 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.

Exchange rates used to translate accounts of major foreign subsidiaries outside the euro zone are presented in Note 3.

1-11 Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

1-12 Government grants

Government grants are recognized in profit or loss over the periods necessary to match them with related costs and deducted in reporting the related expenses.

1-13 Research and development tax credit

The research and development tax credit is deducted from operating expenses (see Note 4).

1-14 Retirement benefit costs and other employee benefits

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 the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement plans, the cost of providing is determined using the Projected Units Credit Method, with actuarial valuations being carried out for each balance sheet date. BIC applies the SoRIE Amendment to the IAS 19 Standard. Consequently, all actuarial differences are recognized in equity in the period in which they occur. Past services cost is recognized immediately to the extent that the benefit is already vested, and otherwise is amortized on a straight-line basis over the average period until the benefit becomes vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation adjusted for unrecognized past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1-15 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax included in the determination of the net income of the period.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method

and tax rate enacted or nearly 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 interest in joint ventures, 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, except when it relates to a transaction or an event directly credited or charged to equity, in which case the deferred tax is also dealt with 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.

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, Compagnie de Moulages, DAPE 74 Distribution, Stypen, Electro-Centre and BIC Clichy are part of the SOCIÉTÉ BIC tax Group.

1-16 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are in the balance sheet at their historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Certain property, plant and equipment have been revalued according to the first adoption of IFRS (IFRS 1).

Depreciation is booked to profit or loss. Properties 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 losses. Depreciation of these assets, on the same basis as other property assets, starts when the assets are ready for their intended use.

Fixture and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is booked so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful life, using the straight-line method.

Assets held under finance leases (leases transferring risks and rewards linked to ownership) 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

1-17 Investment property

Investment property (lands or buildings), which is held to earn rentals and/or for capital appreciation, is stated at its cost at the balance sheet date, less depreciation and impairment losses if any. Investment property is depreciated according to the same method as property, plant and equipment.

1-18 Intangible assets

a/ Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from Group development or development step is recognized only if all of the following conditions are met:

- the asset created is identifiable;
- it is probable that the asset created will generate future economic benefits for the Group;
- the development cost attributable to the asset can be measured reliably.

Internally-generated intangible assets are amortized on a straight-line basis over their estimated useful life.

Where no internally generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

b/ Patents, trademarks, licenses and softwares

Patents, trademarks, licenses and softwares are measured initially at purchase cost less accumulated amortization and impairment loss, if any, and are amortized on a straight-line basis over their estimated useful lives.

1-19 Impairment of tangible and intangible assets (excluding goodwill)

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine, if applicable, the amount of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (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 (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 (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 increase.

1-20 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct material and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and cost to be incurred in marketing, selling and distribution.

1-21 Financial instruments

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

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 objective evidence that the asset is impaired. The allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, actualized at the effective interest rate calculated at initial recognition of the receivables.

b/ Investments

Investments are recognized and derecognized on a trade 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 cost.

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 profit or loss 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 decrease can be related objectively to an event occurring after the recognition of the impairment. The reversal shall 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.

Investments other than those held to maturity are classified as either investments held for trading (temporary cash investment) or as available-for-sale (equity investment), and are measured at subsequent reporting dates 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 is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale, are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

c/ Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid 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 monetary mutual funds with a historical volatility over the last twelve months of above 0.5% being considered non eligible as "cash equivalent." 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

Trade payables are initially measured at fair value, and subsequently measured at amortized cost, using the effective interest rate method.

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 principles 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.

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 cash flow hedge of a commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in the income statement in the same period in which the hedged item affects the net income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period;

- **hedge of net investment in a foreign operation:** the hedging instrument is adjusted to fair value. Following this adjustment, the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in equity. The cumulative amount included in equity is transferred to the income statement at the date of liquidation or sale of the net investment.

Derivatives embedded in other financial instruments or other non financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealized gains or losses reported in profit or loss. None were contracted within BIC Group over the past three years.

i/ Fair value hierarchy

Financial instruments measured at fair value are classified within three fair value levels (IFRS 7 Amendment):

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1-22 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

1-23 Share-based payments

The Group issues equity-settled share-based payment to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. This fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the share that will eventually be vested and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the method given in Note 23. 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.

1-24 Estimates and judgments

In preparing the consolidated financial statements, BIC Group has to make estimates and assumptions that impact the consolidated financial statements and amounts reported in some financial notes. BIC Group regularly reviews these estimates and assumptions in order to take into account past experience as well as changes in the economic environment. The results of this review could lead to publishing in future consolidated financial statements different amounts than those previously disclosed.

2 Change in Group structure

Early October 2012, the Group announced the launch of the entity BIC Education, an educational digital innovative solution for schools.

NOTE 2 OPERATING SEGMENTS

2-1 General information

BIC operating segments have been determined based on the reports regularly reviewed by the management and used to make strategic decisions.

The management considers the business from a product category perspective, knowing that each category can be reviewed for a specific geographic area if needed.

Starting 2010 and following 2009 significant acquisitions in Advertising and Promotional businesses, the categories are now the following: Stationery consumer, Lighters, Shavers, Other consumer and BIC APP (Advertising and Promotional Products).

These operating segments get their revenues from the production and distribution of each product category.

Freight billed to customers, royalties income and financial interests are also included in these category revenues but are insignificant compared to the turnover. As they are not analyzed by category of products, by the Operational Directors, they are not detailed in the note below.

	DEC. 31, 2010					
<i>(in million euros)</i>	Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	TOTAL
Income Statement						
• Net sales	581	481	308	100	362	1,832
• Amortization and depreciation	(20)	(12)	(16)	(17)	(12)	(77)
• Impairment loss	(1)	-	(1)	-	-	(2)
• Income from operations	69	174	42	(7)	27	305
<i>Restatements made to obtain the normalized income from operations</i>						
• Real estate gains ^(a)	-	-	-	-	-	(1)
• (Gain)/loss on business disposals ^(b)	-	-	-	-	-	(7)
• Goodwill impairment (see Note 10)	-	-	-	-	-	-
• Restructuring costs	-	-	-	-	-	19
• Normalized income from operations	70	174	44	(6)	33	315
• Income from joint ventures	5	-	-	-	-	5

(a) In 2012, the real estate gain corresponds to the sale of land and buildings in Boulogne-sur-Mer (France) for 0.7 million euros and in Keysborough (Australia) for 3.9 million euros.

(b) In 2012, the gain on the disposal of the phone refills distribution business amounts to 0.8 million euros.

In 2011, the 9.0 million euros corresponded to the impairment of goodwill and trademarks related to the disposals of the PIMACO business to business divisions in Brazil (-9.6 million euros), to restructuring expenses (-0.3 million euros) and to the gain on the disposal of the REVA peg business in Australia (+1.0 million euros).

As of December 31, 2012, the BIC Group identified a major customer with which it realized more than 10% of its net sales.

	DEC. 31, 2010					
<i>(in thousand euros)</i>	Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	TOTAL
Capital additions	12,769	13,312	13,545	13,488	9,876	62,990
Net Inventories	154,593	62,520	55,009	16,091	55,788	344,001

2-3 Information by geographies

Since 2010, the geographies followed by the management are: France, Europe (without France), North America and developing markets.

	DEC. 31, 2010				
<i>(in million euros)</i>	France	Europe without France	North America	Developing markets	TOTAL
Net sales	199	326	774	533	1,832
Non-current assets ^(a)	222	148	224	109	703

(a) Other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

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 from exceptional items (real estate gains, gain or loss on sale of businesses and restructuring costs);

- capital additions which are the purchases and internal generation of tangible and intangible fixed assets for the period.

DEC. 31, 2011						DEC. 31, 2012					
Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	TOTAL	Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	TOTAL
588	511	328	95	302	1,824	618	551	374	65	291	1,899
(19)	(12)	(15)	(17)	(7)	(70)	(15)	(12)	(16)	(22)	(6)	(71)
-	-	-	-	-	-	(0)	(0)	(1)	-	-	(1)
84	200	60	(23)	19	340	95	208	65	(15)	18	371
-	-	-	-	-	-	-	-	-	-	-	(5)
-	-	-	-	-	9	-	-	-	-	-	(1)
-	-	-	-	-	9	-	-	-	-	-	-
-	-	-	-	-	5	-	-	-	-	-	9
84	200	60	(5)	24	362	95	208	65	(15)	22	375
4	-	-	-	-	4	4	-	-	-	-	4

DEC. 31, 2011						DEC. 31, 2012					
Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	TOTAL	Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	TOTAL
20,041	22,400	19,480	14,393	12,655	88,968	25,944	29,038	39,830	20,759	9,870	125,441
179,828	87,143	73,225	15,865	55,220	411,281	165,624	97,906	75,460	15,436	50,455	404,881

DEC. 31, 2011					DEC. 31, 2012				
France	Europe without France	North America	Developing Markets	TOTAL	France	Europe without France	North America	Developing markets	TOTAL
194	323	728	578	1,824	162	323	818	596	1,899
244	139	238	92	713	260	149	244	111	764

NOTE 3 EXCHANGE RATES OF FOREIGN CURRENCIES

The following schedule shows foreign currency equivalents of one euro (for instance: average 2012 is 1 euro = 1.29 US dollar).

	AVERAGE 2011	AVERAGE 2012	DEC. 31, 2011	DEC. 31, 2012
FOREIGN CURRENCIES	EURO	EURO	EURO	EURO
US dollar – USD	1.39	1.29	1.29	1.32
Australian dollar – AUD	1.35	1.24	1.27	1.27
Canadian dollar – CAD	1.38	1.28	1.32	1.31
Swiss franc – CHF	1.23	1.21	1.22	1.21
Chinese renminbi – CNY	9.00	8.11	8.16	8.22
British pound – GBP	0.87	0.81	0.84	0.82
Hong Kong dollar – HKD	10.84	9.97	10.05	10.23
Indian rupee – INR	64.83	68.66	68.71	72.56
Japanese yen – JPY	111.05	102.65	100.20	113.61
Korean won – KRW	1,541.16	1,448.16	1,498.69	1,406.23
Malaysian ringgit – MYR	4.25	3.97	4.11	4.03
New Zealand dollar – NZD	1.76	1.59	1.67	1.60
Philippine peso – PHP	60.28	54.27	56.75	54.11
Polish zloty – PLN	4.11	4.18	4.46	4.07
Swedish krona – SEK	9.03	8.71	8.91	8.58
Singapore dollar – SGD	1.75	1.61	1.68	1.61
South African rand – ZAR	10.08	10.55	10.48	11.17
Argentinian peso – ARS	5.75	5.85	5.57	6.49
Brazilian real – BRL	2.32	2.51	2.42	2.70
Mexican peso – MXN	17.26	16.91	18.05	17.18

NOTE 4 OPERATING EXPENSES

(in thousand euros)	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Raw materials, consumables used and change in inventory	548,842	512,890	526,752
Staff costs	480,163	474,021	501,576
Amortization expenses	77,318	70,478	71,628
Impairment loss	2,182	71	640
Other operating expenses	427,602	430,922	447,754
(Gain)/Loss on operational foreign currency translation	1,403	(5,674)	420
TOTAL	1,537,510	1,482,708	1,548,770

Other operating income and expenses are not included in the total amount and are disclosed in Note 5.

Operating expenses include 12.5 million euros related to portable fuel cell technology, versus 4.8 million euros for 2011.

Research and development costs expensed for 2012 amount to 33.5 million euros versus 24.5 million euros for 2011.

They include the French research and development tax credit for 1.9 million euros, versus 2 million euros for 2011.

NOTE 5 OTHER INCOME AND EXPENSES

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Royalties income	87	42	6
Reversal Impairment expenses	-	-	708
Freight recharged to customers	21,875	18,756	18,244
Gain on business divestitures and disposal of fixed assets	11,067	2,050	5,310
APP retirement benefits harmonization	-	2,788	1,160
Other	-	-	6,286
Other income	33,029	23,636	31,714
Royalties expenses	(2)	-	-
Impairment expenses	(268)	(8,721)	(401)
BIC APP's integration plan and other cost reduction plans	(21,048)	(5,349)	(8,718)
Loss on business divestitures and disposal of fixed assets	-	(10,780)	-
Other	(1,117)	(498)	(2,056)
Other expenses	(22,435)	(25,348)	(11,173)
TOTAL	10,594	(1,712)	20,541

In addition to freight recharged to customers, other income and expenses related to 2012 mainly include:

- Gains on business divestitures and disposal of fixed assets:
 - 0.8 million euros of gain on the divestiture, in February, of DAPE 74 phone refills distribution business (French subsidiary),
 - 0.7 million euros of gain on the divestiture, in March, of land and buildings located in Boulogne-sur-Mer (France),
 - 3.9 million euros of gain on the divestiture, in July, of the Keysborough site located in Australia,
- other: favorable outcome regarding tax contingencies for 2.9 million euros in Brazil;
- BIC APP's integration plan and other cost reduction plans:
 - 5.1 million euros relating to the Norwood Promotional Products' integration plan still in progress,
 - restructuring costs relate to Australia for 0.7 million euros and Europe for 2.9 million euros.

Other income and expenses related to 2011 mainly included:

- 1 million euros of gain on the divestiture, in June, of REVA peg business in Australia;
- 9.6 million euros of loss on the divestiture, on the second Quarter, of PIMACO business to business divisions in Brazil and 0.3 million euros of restructuring expenses related to this sale;
- 5 million euros relating to the Norwood Promotional Products' integration plan still in progress;
- the full impairment of the BIC Violex goodwill part allocated to the Other Consumer Products sold on the Greek market, mainly pantyhoses, for 8.7 million euros (see Note 10).

NOTE 6 FINANCE INCOME

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Interest income from cash and cash equivalents	3,705	4,315	7,129
Interest on bank deposits	5,777	6,287	5,361
Income from cash and cash equivalents	9,482	10,602	12,490
Interest expense	(9,779)	(3,393)	(3,049)
Hedging instruments revaluation	(1,644)	2,693	(1,771)
Net financial foreign exchange difference	163	(728)	2,811
Finance costs	(11,260)	(1,428)	(2,010)
FINANCE (COSTS)/REVENUE	(1,778)	9,175	10,480

During 2012, income from cash and cash equivalents benefits from more favorable interest yields compared to 2011 offsetting globally lower volume of cash invested.

During 2011, interest income from cash and cash equivalent were increasing compared to 2010, interest yield rates being more favorable than in 2010.

Finance costs end of December 2011 were positively impacted by the significant decrease in interest expense following the repayment of Cello and Norwood loans respectively in the first Half 2010 and early July 2010.

NOTE 7 INCOME TAX

7-1 Income tax expense

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Current tax:	104,865	108,057	104,288
• Domestic	25,406	42,908	31,627
• Foreign	79,459	65,150	72,661
Deferred tax	(4,502)	7,002	17,265
INCOME TAX EXPENSE	100,363	115,060	121,553

The normal domestic income tax rate is 36.10% (including social and exceptional contributions) for the fiscal year 2012, same as in 2011. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliation between theoretical tax charge and effective income tax expense:

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Income before tax	302,820	348,841	380,958
Tax rate	34.43%	36.10%	36.10%
Theoretical tax charge	104,261	125,932	137,526
Effects of:			
• differences of tax rates	(3,782)	(10,187)	(12,757)
• income taxed at reduced rate	(2,252)	(1,747)	(1,791)
• permanent differences	12,712	14,404	16,526
• intercompany accruals eliminations	(1,989)	(957)	(639)
• tax assets not activated on tax losses	4,727	2,947	2,151
• tax assets activated on prior year losses	(3,094)	(1,525)	(1,047)
• tax credits	(10,597)	(14,461)	(16,882)
• foreign exchange differences	377	654	(1,534)
Income tax expense	100,363	115,060	121,553
EFFECTIVE TAX RATE	33.14%	32.98%	31.91%

In addition, BIC Group has, as of December 31, 2012, 21.6 million euros of deferred tax assets not booked related to unused tax losses, compared to 20.9 million euros as of December 31, 2011.

In 2011, the permanent differences included the negative impact for 3.1 million euros of the impairment of BIC Violex goodwill.

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:

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Cash flow hedge	2,576	4,036	(4,859)
Actuarial differences on post-employment benefits	1,950	21,134	26,872
Share-based payments	690	300	-
Foreign exchange impact	193	(2,990)	(39)
Treasury shares transactions	(137)	453	709
TOTAL	5,272	22,933	22,683

NOTE 8 EARNINGS PER SHARE

Earnings per share and the diluted earnings per 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 is the weighted average number of shares outstanding during the year less the number of shares held in treasury stock by SOCIÉTÉ BIC and BIC CORPORATION.

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period which corresponds to the number of

shares used for the basic earnings per share, adjusted with the dilutive effect of stock options and free shares.

As of December 31, 2012, no share has a relative impact and the maximum dilutive effect from stock options not exercised is around 2% of the share capital.

As of December 31, 2011, 372,950 shares had a relative impact and the maximum dilutive effect from stock options not exercised was around 2% of the share capital.

	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Numerator (in thousand euros)			
Group net income	207,457	237,881	263,133
Denominator (in number of shares)			
Weighted average number of ordinary shares in circulation	48,341,785	47,565,299	47,339,322
Dilutive effect of stock options and free shares	383,838	459,659	555,912
Diluted weighted average number of ordinary shares in circulation	48,725,623	48,024,958	47,895,234
Earnings per share (in euros)			
Earnings per share	4.29	5.00	5.56
Diluted earnings per share	4.26	4.95	5.49

NOTE 9 TANGIBLE ASSETS

9-1 Property, plant and equipment – Gross value

(in thousand euros)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTAL
At January 1, 2011	330,009	965,123	36,724	34,222	1,366,078
Additions	2,215	16,509	55,552	1,938	76,214
Acquisition through business combination	198	1,129	-	-	1,327
Business disposal	-	(13,008)	-	-	(13,008)
Disposals/Write-offs	(2,401)	(28,634)	(438)	(6,150)	(37,623)
Transfers to non-current assets held for sale (see Note 9-4)	(3,378)	-	-	-	(3,378)
Other transfers	5,830	35,424	(44,983)	125	(3,604)
Exchange differences	(551)	(8,471)	(224)	(357)	(9,603)
At January 1, 2012	331,922	968,072	46,631	29,778	1,376,403
Additions	11,788	28,320	67,085	2,278	109,471
Disposals/Write-offs	(536)	(25,743)	(196)	(2,530)	(29,005)
Transfers to non-current assets held for sale (see Note 9-4)	(3,022)	(31)	-	-	(3,053)
Other transfers	6,210	30,317	(40,786)	406	(3,853)
Exchange differences	(4,109)	(11,571)	(119)	138	(15,661)
At December 31, 2012	342,253	989,363	72,615	30,070	1,434,301

The gross value of property, plant and equipment includes 4.1 million euros of finance lease assets as of December 31, 2012 (4 million euros as of December 31, 2011).

9-2 Property, plant and equipment- Depreciation and impairment loss

<i>(in thousand euros)</i>	LAND & BUILDINGS	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTAL
At January 1, 2011	181,784	796,564	4,763	24,779	1,007,890
Amortization for the period	12,204	47,694	-	3,199	63,097
Impairment loss	-	(98)	208	-	110
Disposals/Write-offs	(1,743)	(27,849)	(18)	(5,194)	(34,804)
Business disposal	-	(8,243)	-	-	(8,243)
Transfers to non-current assets held for sale (see Note 9-4)	(3,060)	-	-	-	(3,060)
Other transfers	(2)	(205)	(914)	(691)	(1,812)
Exchange differences	(366)	(6,349)	3	(305)	(7,017)
At January 1, 2012	188,817	801,514	4,042	21,788	1,016,161
Amortization for the period	10,975	49,684	(4)	3,012	63,667
Impairment loss	-	(295)	246	-	(49)
Disposals/Write-offs	(500)	(24,107)	(52)	(2,088)	(26,748)
Transfers to non-current assets held for sale (see Note 9-4)	(2,273)	(8)	-	-	(2,281)
Other transfers	-	(2,345)	-	(18)	(2,364)
Exchange differences	(2,206)	(10,045)	2	123	(12,126)
At December 31, 2012	194,813	814,397	4,234	22,817	1,036,261
NET VALUE					
At December 31, 2012	147,440	174,966	68,381	7,253	398,040
At December 31, 2011	143,105	166,558	42,589	7,991	360,242

The net value of the property, plant and equipment includes 1.9 million euros of finance lease assets as of December 31, 2012 (2.3 million euros as of December 31, 2011).

9-3 Investment property

<i>(in thousand euros)</i>	GROSS VALUE	DEPRECIATION AND IMPAIRMENT LOSS	NET VALUE
At January 1, 2011	2,828	(489)	2,339
Amortization for the period	-	(89)	(89)
Exchange differences	76	(22)	54
At January 1, 2012	2,904	(600)	2,304
Amortization for the period	-	(97)	(97)
Exchange differences	(45)	14	(31)
At December 31, 2012	2,859	(683)	2,176

Main investment properties as of December 31, 2012 are located in the USA for 1.7 million euros.

The fair value of the Group's investment property is based on an internal valuation of land and buildings based on transaction price for similar properties or on the market price. For each investment property, fair value exceeds or is equal to net booked value. Global fair value amounts to 2.9 million euros.

None of the Group investment property has been pledged.

The property rental income earned by the Group from its investment properties for 2012 amounts to 0.7 million euros (0.6 million euros for 2011).

Rental payments to be received for the coming years are as follows:

- 0.7 million euros within one year;
- 1.7 million euros between two and five years;
- no rent is expected beyond five years.

Main direct operating expenses arising on the investment properties in the period, except depreciation, correspond to insurance, maintenance and security costs and amount to 0.4 million euros (0.4 million euros for 2011).

9-4 Assets held for sale and discontinued activities

<i>(in thousand euros)</i>	GROSS VALUE	DEPRECIATION AND IMPAIRMENT LOSS	NET VALUE
At January 1, 2011	8,440	(2,769)	5,671
Transfers from property, plant and equipment (see Notes 9-1 and 9-2)	3,378	(3,060)	318
Disposals	(279)	116	(163)
Exchange differences	269	(87)	182
At January 1, 2012	11,808	(5,800)	6,008
Transfers from property, plant and equipment (see Notes 9-1 and 9-2)	3,053	(2,281)	772
Disposals	(7,021)	5,617	(1,404)
Exchange differences	(65)	(38)	(103)
At December 31, 2012	7,775	(2,502)	5,273

In 2012, the disposals relate to:

- the sale, in March, of the Janesville site in the USA for a net book value of 0.9 million euros;
- the sale, in February, of land and buildings, in Boulogne-sur-Mer for a net book value of 0.3 million euros;
- the sale, in July, of the Keysborough site in Australia for a net book value of 0.2 million euros.

As of December 31, 2012, the assets held for sale mainly correspond to:

- a land and a building, in La Garde (Gateff site) for a net book value of 0.6 million euros;
- San Antonio site due to the BIC APP's integration plan in the USA. The Group is actively marketing the site via realtors.

NOTE 10 GOODWILL

(in thousand euros)

	GROSS VALUE	IMPAIRMENT LOSS	NET VALUE
At January 1, 2011	227,959	(8,090)	219,869
Sologear acquisition	1,201	-	1,201
Angstrom acquisition	1,455	-	1,455
Divestiture of PIMACO business to business divisions in Brazil	(4,696)	-	(4,696)
Impairment loss	-	(8,678)	(8,678)
Exchange differences	2,079	370	2,449
At January 1, 2012	227,998	(16,398)	211,600
Angstrom acquisition	1,132	-	1,132
Liquidation of Indonesian subsidiary	(1,271)	1,271	-
Exchange differences	(3,707)	(218)	(3,925)
At December 31, 2012	224,152	(15,345)	208,807

During 2012, the final estimate of fair values of assets acquired to Angstrom led the Group to increase the goodwill by 1.1 million with a corresponding decrease in intangible assets.

The goodwill on the Indonesian subsidiary liquidated on first Half 2012 was fully depreciated.

The balance, as of December 31, 2012, includes the main following net goodwill:

(in thousand euros)

	DEC. 31, 2011	DEC. 31, 2012
BIC CORPORATION*	103,549	101,927
BIC Viorex	49,174	49,174
Norwood North America ^{(a)*}	27,649	27,115
PIMACO	10,005	8,940
Others	21,223	21,651
TOTAL	211,600	208,807

(a) Following the reorganization of the BIC APP activity, the goodwill of Norwood North America includes the goodwill of Norwood Promotional Products and Atchison.

* These goodwill are linked to cash generating units represented by distribution subsidiaries.

To perform the impairment tests, the Group used the following discounted and infinite growth rates:

	WEIGHTED AVERAGE COST OF CAPITAL (WACC) BEFORE TAX		INFINITE GROWTH RATE	
	2011	2012	2011	2012
BIC CORPORATION	11.8%	11.6%	1.5%	1.5%
BIC Viorex	17.0%	11.9%	3%	3%
Norwood North America	11.8%	10.8%	1.5%	1.5%
PIMACO	11.6%	11.0%	2.2%	2.4%

Each goodwill has been applied to cash generating units ("CGU") representing the finest level at which those goodwill are monitored by the Group.

The goodwill on BIC CORPORATION is then mainly allocated to cash generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

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.

The impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash generating units with the cash generating units' net assets carrying value (including goodwill).

Such recoverable amounts correspond to the value in use and are determined using discounted cash flows over three years with an

infinite rate and a discounted residual value using the constantly growing perpetuity method, including the following:

- the discount rate before taxes used is the Group weighted average cost of capital. A particular attention has been paid to the analysis of main market items used for the calculation of the discount rate. A country risk has then been added for the countries most sensitive to the economic crisis;
- the infinite growth rates were determined based on external (inflation rate) and internal (business growth) sources.

For each CGU having significant goodwill, key assumptions used in terms of sales growth and margin on the future period of 3 years and in the terminal value are consistent with past performance.

Regarding the sensitivity of tests to changes in the key assumptions, no reasonably possible change may lead to an impairment.

NOTE 11 INTANGIBLE ASSETS

(in thousand euros)

	SOFTWARE	TRADEMARKS & PATENTS	RESEARCH & DEVELOPMENT	INTANGIBLE IN PROGRESS	OTHER	TOTAL
GROSS VALUE						
At January 1, 2011	65,847	49,612	3,681	4,703	3,727	127,570
Additions	569	789	40	9,760	53	11,211
Acquisition through business combination	-	10,144	-	566	566	11,276
Internally generated	-	-	-	1,542	-	1,542
Disposals/Write-offs	(1,165)	(2)	(3)	(12)	(4)	(1,186)
Business disposal	-	(5,756)	-	-	-	(5,756)
Transfers	4,788	233	-	(1,662)	239	3,598
Exchange differences	156	147	68	842	106	1,319
At January 1, 2012	70,195	55,167	3,786	15,739	4,687	149,574
Additions	2,311	640	-	11,366	375	14,692
Angstrom goodwill finalisation	-	-	-	(566)	(566)	(1,132)
Internally generated	-	-	-	1,278	-	1,278
Disposals/Write-offs	(2,400)	-	-	5	(129)	(2,524)
Transfers	26,824	-	-	(22,904)	(66)	3,854
Exchange differences	(540)	(1,476)	(42)	(85)	(441)	(2,584)
At December 31, 2012	96,390	54,331	3,744	4,833	3,860	163,158

(in thousand euros)

	SOFTWARE	TRADEMARKS & PATENTS	RESEARCH & DEVELOPMENT	INTANGIBLE IN PROGRESS	OTHER	TOTAL
AMORTIZATION AND IMPAIRMENT LOSS						
At January 1, 2011	52,282	32,640	3,673	-	813	89,408
Amortization for the period	6,116	1,085	8	-	82	7,291
Impairment loss	4	-	-	-	-	4
Disposals/Write-offs	(1,150)	-	(3)	-	(4)	(1,157)
Transfers	1,674	24	-	-	108	1,806
Exchange differences	126	989	68	-	19	1,202
At January 1, 2012	59,052	34,738	3,746	-	1,018	98,554
Amortization for the period	6,041	1,744	10	-	69	7,864
Impairment loss	382	-	-	-	-	382
Disposals/Write-offs	(2,400)	-	-	-	(129)	(2,529)
Transfers	2,420	-	-	-	(56)	2,364
Exchange differences	(306)	(684)	(42)	-	(14)	(1,046)
At December 31, 2012	65,189	35,798	3,714	-	888	105,589
NET VALUE						
At December 31, 2012	31,201	18,533	30	4,833	2,972	57,569
At December 31, 2011	11,143	20,429	40	15,739	3,669	51,020

Software

Internally generated software is principally related to investments linked to the upgrade of information systems.

In 2012, the internally generated software for the APP business has been put in use for 18.9 million euros.

Trademarks and patents

In 2012, the Angstrom purchase price has been finalised and a reclassification has been made from intangible assets to goodwill.

In 2011, BIC Group:

- had disposed Gumtac and Label trademarks, previously grouped under Pimaco® trademark;
- had acquired from Angstrom company patents linked to the portable fuel cell technology.

The main trademark booked in the balance sheet as of December 31, 2012 is the Pimaco® trademark for 6.6 million euros acquired in 2006. This trademark has an infinite lifetime. For impairment test purposes, it is linked to the PIMACO subsidiary cash generating unit.

NOTE 12 JOINT VENTURES

12-1 Changes in value of joint ventures

<i>(in thousand euros)</i>	VALUE OF EQUITY AFFILIATES AS OF DEC. 31, 2011	INCOME FROM EQUITY AFFILIATES	DIVIDENDS RECEIVED	CHANGES IN SCOPE OF CONSOLIDATION	IMPAIRMENT LOSS	OTHER	FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	VALUE OF EQUITY AFFILIATES AS OF DEC. 31, 2012
Cello Pens ^(a)	75,152	3,728	-	-	-	-	593	79,473
Other	9	-	-	-	-	1	(1)	9
TOTAL	75,161	3,728	-	-	-	1	592	79,482

(a) Value of equity affiliates includes the Cello® trademark for 12 million euros and the goodwill for 34.3 million euros recognized by the BIC Group at the acquisition date of the six entities.

On January 21, 2009, BIC signed definitive agreements with the Indian Cello Group whereby BIC Group acquires 40% of the Cello Writing Instrument business for 7.9 billion Indian rupees (108.9 million euros). As part of the agreement, BIC benefits from a call option in 2013 to increase its stake to 55% at a price based on a formula tied to earnings.

On March 5, 2009, BIC Group acquired 40% of first six entities for 3.8 billion Indian rupees (52.4 million euros). Proportionate share of net income was accounted through the equity method in BIC accounts from April 1, 2009. The completion for the balance of the transaction (40% of a seventh entity) did not occur in 2009.

On January 4, 2010, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties". BIC Group expressed on the contrary its intention to ensure their implementation.

On August 4, 2010, BIC announced 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 the remaining entity.

On February 16, 2012, the BIC Group received a favourable award from the Tribunal, constituted under the Rules of the Singapore International

Arbitration Center, in respect of the acquisition of 40% shares in the 7th and last entity Cello Pens & Stationery (CPS) as per the definitive agreements signed on January 21, 2009. The Cello Group had a period of 90 days to file a request before the High Court of Singapore to set aside the award.

The Cello Group having not filed such a request, the BIC Group now intends to proceed with the share purchase in CPS. On May 21, 2012, the BIC Group filed a petition before the Mumbai High Court seeking the enforcement of the arbitral award. As of December 31, 2012, this procedure remains pending.

12-2 Financial information relating to joint ventures

As the BIC Group undertakes a joint control over the first six entities, it opted for their consolidation through equity method since April 1, 2009.

The table below shows the summarized financial information relating to investments in associates determined on the basis of the latest available financial statements. This information is the consolidation of 100% of the six acquired entities as of March 31, 2012, year end closing date of the Cello group.

<i>(in thousand euros)</i>	NET SALES	INCOME FROM OPERATIONS	NET INCOME	TOTAL ASSETS	SHAREHOLDER EQUITY	OTHER LIABILITIES
Cello Pens	57,351	13,283	10,237	64,247	60,582	3,665

NOTE 13 OTHER NON-CURRENT ASSETS

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Other investments		70	39	47
Guarantee deposits		2,218	3,843	4,250
Deferred pensions	19-2	4,126	1,587	329
Other non-current assets		10,141	9,141	15,070
TOTAL		16,555	14,610	19,696

NOTE 14 DEFERRED TAX

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Deferred tax assets	136,140	158,159	175,260
Deferred tax liabilities	(22,367)	(19,014)	(23,195)
NET POSITION	113,773	139,145	152,065

The movement for the year in the Group's deferred tax position was as follows:

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2012
At January 1, 2012		139,145
Deferred tax income/(expense) for the period ^(a)	CF	(6,707)
Booked in Shareholders' equity	7-2	22,683
Exchange differences		(3,056)
At December 31, 2012		152,065

(a) Excluding amounts booked to provision for risks and charges.

Origin of deferred tax:

<i>(in thousand euros)</i>	DEC. 31, 2012
Pension and other employee benefits	90,888
Intercompany profit elimination	18,127
Tax losses carried forward	521
Other temporary differences	42,529
NET DEFERRED TAX	152,065

NOTE 15 CHANGE IN NET WORKING CAPITAL

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2011	CASH FLOWS IMPACT	FOREIGN EXCHANGE AND OTHERS	DEC. 31, 2012
Net inventory		411,281	(1,542)	(4,859)	404 880
• Inventory – Gross value		434,211	(3,894)	(5,046)	425 271
• Inventory – Depreciation		(22,930)	2,352	187	(20 391)
Trade and other receivables		416,928	38,429	(9,216)	446 140
Trade and other payables		(110,765)	(1,509)	141	(112 133)
Other assets and liabilities		(159,084)	2,569	(6,689)	(163 203)
NET WORKING CAPITAL	CF	558,360	37,947	(20,623)	575 684

CF: See consolidated cash flow statement.

NOTE 16 SHARE CAPITAL

16-1 Share capital

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Authorized, issued and fully paid	185,991	182,941	184,806
Repurchase of shares of the Company	(1,863)	(3,258)	(3,207)
SHARE CAPITAL	184,128	179,683	181,599

As of December 31, 2012, the registered share capital of SOCIÉTÉ BIC is 184,805,094.54 euros divided into 48,378,297 shares of 3.82 euros each, the par value. The registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC held 815,205 of these shares, acquired at the average price of 62.68 euros in accordance with the Article L.225-209 of the French Commercial Code, which represent 1.69% of the share capital.

16-2 SOCIÉTÉ BIC owned shares and repurchase of shares of the Company as of December 31, 2012

PURPOSE OF THE REPURCHASE	NUMBER OF SHARES	AVERAGE ACQUISITION PRICE <i>(in euros)</i>	% CAPITAL
Liquidity agreement ^(a)	2,844	91.01	0.01%
Free share grants ^(a)	812,361	62.58	1.68%
TOTAL ^(b)	815,205	62.68	1.69%

(a) Article L.225-209 of the French Commercial Code.

(b) As of December 31, 2012, BIC CORPORATION holds in addition 24,286 SOCIÉTÉ BIC shares representing 0.05% of the share capital.

Further to the liquidity agreement with NATIXIS on BIC shares, as of December 31, 2012 the liquidity account contained the following:

- 2,844 shares BIC;
- 748,076.13 euros.

As a reminder, when it was implemented, the liquidity account contained the following:

- 2,312 shares BIC;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization at the Annual Shareholders' Meeting on May 10, 2012 to renew its share repurchase program.

NUMBER OF SHARES PURCHASED IN 2012^(a)	
• share repurchase program authorized by the Annual Shareholders' Meeting held on May 11, 2011	3,078
• share repurchase program authorized by the Annual Shareholders' Meeting held on May 10, 2012	17,800
Average share repurchase price for the purchases during 2012 (in euros)	76.15

(a) Excluding the liquidity contract.

During the year 2012, SOCIÉTÉ BIC did not cancel any shares.

During the last 24 months, SOCIÉTÉ BIC cancelled 1,213,559 shares, 3% of the share capital as of December 31, 2012.

To the best of the Company's knowledge as of December 31, 2012, the Shareholders who 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:

	AT DECEMBER 31, 2012	
	% OF SHARES (APPROX.)	% OF VOTING RIGHTS (APPROX.)
M.B.D.	26.13%	36.65%
Bich family	16.98%	21.63%

NOTE 17 BORROWINGS

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Bank overdrafts	3,219	1,363	4,351
Bank loans (see detail below)	8,559	6,611	6,050
Obligations under financial leases	2,712	2,371	2,023
BANK BORROWINGS AND OVERDRAFTS	14,490	10,345	12,424

Bank overdrafts are due within one year. Long-term part of obligations under financial leases is not significant.

Bank loans have the following maturities:

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
On demand or within one year	7,880	6,611	5,767
In the second year	679	-	139
In the 3rd year	-	-	144
In the 4th year	-	-	-
In the 5th year	-	-	-
After five years	-	-	-
TOTAL	8,559	6,611	6,050

Main bank loans/credit lines are the following:

(in thousand euros)

BORROWING COUNTRY	CURRENCY	EURO EQUIVALENTS		
		DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
• France	EUR	-	-	421
• Brazil	BRL	5,162	623	-
• Malaysia	MYR	806	853	818
• Russia	USD/RUB	-	2,541	2,575
• Colombia	COP	-	1,379	950
• Others	Misc.	2,590	1,215	1,286
TOTAL		8,559	6,611	6,050

Information on interest rates

As of December 31, 2012, remaining loans and short term credit lines were contracted with a floating rate ranging between 2.46% and 10.3%.

Relative exposure, estimated not to be significant, has not been hedged (see Note 24).

Information on covenants

None of the loans contain any covenant that could advance the exigibility date of the debt.

NOTE 18 PROVISIONS

(in thousand euros)

	TAX AND SOCIAL RISKS AND LITIGATION	LITIGATION	PRODUCT LIABILITY	OTHER RISKS AND CHARGES	TOTAL
At January 1, 2011	35,592	7,328	2,934	4,626	50,479
Additional provisions	14,363	1,651	628	655	17,297
Utilized during the period	(2,063)	(1,416)	(394)	(1,011)	(4,883)
Unused amounts reversed	(1,780)	(1,617)	(1,097)	(98)	(4,593)
Exchange differences	(1,486)	(222)	40	23	(1,645)
Transfers and reclassification from current liabilities	-	165	-	2	167
At January 1, 2012	44,625	5,889	2,111	4,197	56,822
Additional provisions	19,797	986	532	179	21,494
Utilized during the period	(3,172)	(718)	(517)	(526)	(4,934)
Unused amounts reversed	(11,467)	(446)	(1,036)	(293)	(13,242)
Exchange differences	(2,158)	(345)	(36)	53	(2,486)
Reclassification	-	(661)	-	661	-
At December 31, 2012	47,625	4,705	1,054	4,271	57,654

As of December, 2012, it was not considered necessary to book provisions for the risks described in Part 1 "Group Presentation", including those related to manufacturing plants.

As of December 31, 2012, the litigation provision mainly represents distributor and commercial agent risks for 2.9 million euros (4 million euros as of December 31, 2011).

Tax and social risks and litigation are mainly tax risks and U.S. workers' compensation.

Product liabilities are mainly related to BIC CORPORATION.

NOTE 19 PENSION AND OTHER EMPLOYEE BENEFITS

19-1 Change in the net obligation of defined benefits plan

<i>(in thousand euros)</i>		PENSION	OTHER BENEFITS	TOTAL EMPLOYEE BENEFITS
PRESENT VALUE OF OBLIGATION				
At January 1, 2012		435,696	87,599	523,295
Period costs:		31,443	5,750	37,193
• Service costs		10,132	2,402	12,534
• Interest costs		19,944	3,964	23,908
• Curtailment and settlement		341	(674)	(333)
• Past service costs		1,026	58	1,084
Benefits paid		(20,331)	(3,405)	(23,736)
Actuarial difference on obligation		77,357	20,018	97,375
Past service costs not vested		61	-	61
Exchange differences		(6,696)	(2,178)	(8,874)
At December 31, 2012	A	517,530	107,784	625,314
FAIR VALUE OF PLAN ASSETS				
At January 1, 2012		318,747	-	318,747
Total period costs:		19,704	-	19,704
• Return on assets		19,704	-	19,704
• Curtailment and settlement		-	-	-
Benefits paid		(17,215)	-	(17,215)
Contributions paid		12,978	-	12,978
Actuarial difference on assets		18,674	-	18,674
Exchange differences		(4,713)	-	(4,713)
At December 31, 2012	B	348,175	-	348,175
PAST SERVICE COSTS NOT RECOGNIZED				
At January 1, 2012		4,031	(912)	3,119
Total period costs:		(577)	254	(323)
• Curtailment and settlement		-	-	-
• Past service costs		(577)	254	(323)
Past service costs not recognized		61	-	61
Exchange differences		(5)	10	5
At December 31, 2012	C	3,510	(648)	2,862
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2012	D = A - B - C	165,845	108,432	274,277
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2011		112,918	88,511	201,429

19-2 Funded/unfunded obligations

(in thousand euros)

	NOTES	PENSION	OTHER BENEFITS	TOTAL
At December 31, 2012				
Fair value of funded obligations		468,102	-	468,102
Fair value of plan assets		(348,175)	-	(348,175)
Excedent of obligation over assets		119,927	-	119,927
Fair value of unfunded obligations		49,428	107,784	157,212
Past service costs not recognized		(3,510)	648	(2,862)
Net Value in the balance sheet		165,845	108,432	274,277
- Asset	13			329
- Liability				274,606

(in thousand euros)

	PENSION	OTHER BENEFITS	TOTAL
At December 31, 2011			
Fair value of funded obligations	391,379	-	391,379
Fair value of plan assets	(318,747)	-	(318,747)
Excedent of obligation over assets	72,632	-	72,632
Fair value of unfunded obligations	44,317	87,599	131,916
Past service costs not recognized	(4,031)	912	(3,119)
Net Value in the balance sheet	112,918	88,511	201,429
- Asset			1,587
- Liability			203,016

Evolution over five years

(in thousand euros)

	2008	2009	2010	2011	2012
Fair value of funded obligations	249,587	291,508	332,869	391,379	468,102
Fair value of plan assets	(181,951)	(233,729)	(281,651)	(318,747)	(348,175)
Excedent of obligation over assets	67,636	57,779	51,218	72,632	119,927
Fair value of unfunded obligations	83,891	96,265	114,926	131,916	157,212
Past service costs not recognized	(1,718)	(2,265)	(3,390)	(3,119)	(2,862)
Net Value in the balance sheet	149,809	151,779	162,754	201,429	274,277
- Asset	753	1,870	4,126	1,587	329
- Liability	150,562	153,649	166,881	203,016	274,606

Change in the net debt over 5 years

<i>(in thousand euros)</i>	NOTES	2008	2009	2010	2011	2012
Net value of employee benefits in the balance sheet at January 1		102,233	149,809	151,779	162,754	201,429
Period costs booked to income statement	19-3	13,166	26,832	16,740	9,616	17,813
Actuarial differences booked to equity	19-4/OCI	70,220	139	11,237	56,982	78,701
Payments related to employee benefits	19-1/CF	(34,073)	(25,264)	(25,081)	(30,469)	(19,499)
Acquisition of subsidiary	19-1	-	1,819	-	-	-
Transfer to short term liability	19-1	-	-	768	-	-
Exchange difference	19-1	(1,737)	(1,556)	7,311	2,546	(4,166)
Net value of employee benefits in the balance sheet at December 31		149,809	151,779	162,754	201,429	274,277
CHANGE IN THE BALANCE SHEET NET VALUE		47,576	1,970	10,975	38,675	72,848

OCI: See statement of comprehensive income.

CF: See consolidated cash flow statement.

19-3 Period costs

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Service costs	9,754	10,191	12,534
Interest costs	24,318	22,791	23,908
Return on assets	(18,110)	(18,180)	(19,704)
Curtailement and settlement	376	(5,546)	(333)
Past service costs	402	360	1,408
TOTAL PERIOD COSTS	16,740	9,616	17,813

During 2011, in the context of APP integration plan in the USA, retirement benefits for BIC Graphic employees have been aligned to Norwood USA level of benefits. This positive impact, partly offset by compensation granted to the BIC Graphic employees, has been booked in "Other income and expenses".

19-4 Additional information

Follow up by nature of actuarial gain and loss recognized to equity:

<i>(in thousand euros)</i>	ACTUARIAL DIFFERENCE RESULTING FROM DBO ^(a) - PENSION	ACTUARIAL DIFFERENCE RESULTING FROM DBO ^(a) - OTHER BENEFITS	ACTUARIAL DIFFERENCE RESULTING FROM ASSET - PENSION	TOTAL
At January 1, 2012				
Discount rate	(63,415)	(16,400)	(61)	(79,876)
Experience	(18,593)	1,902	(12,497)	(29,188)
Other assumptions	(23,476)	(5,440)	718	(28,198)
TOTAL	(105,484)	(19,938)	(11,840)	(137,262)
Change during the period (excluding foreign exchange impact)				
Discount rate	(56,804)	(10,732)	222	(67,314)
Experience	3,103	(1,170)	18,452	20,385
Other assumptions	(23,656)	(8,116)	-	(31,772)
TOTAL	(77,357)	(20,018)	18,674	(78,701)
Exchange impact				
Discount rate	2,517	697	(5)	3,209
Experience	348	(35)	(350)	(37)
Other assumptions	258	151	4	413
Total	3,123	813	(351)	3,585
AT DECEMBER 31, 2012				
Discount rate	(117,702)	(26,435)	156	(143,981)
Experience	(15,142)	697	5,605	(8,840)
Other assumptions	(46,874)	(13,405)	722	(59,557)
TOTAL	(179,718)	(39,143)	6,483	(212,378)

(a) Defined Benefit Operation.

The actuarial loss of the period shown on the line "Other assumptions" mainly relates to a change in the mortality table in the United States.

Nature of plan assets:

<i>(in thousand euros)</i>	AT DECEMBER 31, 2011		AT DECEMBER 31, 2012	
Equity	139,453	43.8%	154,095	44.3%
Bond and other fixed income	174,666	54.8%	188,495	54.1%
Monetary	1,944	0.6%	2,587	0.7%
Other	2,684	0.8%	2,998	0.9%
TOTAL	318,747	100.0%	348,175	100.0%

19-5 Actuarial hypothesis 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 were adjusted according to the actual interest rate and the mortality table. Below are assumptions for plans representing our main obligations.

AT DECEMBER 31, 2012	UNITED STATES	UNITED KINGDOM	FRANCE
Discount rate for obligation calculation	4.01%	4.30%	3.00%
Expected return on plan assets for the period	7.00%	5.00%	3.75%
Expected rate of salary increases	4.00%	N/A	3.00%

AT DECEMBER 31, 2011	UNITED STATES	UNITED KINGDOM	FRANCE
Discount rate for obligation calculation	4.64%	4.80%	4.50%
Expected return on plan assets for the period	7.25%	6.42%	3.75%
Expected rate of salary increases	4.00%	N/A	3.00%

The discount rates for our U.S. and UK retirement programs were developed using the Mercer Pension Discount Yield Curve which is built from the yields of high quality (AA) corporate bonds. For our other international plans, the discount rates are set by benchmarking against investment grade corporate bonds rated AA or better.

Discount rate for French obligation is based on IBOXX AA 10+ index.

The rate shown for the U.S is for the main plan, each U.S. plan being valued with a specific discount rate (from 1.89% to 4.14%).

Sensitivity of the obligation to a change in discount rate

According to the Group's estimates, a +/-1% change in the discount rate for these three countries would result in a change of respectively -13.3% and +17.0% in the obligations. This change would not fully impact the Group net liability on employee benefits as a change in plan assets fair value may partly offset the impact.

19-6 Information by geography

AT DECEMBER 31, 2012 <i>(in thousand euros)</i>	OBLIGATION		PLAN ASSET		NET LIABILITY	
Europe	105,224	16.8%	50,248	14.4%	51,843	18.9%
North America	510,217	81.6%	295,897	85.0%	214,601	78.2%
Other countries	9,873	1.6%	2,030	0.6%	7,833	2.9%
TOTAL	625,314	100%	348,175	100%	274,277	100%

AT DECEMBER 31, 2011 <i>(in thousand euros)</i>	OBLIGATION		PLAN ASSET		NET LIABILITY	
Europe	89,132	17.0%	46,226	14.5%	39,433	19.6%
North America	425,989	81.4%	270,774	84.9%	155,581	77.2%
Other countries	8,174	1.6%	1,748	0.6%	6,415	3.2%
TOTAL	523,295	100%	318,747	100%	201,429	100%

For plans located in North America and Europe (mainly United Kingdom), plan assets levels as of December 31, 2012 are in agreement with minimum funding obligations, legally or contractually defined.

NOTE 20 OTHER CURRENT LIABILITIES

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Social liabilities	82,036	83,717	85,455
Other tax liabilities	12,455	13,522	13,357
Other current liabilities	83,439	88,247	94,385
OTHER CURRENT LIABILITIES	177,930	185,486	193,197

NOTE 21 DIVIDENDS

For the year 2011, an ordinary dividend of 2.20 euros per share and a special dividend of 1.80 euro per share have been distributed to the Shareholders on May 24, 2012.

For the year 2010, the Shareholders received an ordinary dividend of 1.90 euro per share on May 25, 2011.

NOTE 22 EXPOSURE TO MARKET RISKS

22-1 Counterpart risk

All financial instruments are set up with top-ranking banking institutions, making counterparty risk very low.

The minimum Long Term Standard & Poor's rating of main banking counterparties is A-, the rating range being from AA- to A-.

Counterparty risk (both depositary and conservators) of cash investment decisions is strictly studied. The main part of the portfolio as of December 31, 2012 is on investment grade rated supports.

Counterparty risk is estimated not significant as of December 31, 2012.

22-2 Foreign exchange risk

See Note 24.

22-3 Interest rates

See Note 24.

22-4 Liquidity risks

BIC Group manages its equity in order to keep a cash position positive and available, in order 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 a secure policy guideline, that aims for capital security and liquidity.

The excess cash is mainly invested in monetary mutual funds, deposit 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 monetary funds qualified as "dynamics", with a recommended holding period that can be 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.

No fund held on December 31, 2012 is based on a mono-strategy on credit risk. The most important mutual fund line in the portfolio on the part cash and cash equivalents at year end represents 34.1% of the total assets under management.

As of December 31, 2012, the portfolio structure is made of an asset made up of 77.8% of "monetary mutual funds with daily liquidity" and 22.2% of products such as short term deposits (less than 3 months).

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Cash equivalents: mutual funds	193,891	128,195	128,049
Cash	177,300	172,538	159,267
CASH AND CASH EQUIVALENTS, BANK OVERDRAFTS EXCLUDED	371,191	300,733	287,316

22-5 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 counterparties and customers.

Trade and other receivables comprise:

- gross amounts receivable for the sale of goods as well as other receivables, mainly related to VAT credit. 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 approximates to their fair value. Receivables past due but not impaired are not significant at Group level as of December 31, 2012.

Maximum exposure to credit risk corresponds to the net booked value of financial assets in the balance sheet, including derivatives with positive market value (see table below):

<i>(in thousand euros)</i>	NOTE	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Gross receivables				
• Not yet due or past due for less than 60 days		370,521	384,707	400,755
• Past due for 60 to 90 days		5,322	5,529	7,630
• Past due for 90 to 120 days		3,559	3,826	5,700
• Past due for more than 120 days		5,968	6,317	6,079
Total gross receivables		385,370	400,379	420,164
Doubtful		11,656	16,322	14,782
TOTAL BEFORE ALLOWANCE		397,026	416,701	434,946
Allowance on receivables		(22,224)	(22,808)	(23,489)
Other receivables		14,511	23,035	34,683
TRADE AND OTHER RECEIVABLES – NET	15	389,314	416,928	446,140

22-6 Fair value of financial assets and liabilities

Accounting categories and fair value of financial instruments

AT DECEMBER 31, 2012

BREAKDOWN BY CATEGORY OF INSTRUMENTS

(in thousand euros)

BALANCE SHEET ITEMS	NOTE	BALANCE SHEET VALUE	FAIR VALUE	AT FAIR VALUE THROUGH THE INCOME STATEMENT	DERIVATIVES – HEDGING ACCOUNTING	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES (INCLUDING CASH)	AVAILABLE FOR SALE	AT AMORTIZED COST
Financial assets		800,624	800,620	177,625	7,535	10,010	605,407	47	-
Non current									
• Derivatives financial instruments	24	625	625	-	625	-	-	-	-
• Other investments		47	47	-	-	-	-	47	-
Current									
• Trade and other receivables	15	446,140	446,140	-	-	-	446,140	-	-
• Derivative financial instruments	24	6,910	6,910	-	6,910	-	-	-	-
• Other current financial assets		59,587	59,583	49,577	-	10,010	-	-	-
• Cash and cash equivalent		287,316	287,316	128,048	-	-	159,267	-	-
Financial liabilities		126,110	126,110	-	1,552	-	-	-	124,558
Non current									
• Non current borrowings	17	1,470	1,470	-	-	-	-	-	1,470
• Derivatives -Hedging contracts	24	41	41	-	41	-	-	-	-
Current									
• Current borrowings	17	10,955	10,955	-	-	-	-	-	10,955
• Other derivative instruments	24	1,511	1,511	-	1,511	-	-	-	-
• Trade and other payables	15	112,133	112,133	-	-	-	-	-	112,133

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 fair value except for marketable securities whose carrying values used

are determined based on the last known net asset values as of December 31, 2012.

- Derivative financial instruments:

Market values have been calculated on the basis of internal last known closing prices as of December 31, 2012. They are consistent with valuation reports provided by financial institutions.

AT DECEMBER 31, 2011

(in thousand euros)

BREAKDOWN BY CATEGORY OF INSTRUMENTS

BALANCE SHEET ITEMS	NOTE	BALANCE SHEET VALUE	FAIR VALUE	AT FAIR VALUE THROUGH THE INCOME STATEMENT	DERIVATIVES – HEDGING ACCOUNTING	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES (INCLUDING CASH)	AVAILABLE FOR SALE	AT AMORTIZED COST
Financial assets		758,083	758,086	152,453	1,159	14,965	589,466	39	-
Non current									
• Derivatives financial instruments	24	223	223	-	223	-	-	-	-
• Other investments		39	39	-	-	-	-	39	-
Current									
• Trade and other receivables	15	416,928	416,928	-	-	-	416,928	-	-
• Derivative financial instruments	24	937	937	-	937	-	-	-	-
• Other current financial assets		39,223	39,226	24,258	-	14,965	-	-	-
• Cash and cash equivalent		300,733	300,733	128,195	-	-	172,538	-	-
Financial liabilities		128,306	128,306	-	7,196	-	-	-	121,110
Non current									
• Non current borrowings	17	1,584	1,584	-	-	-	-	-	1,584
• Derivatives -Hedging contracts	24	82	82	-	82	-	-	-	-
Current									
• Current borrowings	17	8,761	8,761	-	-	-	-	-	8,761
• Other derivative instruments	24	7,114	7,114	-	7,114	-	-	-	-
• Trade and other payables	15	110,765	110,765	-	-	-	-	-	110,765

Valuation method at fair value

Above financial instruments valued at fair value are classified into levels as follows:

- level 1 (quoted prices (unadjusted) in active markets): monetary mutual funds and other financial current assets;
- level 2 (inputs observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices)): derivatives – hedging accounting;
- level 3 (inputs for the asset or liability that are not based on observable market data): no such instrument hold as of December 31, 2012.

(in thousand euros)

FINANCIAL ASSETS AND LIABILITIES	DEC. 31, 2011				DEC. 31, 2012			
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
At fair value through the income statement	152,453	152,453	-	-	177,625	177,625	-	-
Derivative financial instruments – Assets	1,159	-	1,159	-	7,535	-	7,535	-
Derivative financial instruments – Liabilities	7,196	-	7,196	-	1,552	-	1,552	-

22-7 Net income per category

Following net income related to financial assets and liabilities have been booked in the income statement:

AT DECEMBER 31, 2012

(in thousand euros)

TYPE OF IMPACT	TOTAL	BREAKDOWN BY CATEGORY OF INSTRUMENTS					
		AT FAIR VALUE THROUGH THE INCOME STATEMENT	DERIVATIVES – HEDGING ACCOUNTING ^(a)	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES (INCLUDING CASH)	AVAILABLE FOR SALE	AT AMORTIZED COST
Income/(expense) interests	9,440	7,128	-	-	5,361	-	(3,049)
Revaluation at fair value	(8,975)	-	(8,975)	-	-	-	-
Translation	(9,239)	-	-	-	(9,748)	-	510
Net depreciation	(680)	-	-	-	(680)	-	-
TOTAL	(9,455)	7,128	(8,975)	-	(5,068)	-	(2,539)

(a) Including 1,904 thousand euros transferred from equity to operating income.

AT DECEMBER 31, 2011

(in thousand euros)

TYPE OF IMPACT	TOTAL	BREAKDOWN BY CATEGORY OF INSTRUMENTS					
		AT FAIR VALUE THROUGH THE INCOME STATEMENT	DERIVATIVES – HEDGING ACCOUNTING ^(a)	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES (INCLUDING CASH)	AVAILABLE FOR SALE	AT AMORTIZED COST
Income/(expense) interests	7,209	4,315	-	-	6,287	-	(3,393)
Revaluation at fair value	(1,301)	-	(1,301)	-	-	-	-
Translation	6,628	-	-	-	8,227	-	(1,599)
Net depreciation	(584)	-	-	-	(584)	-	-
TOTAL	11,952	4,315	(1,301)	-	13,930	-	(4,993)

(a) Including 2,269 thousand euros transferred from equity to operating income.

NOTE 23 SHARE BASED PAYMENTS

23-1 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 has decided in 2011 not to award stock options anymore and set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company

(eligible) received three-year performance-based free share grants. To replace the stock option programs rewarding staff selected by Management and key contributors of the year, free share grants without performance condition will be awarded.

Breakdown by plan	PLAN N° 6	PLAN N° 7	PLAN N° 8	PLAN N° 9	PLAN N° 10	PLAN N° 11	PLAN N° 12	PLAN N° 13
Annual Shareholders' Meeting date	May 28, 2003	May 28, 2003	May 28, 2003	May 24, 2006	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 17, 2003	Dec. 15, 2004	Dec. 14, 2005	Dec. 13, 2006	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	555	563	575	567	633	613	602	643
Number of shares available for subscription	377,550	370,450	427,850	398,500	440,500	371,400	360,000	382,950
Date from which options may be exercised	Dec. 18, 2006	Dec. 16, 2007	Dec. 15, 2008	Dec. 14, 2009	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiration date	Dec. 16, 2013	Dec. 14, 2014	Dec. 13, 2015	Dec. 12, 2014	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price (in euros) ^(a)	36.96	36.76	50.01	52.35	49.62	40.18	47.99	63.71
Number of options exercised as of December 31, 2012	293,482	275,402	290,800	283,730	314,249	240,000	44,391	-
Number of void options as of December 31, 2012	66,250	71,450	77,400	56,800	39,300	29,300	28,800	23,900
Number of remaining options as of December 31, 2012	17,818	23,598	59,650	57,970	86,951	102,100	286,809	359,050

(a) No discount on the exercise price.

The plans n° 3, n° 4 et n° 5 (subscription plans) respectively expired on December 17, 2010, December 12, 2011 and December 9, 2012.

Estimated fair value of options granted and impact on the income statement as of December 31, 2012

PLAN – AWARD DATE	PLANS' UNIT FAIR VALUE – BINOMIAL MODEL (in euros)		EXPENSE BOOKED IN INCOME STATEMENT (in thousand euros)		
	FRENCH BENEFICIARIES	OTHER BENEFICIARIES	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Plan n° 10 – 2007	11.67	11.27	1,526	-	-
Plan n° 11 – 2008	11.76	11.38	1,342	1,149	173
Plan n° 12 – 2009	11.32	11.07	1,210	1,210	1,215
Plan n° 13 – 2010	15.71	15.36	72	1,775	1,786
TOTAL			4,150	4,134	3,174

Assumptions for fair value calculation of share options plans according to binomial model:

	PLAN N° 10	PLAN N° 11	PLAN N° 12	PLAN N° 13
Expected volatility	25.00%	29.00%	26.00%	26.00%
Free risk rate	4.16%	3.56%	2.95%	3.31%
Expected dividend yield	2.50%	2.50%	2.75%	2.9%
Expected life in years ^(a)	6.29 & 5.89	6.18 & 5.70	6.36 & 5.94	6.32 & 5.87

(a) First figure is for French tax residents, second figure for foreign tax residents.

23-2 Free, performance-based share allocations

From 2005, exercising the power placed at its disposal by successive Annual Shareholders' Meetings, the Board of Directors resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of three-year performance-based free shared grants.

For plans number 1 to 5, shares are granted either by SOCIÉTÉ BIC or BIC CORPORATION. Shares granted by SOCIÉTÉ BIC are delivered to the beneficiaries at the definitive grant date.

For U.S. tax reasons, the shares granted by BIC CORPORATION will only be delivered at the conclusion of a three-year period following the definitive grant date. As a compensation for dividends not received

between the conclusion of the acquisition period and the real date of delivery, additional shares will be delivered at that time.

For plans number 6, 7 and 8, shares are only granted by SOCIÉTÉ BIC. For French beneficiaries, shares are delivered at the definitive grant date.

For foreign beneficiaries, shares are delivered at the conclusion of a three year period following the definitive grant date. As a compensation for dividends not received between the conclusion of the acquisition period and the real date of delivery, additional shares are delivered at that time.

	PLAN N° 1		PLAN N° 2		PLAN N° 3		PLAN N° 4		PLAN N° 5		PLAN N° 6		PLAN N° 7		PLAN N° 8	
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	
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	
Grant	M	S	M	S	M	S	M	S	M	S	M	M	M			
Number of beneficiaries	12	11	12	11	9	8	11	10	17	16	27	28	535			
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			
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			
Number of free share grants definitively acquired at December 31, 2012	20,405	1,162	15,741	-	31,443	-	37,550	-	57,500	-	-	-	-			
Which number of shares transferred to beneficiaries by:																
• SOCIÉTÉ BIC	7,420	498	5,724	-	7,473	-	9,950	-	25,250	-	-	-	-			
• BIC CORPORATION	12,985	664	10,017	-	23,970	-	27,600	-	32,250	-	N/A	N/A	N/A			
Delivery date of the shares by:																
• SOCIÉTÉ BIC	May 19, 2008	May 19, 2012	Mar. 14, 2009	Mar. 14, 2013	Mar. 13, 2010	Mar. 13, 2014	Mar. 11, 2011	Mar. 11, 2015	Mar. 10, 2012	Mar. 10, 2016						
• French beneficiaries											Mar. 16, 2013	Mar. 15, 2014	Mar. 14, 2015			
• Foreign beneficiaries											Mar. 16, 2016	Mar. 15, 2017	Mar. 14, 2018			
• 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			
Shares delivered by BIC CORPORATION as a compensation for dividends not received	1,645	-	1,127	-	-	-	-	-	-	-	-	-	-			
Shares to be delivered by BIC CORPORATION as a compensation for dividends not received	-	-	-	-	3,148	-	2,304	-	1,681	-	-	-	-			
Total number of void free share grants as of December 31, 2012 ^(a)	11,395	1,456	16,059	1,978	2,007	1,248	-	1,208	-	389	-	10,625	4,780			
Total number of free share grants still under acquisition period as of December 31, 2012	-	-	-	640	-	1,104	-	1,436	-	2,254	83,475	77,025	155,160			

(a) Those free share grants are void due to beneficiaries leaving the Company or to all performance conditions not achieved.

M = Main

S = Secondary

Estimated fair value of shares granted and impact on the income statement:

GRANT PLAN	PLANS' UNIT FAIR VALUE – BINOMIAL MODEL (in euros)		EXPENSE/(INCOME) BOOKED IN INCOME STATEMENT (in thousand euros)		
	MAIN GRANT	SECONDARY GRANT	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
May. 19, 2005	40.51	38.00	3	1	2
Dec. 14, 2005	48.09	45.10	(5)	2	(6)
Dec. 13, 2006	50.67	46.77	356	11	(11)
Dec. 11, 2007	44.99	40.71	846	12	(6)
Feb. 10, 2009	36.10	32.34	865	704	88
Feb. 16, 2010	47.17	N/A	1,138	1,313	1,312
Feb. 15, 2011	58.83	N/A	-	1,443	1,308
Feb. 14, 2012	64.81	N/A	-	-	2,552
Dividend equivalents			15	12	4
TOTAL			3,218	3,498	5,243

23-3 Free, without performance-based share grants allocations

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 condition, to replace the stock option programs rewarding staff selected by Management and key contributors of the year.

For the plan n°F1, the shares are delivered by SOCIÉTÉ BIC at the definitive grant date, whether the beneficiaries are French or Foreigners.

	PLAN N° F1
Annual Shareholders' Meeting date	May 12, 2010
Board of Directors' Meeting date	Feb. 14, 2012
Number of beneficiaries	222
Number of free shares granted	20,050
Definitive grant date	Mar. 14, 2016
Number of free share grants definitively acquired at December 31, 2012	-
Total number of void free share grants as of December 31, 2012 ^(a)	700
Total number of free share grants still under acquisition period as of December 31, 2012	19,350

(a) Those 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, 2010	DEC. 31, 2011	DEC. 31, 2012
Feb. 14, 2012	62.90	-	-	226
TOTAL		-	-	226

NOTE 24 FINANCIAL INSTRUMENTS

24-1 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.

According to the fluctuation of the foreign exchange market, Group Treasury can speed up the hedging pace in order to benefit from favourable trends or slow 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.

24-2 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 monetary mutual funds 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 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.

24-3 Interest rate risk

As of December 31, 2012 BIC Group has no significant debt neither related hedging instrument.

The exposure to interest rate fluctuations on borrowings is very limited. All the 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 time scale to require any relevant hedging.

24-4 Impact of interest rate and foreign exchange risks' hedging on consolidated financial statements as of December 31, 2012

The following amounts have been booked as the fair value of derivatives at the end of December 2012 (in thousand euros):

DERIVATIVE ITEMS AND REVALUATION	HEDGE QUALIFICATION/ HEDGED RISK	FINANCIAL NET INCOME/ (EXPENSE) BEFORE TAX ^(a) – NOTE 6	OTHER COMPREHENSIVE INCOME BEFORE TAX ^(a)	HEDGE CURRENT ASSETS ^(b)	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES
Hedging revaluation impact							
Commercial flows	Cash flow hedge/ Foreign exchange risk	(1,771)	13,460	6,535	625	(1,511)	(41)
Dividends	Net investment/ Foreign exchange risk	-	-	-	-	-	-
Subtotal (1)		(1,771)	13,460	6,535	625	(1,511)	(41)
Revaluation of cross-currency swaps related to cash positions in foreign currencies	At fair value through P&L/ Foreign exchange risk						
Subtotal (2)		303	-	336	-	-	-
TOTAL 1+2		(1,468)	13,460	6,871	625	(1,511)	(41)

(a) It corresponds to mark-to-market of hedging instruments in the portfolio end of December 2012, restated with the reverse of the mark-to-market of the portfolio of hedging instruments as of December 31, 2011. In addition, BIC subsidiaries with hedge rates have revaluated their account receivables and payables at those rates end of December 2012, impacting the income from operations for -1.8 million euros.

(b) In addition, SOCIÉTÉ BIC has options not yet exercised representing a current asset of 39 thousand euros.

24-5 Impact of interest rate and foreign exchange risks' hedging on consolidated financial statements as of December 31, 2011

The following amounts have been booked as the fair value of derivatives at the end of December 2011 (in thousand euros):

DERIVATIVE ITEMS AND REVALUATION	HEDGE QUALIFICATION/ HEDGED RISK	FINANCIAL NET INCOME/ (EXPENSE) BEFORE TAX ^(a) – NOTE 6	OTHER COMPREHENSIVE INCOME BEFORE TAX ^(a)	CURRENT ASSETS ^(b)	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES
Hedging revaluation impact – excluding Cello and Norwood acquisition financing							
Commercial flows	Cash flow hedge/ Foreign exchange risk	2,693	(11,472)	893	223	(7,114)	(82)
Dividends	Net investment/ Foreign exchange risk	-	57	-	-	-	-
Subtotal (1)		2,693	(11,415)	893	223	(7,114)	(82)
Revaluation of cross-currency swaps related to cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk						
Subtotal (2)		1,514	-	33	-	-	-
Impact of Norwood acquisition financing							
Norwood – Reversal of December 2010 swap hedging exposure of the intercompany loan in USD (c)	At fair value through P&L/Foreign exchange risk	914	-	-	-	-	-
Subtotal (3)		914	-	-	-	-	-
TOTAL 1+2+3		5,121	(11,415)	926	223	(7,114)	(82)

(a) It corresponded to mark-to-market of hedging instruments in the portfolio end of December 2011, restated with the reverse of the mark-to-market of the portfolio of hedging instruments as of December 31, 2010. In addition, BIC subsidiaries with hedge rates had revaluated their account receivables and payables at those rates end of December 2011, impacting the income from operations for 2.3 million euros.

(b) In addition, SOCIÉTÉ BIC had options not yet exercised representing a current asset of 11 thousand euros.

(c) In 2010, SOCIÉTÉ BIC had internally replicated the loan it had with the banks. This intercompany loan in U.S. dollars was not yet repaid as of December 31, 2010 and a EUR/USD swap had been implemented. At the end of December 2011, the swap had been settled and this intercompany loan had been restructured for BIC CORPORATION financing needs for the Norwood USA acquisition.

24-6 Portfolio of foreign exchange risks hedge as of December 31, 2012

In addition, in relation to its annual exposure, BIC had the following hedges as of December 31, 2012:

MATURITY	HEDGE	FORWARD	CURRENCY	OPTIONS	CURRENCY
2013	USD/EUR	312,329,000	USD		
	USD/CAD	41,000,000	USD		
	USD/AUD	6,500,000	USD		
	GBP/EUR	18,000,000	GBP		
	AUD/EUR	27,190,947	AUD		
	AUD/NZD	1,370,000	AUD		
	CHF/EUR	6,000,000	CHF		
	EUR/MXN	5,886,375	EUR		
	JPY/EUR	1,300,000,000	JPY		
	JPY/NZD	32,500,000	JPY		
	CAD/EUR	11,700,000	CAD		
	NZD/EUR	7,064,889	NZD		
	PLN/EUR	36,434,203	PLN		
	RON/EUR	19,000,000	RON		
	SEK/EUR	24,600,000	SEK		
	USD/JPY	7,300,000	USD	4,500,000	USD
	USD/NZD	887,500	USD		
	EUR/ZAR	2,000,000	EUR		
	2014	AUD/EUR	1,000,000	AUD	17,000,000
CAD/EUR				3,000,000	CAD
CHF/EUR		2,000,000	CHF		
GBP/EUR		1,000,000	GBP		
JPY/EUR		200,000,000	JPY	500,000,000	JPY
NZD/EUR		500,000	NZD	2,000,000	NZD
USD/CAD		5,000,000	USD		
USD/JPY		3,000,000	USD		
2015	CHF/EUR	2,000,000	CHF		

As of December 31, 2012, the main significant exchange exposure relates to EUR/USD for 312 million U.S. dollars. This exposure is 100% hedged as of December 31, 2012 and related cash flows will occur in 2013.

Net income and equity sensitivity to a variance of +/-1% EUR/USD on balance sheet items as of December 31, 2012, as defined in IFRS 7, is not considered as significant for the Group.

As of December 31, 2011, the main significant exchange exposure related to EUR/USD for 280 million U.S. dollars. This exposure was 94% hedged as of December 31, 2011 and related cash flows occurred in 2012.

24-7 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, 2012, for the main non-current items:

<i>(in thousand euros)</i>	TOTAL	EUR	TRANSLATED FROM USD	TRANSLATED FROM BRL	TRANSLATED FROM MXN	OTHERS
Property, plant and equipment	398,040	243,637	61,961	32,661	33,564	26,217
Net goodwill	208,806	77,541	110,696	10,665	-	9,904
Cash and cash equivalent (excluding bank overdrafts)	287,316	151,138	39,368	57,245	11,357	28,208
Employee benefits obligation	(274,606)	(26,195)	(211,070)	-	(3,908)	(33,433)

NOTE 25 RELATED PARTIES

According to IAS 24 requirements, BIC Group has considered the following related parties:

- all consolidated subsidiaries and entities integrated through equity method (see Note 30);
- all members of the Board of Directors (see *Corporate Governance – §3.4. Mandates of the Directors and the Corporate officers as of December 31, 2012*) 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.

25-1 Consolidated subsidiaries and entities integrated through equity method

Transactions between the parent company and its subsidiaries as well as transactions between subsidiaries are eliminated through the consolidation process.

Transactions between the parent company and equity investments were not significant in 2012.

25-2 Members of the Board of Directors and of the Leadership Team

All transactions concluded in 2012 with members of the Board of Directors and members of the Leadership Team are as follows:

<i>(in thousand euros)</i>	EXPENSES	NET AMOUNT IN BALANCE SHEET
Short-term employee benefits	8,082	177
Post-employment benefits	2,576	31,992
Other long-term benefits	-	-
Termination benefits	1,517	-
Share based payments	3,507	-
TOTAL OF TRANSACTIONS	15,682	32,169

Directors' fees are not included in the table above and are disclosed in *Corporate Governance – §3.3.1.3. Directors' fees*.

25-3 Companies in which a member of the Board of Directors or of the Leadership Team has a significant voting right

As of December 31, 2012, we did not identify such related parties.

NOTE 26 OFF-BALANCE SHEET ITEMS

The following schedule summarizes the off-balance sheet assets and guarantees for the Group. All significant items are disclosed in this schedule. No other security for assets or registered shares is to be reported.

26-1 Guarantees issued

Nothing to report.

26-2 Guarantees received

<i>(in thousand euros)</i>	FALL DUE			DEC. 31, 2012	DEC. 31, 2011	DEC. 31, 2010
	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS			
Securities for credit lines	1,097	2,022	-	3,119	1,956	6,642
Trade guarantees	-	410	-	410	308	1,797
Lease guarantees	-	783	211	994	994	994
Endorsements and guarantees	211	-	136	347	1,847	347
Other guarantees	-	-	315	315	614	771
TOTAL	1,308	3,215	662	5,184	5,718	10,551

As of December 31, 2012, the securities for credit line mainly relate to the Group's subsidiaries in South Korea, Turkey and Singapore for 2.5 million euros.

As of December 31, 2011, the securities for credit lines were mainly related to the Group's subsidiaries in South Korea and Singapore for 1.6 million euros.

The endorsements and guarantees related to environment liabilities in Greece for 1.5 million euros.

NOTE 27 OBLIGATIONS UNDER FINANCIAL LEASES

Finance leases represent a non significant portion of the Group's property, plant and equipment (less than 1%).

The fair value of the Group's lease obligations approximates to their carrying amount.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

NOTE 28 CONTINGENT LIABILITIES

As of December 31, 2012, neither SOCIÉTÉ BIC nor its other subsidiaries have any significant pending litigation, claims or disputes which, in the opinion of management, after consultation with their advisors, would have a material adverse impact on the consolidated financial statements.

NOTE 29 OPERATING LEASE ARRANGEMENTS

29-1 The BIC Group as lessee

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Rentals under operating leases recognized as an expense in the year	7,272	8,201	7,370

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, 2010	DEC. 31, 2011	DEC. 31, 2012
Within one year	5,895	7,139	7,457
In the second to fifth year inclusive	12,284	12,168	13,901
After five years	929	5,862	534
TOTAL	19,108	25,169	21,892

Operating lease rentals are primarily linked to office properties.

29-2 The BIC Group as lessor

See Note 9-3 on investment property.

NOTE 30 CONSOLIDATED SUBSIDIARIES

The main operating companies at December 31, 2012, 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%	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 SAS	Velars-sur-Ouche	BIC Clichy SAS	100.0%	Manufacturing of consumer products
BIC Technologies SA (EX SO.BI.TU)	Clichy	BIC Clichy SAS	99.9%	Manufacturing of consumer products
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

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	MAIN SHAREHOLDERS	PROPORTION OF OWNERSHIP INTEREST (DIRECT OR INDIRECT)	PRINCIPAL ACTIVITY
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 equipment
Voiles Gateff SAS	La Garde	BIC Clichy SAS	90.0%	Manufacturing and distribution of consumer products
SI Valiton Gesnouin SASU	Clichy	BIC Clichy SAS	100.0%	Real estate
SI BIC Clichy SASU	Clichy	BIC Clichy SAS	100.0%	Real estate
Stypen SASU	Clichy/Montévrain	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
EUROPE				
BIC Deutschland GmbH & Co. OHG	Germany	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Erzeugnisse GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC Verwaltungs GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC (Austria) Vertriebsgesellschaft mbH	Austria	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Belgium SPRL	Belgium	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Iberia SA	Spain	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
BIC Graphic Europe SA	Spain	BIC Iberia SA	100.0%	Manufacturing and distribution of consumer products
Norwood Promotional Products Europe S.L.U.	Spain	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Violex SA	Greece	BIC Clichy SAS 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
BIC Italia Spa	Italy	BIC Clichy SAS	100.0%	Distribution of consumer products
Norwood Promotional Products Italia SPA	Italy	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Netherlands BV	Netherlands	BIC Clichy SAS	100.0%	Distribution of consumer products
Norwood Promotional Products Nederland BV	Netherlands	BIC Graphic Europe SA	100.0%	Distribution of consumer products
JOMO Holding B.V	Netherlands	BIC UK Ltd.	98.0%	Holding company
BIC Polska SP ZOO	Poland	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Portugal SA	Portugal	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Romania) Marketing & Distribution SRL	Romania	BIC Clichy SAS	100.0%	Distribution of consumer products

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	MAIN SHAREHOLDERS	PROPORTION OF OWNERSHIP INTEREST (DIRECT OR INDIRECT)	PRINCIPAL ACTIVITY
BIC UK Ltd.	United Kingdom	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Slovakia SRO	Slovakia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Sheaffer Slovakia SRO	Slovakia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC CIS ZAO	Russia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Nordic AB	Sweden	BIC Clichy SAS	100.0%	Distribution of consumer products
SOCIÉTÉ BIC (Suisse) SA	Switzerland	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Pazarlama Ltd. Sti.	Turkey	SOCIÉTÉ BIC SA BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Ukraine	Ukraine	BIC Clichy SAS	100.0%	Distribution of consumer products
NORTH AMERICA				
BIC Inc.	Canada	BIC CORPORATION	100.0%	Distribution of consumer products
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
Norwood Promotional Products LLC	United States	BIC USA Inc.	100.0%	Distribution of consumer products
Sheaffer Manufacturing LLC	United States	BIC USA Inc.	100.0%	Manufacturing and distribution of consumer products
BIC Sport North America Inc.	United States	BIC Sport SASU	100.0%	Manufacturing and distribution of consumer products
Wite out Products Inc.	United States	BIC CORPORATION	100.0%	Manufacturing and distribution of consumer products
Furtuna Holding Co. Ltd.	British Virgin Islands	BIC CORPORATION	100.0%	Holding company
Xenia Insurance Co. Ltd.	Bermuda	BIC CORPORATION	100.0%	Insurance coverage company
OCEANIA				
BIC Australia Pty. Ltd.	Australia	BIC Clichy SAS	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 Brasil SA	Brazil	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Graphic Brasil Ltda.	Brazil	BIC Brasil SA BIC Amazonia SA	100.0%	Distribution of consumer products

5 - Financial statements

Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	BIC Brasil SA SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
PIMACO Autoadesivos Ltda.	Brazil	BIC Amazonia SA BIC Brasil SA	100.0%	Manufacturing and distribution of consumer products
BIC Chile SA	Chile	BIC Brasil SA	100.0%	Distribution of consumer products
BIC Colombia SA	Colombia	Nelgor SA BIC Brasil 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 Brasil 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 Industrial de Cuautitlan SA de CV	100.0%	Manufacturing and distribution of consumer products
Industrial de Cuautitlan SA de CV	Mexico	BIC CORPORATION No Sabe Fallar SA de CV	100.0%	Manufacturing and distribution of consumer products
Servicios Administrativos Industrial de Cuautitlan SA de CV	Mexico	Industrial de Cuautitlan SA de CV No Sabe Fallar SA de CV	100.0%	Services
BIC Andina Peru SA	Peru	BIC Clichy SAS SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Uruguay SA	Uruguay	BIC Brasil SA	100.0%	Distribution of consumer products
Nelgor SA	Uruguay	BIC Brasil SA	100.0%	Holding company
BIC de Venezuela CA	Venezuela	BIC Brasil 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 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
PT Buana Inti Cakrawala ("BIC"), liquidated in 2012	Indonesia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Japan KK	Japan	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Product (Malaysia) Sdn. Bhd. (old BIC GBA Sdn. Bhd.)	Malaysia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Singapore) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Asia) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Thailand) Ltd.	Thailand	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	MAIN SHAREHOLDERS	PROPORTION OF OWNERSHIP INTEREST (DIRECT OR INDIRECT)	PRINCIPAL ACTIVITY
MIDDLE-EAST AND AFRICA				
BIC (South Africa) (Pty.) Ltd.	South Africa	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Manufacturing and distribution of consumer products
BIC Holdings Southern Africa (Pty.) Ltd.	South Africa	SOCIÉTÉ BIC SA BIC UK Ltd. JOMO Holding B.V	100.0%	Holding company
BIC Middle East FZ-LLC	Dubai	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Malawi Pty. Ltd.	Malawi	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Distribution of consumer products
BIC Mozambique Ltd.	Mozambique	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Distribution of consumer products
BMT11 SARL	Tunisia	BIC Clichy SAS SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Zambia Ltd.	Zambia	BIC Holdings Southern Africa (Pty.) Ltd.	99.0%	Distribution of consumer products
ENTITIES CONSOLIDATED USING EQUITY METHOD				
INDIA				
Cello Writing Instruments and Containers private Ltd.	India	BIC Clichy SAS	40.0%	Manufacturing and distribution of consumer products
Cello Stationery Products private Ltd.	India	BIC Clichy SAS	40.0%	Manufacturing and distribution of consumer products
Pentek Pen and Stationery private Ltd.	India	BIC Clichy SAS	40.0%	Manufacturing and distribution of consumer products
Cello Plastic Products private Ltd.	India	BIC Clichy SAS	40.0%	Manufacturing of consumer products
Cello Tips and Pens private Ltd.	India	BIC Clichy SAS	40.0%	Manufacturing of consumer products
Cello Pens private Ltd.	India	BIC Clichy SAS	40.0%	Manufacturing and distribution of consumer products

NOTE 31 AUDITOR'S FEES

Joint audit firms' yearly audit fees included in the Group income statement:

	DELOITTE & ASSOCIÉS				GRANT THORNTON			
	AMOUNT (EXCLUDING VAT)		%		AMOUNT (EXCLUDING VAT)		%	
	2011	2012	2011	2012	2011	2012	2011	2012
<i>(in thousand euros)</i>								
Audit								
Statutory audit, certification, review of statutory and consolidated accounts								
• Issuer	378	274	19%	17%	71	107	11%	16%
• Fully consolidated subsidiaries	1,200 ^(a)	962	62%	60%	559	568	89%	84%
Other inspections and services directly linked to the Statutory Auditor's mission								
• Issuer	10	16	1%	1%	-	-	-	-
• Fully consolidated subsidiaries	82	142	4%	9%	-	-	-	-
Subtotal	1,670	1,394	86%	88%	630	675	100%	100%
Other network services for the fully consolidated subsidiaries								
• Legal, tax, labor-related	267 ^(a)	199	14%	12%	-	-	-	-
Subtotal	267	199	14%	12%	-	-	-	-
TOTAL	1,937	1,593	100%	100%	630	675	100%	100%

(a) Includes in 2011 additional non-recurring procedures performed in the United States as part of the integration APP activity.

5.2. Statutory Auditors' report on the consolidated financial statements

→ FOR THE YEAR ENDED DECEMBER 31, 2012

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 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, 2012 on:

- the audit of the accompanying consolidated financial statements of SOCIÉTÉ BIC,
- the justification of our assessments,
- the specific procedures and disclosures required by law.

These consolidated 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 consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2012 and of the results of its operations for the year then ended in accordance with the IFRSs 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 1-6 and 10 to the consolidated financial statements. We examined how these tests were implemented as well as the data and assumptions used. We assessed the reasonableness of these estimates, we reviewed the calculations made by your company and we satisfied ourselves that Note 10 to the consolidated financial statements provides appropriate disclosure.
- Procedures for assessing pension and other employee benefits are set out in Note 1-14 to the consolidated financial statements. These commitments have been evaluated by independent actuaries. Our work consisted in examining the data used and assessing the assumptions used. We have reviewed the calculations performed and we satisfied ourselves that Note 19 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 Group information presented in the management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, February 22, 2013

The Statutory Auditors

Grant Thornton

French Member of Grant Thornton International

Gilles HENGOAT

Deloitte & Associés

Jean-François VIAT

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, 2010	DEC. 31, 2011	DEC. 31, 2012
Net sales	11	531,469	592,597	557,479
Reversal of depreciation and provision, transfer of charges		6,529	5,097	6,448
Other revenues	12	50,276	60,065	60,768
Operating revenues		588,274	657,759	624,695
Purchases of goods and changes in inventories		(324,439)	(353,446)	(353,825)
Purchases of raw materials, other consumables and changes in inventories		(20,303)	(17,372)	(18,418)
Other purchases and external charges		(148,494)	(157,006)	(162,192)
Taxes and similar payments		(2,751)	(3,800)	(3,383)
Payroll costs	13	(2,089)	(1,917)	(4,249)
Depreciations and provisions		(10,906)	(12,294)	(17,455)
Other expenses		(96)	(25)	(133)
Operating expenses		(509,078)	(545,860)	(559,655)
NET OPERATING INCOME		79,196	111,899	65,040
NET FINANCIAL INCOME	14	113,346	145,132	150,389
NON RECURRING INCOME AND EXPENSES	15	(2,817)	(2,187)	(15,944)
Income tax	16 to 18	(21,716)	(38,603)	(25,838)
NET INCOME		168,009	216,241	173,647

2. BALANCE SHEET

Assets

		DEC. 31, 2010	DEC. 31, 2011			DEC. 31, 2012
(in thousand euros)	NOTES	NET	NET	GROSS	DEPREC., AMORT. AND PROVISIONS	NET
Research and development expenses		-	-	3,823	(3,823)	-
Patents and similar rights		16,922	26,837	77,017	(52,075)	24,942
Intangible assets under construction		1,512	2,070	1,315	-	1,315
Intangible assets	3,4	18,434	28,907	82,155	(55,898)	26,257
Land		1,490	1,490	1,550	-	1,550
Buildings		1,353	1,337	15,236	(12,961)	2,275
Industrial and technical plants		1,961	1,827	12,168	(10,300)	1,868
Other tangible assets		3,039	2,995	10,089	(7,147)	2,942
Fixed assets under construction		1,268	1,553	3,954	(2,941)	1,013
Tangible assets	3,4	9,111	9,202	42,997	(33,349)	9,648
Equity Investments	23	837,854	838,343	878,559	(37,191)	841,368
Loans to equity investments	5,6	94,469	981	996	-	996
Other long-term investments	3	25,032	50,877	51,497	-	51,497
Long-term investments		957,355	890,201	931,052	(37,191)	893,861
Non-current assets		984,900	928,310	1,056,204	(126,438)	929,766
Raw materials and supplies		739	826	901	-	901
Work-in-process goods		8	-	646	(646)	-
Consumables		29,793	25,750	26,399	(1,254)	25,145
Inventories		30,540	26,576	27,946	(1,900)	26,046
Advances and prepayments paid		1,436	1,466	2,187	-	2,187
Trade receivables and related accounts	5,6	99,015	110,292	110,750	(3,121)	107,629
Other receivables	5,6	87,886	116,360	178,026	(15,763)	162,263
Short-term Financial investments	7	231,576	165,505	184,737	-	184,737
Cash and cash equivalents		7,819	4,085	3,579	-	3,579
Prepaid expenses	5	826	791	1,196	-	1,196
Unrealized losses from foreign exchange	8	1,097	1,180	1,273	-	1,273
Current assets		460,195	426,255	509,694	(20,784)	488,910
TOTAL ASSETS		1,445,095	1,354,565	1,565,898	(147,222)	1,418,676

Liabilities & Shareholders' equity

<i>(in thousand euros)</i>	BEFORE APPROPRIATION OF EARNINGS			
	NOTES	DEC.31, 2010	DEC.31, 2011	DEC.31, 2012
Share capital		185,991	182,941	184,805
Share premium, merger contribution		62,133	79,618	99,778
Legal reserve		22,410	22,410	22,410
General reserve		180,379	180,379	180,379
Retained earnings		264,091	270,350	296,986
Net income for the year		168,009	216,241	173,647
Shareholders' equity	9	883,013	951,939	958,005
Provisions for contingencies and losses	10	8,656	16,502	31,990
Provisions for contingencies and losses		8,656	16,502	31,990
Bank borrowings (Bank overdraft)	5	2,907	840	2,216
Other borrowings	5	436,720	279,356	316,037
Financial liabilities		439,627	280,196	318,253
Trade payables and related accounts	5,6	84,549	77,243	94,807
Tax and employee-related liabilities	5	7,440	17,390	10,502
Other liabilities	5	7,238	8,529	4,804
Deferred income	5	10,215	2,658	26
Operating liabilities		109,442	105,820	110,139
Unrealized gains from foreign exchange		4,357	108	289
Liabilities		553,426	386,124	428,681
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		1,445,095	1,354,565	1,418,676

3. CASH FLOW STATEMENT

<i>(in thousand euros)</i>	NOTES	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Operating activities				
Net income		168,009	216,241	173,647
Dividends received		(115,938)	(140,558)	(144,727)
Depreciation and provisions on non-current assets		7,576	19,529	16,206
(Gain)/Loss on the disposal of fixed assets		(1,301)	(4,103)	1
Gross cash flow from operating activities		58,346	91,109	45,127
(Increase)/Decrease in net current working capital		(47,167)	(9,027)	(10,320)
NET CASH FLOW FROM OPERATING ACTIVITIES		11,179	82,082	34,807
Investing activities				
Dividends received from subsidiaries	14	115,938	140,558	144,727
Proceeds from disposals of intangible and tangible assets		1,553	4,916	5
Purchases of tangible assets		(2,130)	(2,030)	(2,343)
Acquisition of intangible assets		(1,711)	(14,427)	(1,289)
(Increase)/Decrease in treasury shares		(11,853)	(81,953)	20,212
Other investing expenses		164	80	373
Acquisitions of subsidiaries	23-2	(1,033)	(2,244)	(10)
NET CASH FLOW FROM INVESTING ACTIVITIES		100,928	44,900	161,675
Financing activities				
Dividends paid		(116,552)	(90,634)	(189,605)
Loans		(195,073)	(16)	422
New intercompany loans		-	93,488	(14)
Movement in current accounts		67,428	(196,409)	10,061
NET CASH FLOW FROM FINANCING ACTIVITIES		(244,197)	(193,571)	(179,136)
Net increase/(decrease) in cash		(132,090)	(66,589)	17,346
Opening cash and cash equivalents		367,433	235,343	168,754
CLOSING CASH AND CASH EQUIVALENTS		235,343	168,754	186,100

4. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

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NOTE 1 MAIN EVENTS

None.

NOTE 2 ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared according to French accounting regulations applicable for the year ended December 31, 2012.

They have been drawn up according to the basic accounting principles of:

- going concern;
- consistency;
- appropriate cut-off.

The items presented in the accounts 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 500,000 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.

Softwares are 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 carrying amount of fixed assets exceeds the net realizable value of the asset, 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 current value of an investment is less than its purchase cost.

The current 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 following the Article L.225-209 of the French Commercial Code (Code de commerce), not intended exclusively for stock option plans or in order to regulate the stock market price, are recorded within long-term investments. Treasury shares are valued at purchase cost and an 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 or the exercise price of the options for which they were purchased) is less than purchase cost. Loans in foreign currency are translated at the closing exchange rate.

e) Inventory and work-in-process

Consumables 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 account are directly impacting the profit and loss account without any effects on assets and liabilities.

g) Financial investments

Financial investments are composed of investments in transferable securities, and BIC shares bought back according 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 are not valued precisely. Provisions for contingencies and losses are calculated with the best estimation of needed funds to close the liability.

i) Borrowings

Borrowings in foreign currency are translated at the official closing exchange rate.

NOTE 3 NON-CURRENT ASSETS

<i>(in thousand euros)</i>	GROSS VALUE AS OF DEC. 31, 2011	ADDITIONS	DISPOSALS	GROSS VALUE AS OF DEC. 31, 2012
Research and development expenses	3,823	-	-	3,823
Other intangible assets	77,043	1,361	(72)	78,332
INTANGIBLE ASSETS	80,866	1,361	(72)	82,155
Land	1,490	60	-	1,550
Buildings	14,190	1,221	(175)	15,236
Industrial and technical plants	11,117	1,100	(49)	12,168
Other tangible assets	9,858	261	(30)	10,089
Fixed assets under construction	4,239	1,022	(1,307)	3,954
TANGIBLE ASSETS	40,894	3,664	(1,561)	42,997
Equity Investments ^(a)	881,665	9	(3,115)	878,559
Loans to equity investments	981	15	-	996
BIC Shares ^(b)	50,102	48,077	(47,085)	51,094
Loans and other long-term investments	775	-	(372)	403
TOTAL LONG-TERM INVESTMENTS	933,523	48,101	(50,572)	931,052

(a) Equity Investments are detailed in Note 23.

(b) These refer to 812,361 shares for the free share plans and 2,844 shares related to the liquidity's contract.

NOTE 4 DEPRECIATION AND AMORTIZATION

<i>(in thousand euros)</i>	DEPREC. AND AMORT. AS OF DEC. 31, 2011	CHARGE FOR THE YEAR	RELEASE DURING THE YEAR	DEPREC. AND AMORT. AS OF DEC. 31, 2012
Research and development expenses	3,823	-	-	3,823
Other intangible assets	45,590	3,939	-	49,529
TOTAL INTANGIBLE ASSETS	49,413	3,939	-	53,352
Buildings	12,853	283	(175)	12,961
Industrial and technical plants	9,290	1,057	(47)	10,300
Other tangible assets	6,863	295	(11)	7,147
TOTAL TANGIBLE ASSETS	29,006	1,635	(233)	30,408

NOTE 5 MATURED ASSETS AND LIABILITIES ANALYSIS

ASSETS <i>(in thousand euros)</i>	GROSS	WITHIN ONE YEAR	MORE THAN ONE YEAR	NOTES RECEIVABLES	INCL. ASSOC. UNDERTAKINGS
Loans to equity investments	996	-	996	-	996
Other long-term investments	51,497	51,497	-	-	-
Trade receivables and related accounts	110,750	110,750	-	4,589	77,305
Other receivables	178,026	178,026	-	-	136,535
Prepayments	1,196	1,196	-	-	-
TOTAL	342,465	341,469	996	4,589	214,836

LIABILITIES <i>(in thousand euros)</i>	GROSS	WITHIN ONE YEAR	MORE THAN ONE YEAR	NOTES PAYABLES	INCL. ASSOC. UNDERTAKINGS
Bank borrowings	2,216	2,216	-	-	-
Other borrowings	316,037	315,754	283	-	315,616
Trade payables and related accounts	94,807	94,807	-	-	49,098
Tax and employee-related liabilities	10,502	10,502	-	-	-
Other liabilities	4,804	4,804	-	-	14
Deferred Income	26	26	-	-	26
TOTAL	428,392	428,109	283	-	364,754

NOTE 6 AFFILIATES' INFORMATION

GROSS VALUE <i>(in thousand euros)</i>	DEC.31, 2012
Assets	
Equity investments	878,559
Other long-term investments	996
Trade receivables and related accounts	77,305
Other receivables	136,535
Liabilities	
Other long-term loan and investments	315,616
Trade payables and related accounts	49,098
Other debts	14
Deferred income	26

NOTE 7 SHORT-TERM FINANCIAL INVESTMENTS

GROSS VALUE <i>(in thousand euros)</i>	DEC.31, 2012
Short-term investment securities ^(a)	184,737
TOTAL	184,737

(a) These are low-risk short term securities.

NOTE 8 TRANSLATION ADJUSTMENTS

Unrealized losses on foreign exchange are recorded as a provision for contingencies and losses (1,273 thousand euros).

NOTE 9 SHAREHOLDERS' EQUITY

9-1 Share capital

The share capital is 184,805,094.54 euros divided into 48,378,297 shares of 3.82 euros each. The registered shares held for more than two years carry double voting rights.

To the knowledge of the Company, as of December 31, 2012, 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.	26.13%	36.65%
Bich family	16.98%	21.63%

As of December 31, 2012, SOCIÉTÉ BIC held 815,205 BIC shares classified as long-term investments (812,361 shares for the free share plans and 2,844 shares related to the liquidity contract).

9-2 Movements in Shareholders' equity

(in thousand euros)

Shareholders' equity as of December 31, 2011 (before appropriation)	951,939
Dividend distribution with respect to fiscal year 2011	189,605
Shareholders' equity as of December 31, 2011 (after appropriation)	762,334
Increase in share capital ^(a)	1,864
Decrease in share capital ^(b)	-
Share premium ^(a)	20,160
Retained earnings ^(b)	-
Net income for the year	173,647
Shareholders' equity as of December 31, 2012 (before appropriation)	958,005

(a) The increase in share capital relates to 487,877 subscription options exercised during 2012.

(b) During the year 2012, SOCIÉTÉ BIC cancelled 0 share.

Following these operations, the issued capital is 48,378,297 shares with a nominal value of 3.82 euros.

NOTE 10 PROVISIONS

<i>(in thousand euros)</i>	DEC. 31, 2011	CHARGE FOR THE YEAR	RELEASE DURING THE YEAR (USED)	RELEASE DURING THE YEAR (NOT USED)	DEC. 31, 2012
Risk Iran	718	-	(115)	-	603
Risk affiliates	654	600	-	(1)	1,253
Risk integrated affiliates	7,600	16,197	-	(7,600)	16,197
Tax Audit	0	3,224	-	-	3,224
Foreign exchange losses	1,180	1,273	(1,180)	-	1,273
Sheaffer (Hong Kong) Co. Ltd.	981	14	-	-	995
Hedging of shares grants	3,827	7,507	(757)	(3,070)	7,507
Other provisions for contingencies	1,542	213	(817)	-	938
PROVISIONS FOR CONTINGENCIES AND LOSSES	16,502	29,028	(2,869)	(10,671)	31,990

<i>(in thousand euros)</i>	DEC. 31, 2011	CHARGE FOR THE YEAR	RELEASE DURING THE YEAR	DEC. 31, 2012
Tangible assets	5,231	307	(52)	5,486
Investments	43,322	1,255	(7,386)	37,191
Work-in-process goods	646	-	-	646
Consumables	928	1,254	(928)	1,254
Trade receivables	1,500	3,121	(1,500)	3,121
Other trade receivables	14,655	1,708	(600)	15,763
PROVISIONS FOR DEPRECIATION	66,282	7,645	(10,466)	63,461

NOTE 11 NET SALES BREAKDOWN

The net sales can be analyzed as follows:

<i>(in thousand euros)</i>	DEC. 31, 2010			DEC. 31, 2011			DEC. 31, 2012		
	France	Export	Total	France	Export	Total	France	Export	Total
Stationery consumer	94,262	194,846	289,108	99,575	208,925	308,500	98,602	188,448	287,050
Lighters	17,098	134,777	151,875	19,014	163,022	182,036	17,173	160,891	178,064
Shavers	21,493	62,862	84,355	23,262	64,075	87,337	21,969	55,826	77,795
Other consumer	591	5,540	6,131	996	13,728	14,724	3,408	11,162	14,570
TOTAL	133,444	398,025	531,469	142,847	449,750	592,597	141,152	416,327	557,479

NOTE 12 OTHER REVENUES

Other revenues are mainly composed of royalties (31,229 thousand euros) and management fees (29,238 thousand euros) invoiced to affiliates.

NOTE 13 MANAGEMENT COMPENSATION

<i>(in thousand euros)</i>	DEC. 31, 2011	DEC. 31, 2012
Administrative bodies	270	297
Management bodies	1,406	1,371

SOCIÉTÉ BIC has no salaried employees as of December 31, 2012.

Two members of the Management bodies have the same additional retirement plan (defined benefits plan) as the BIC Group subsidiaries' managers in France.

NOTE 14 FINANCIAL INCOME

Net financial income amounts to 150,389 thousand euros and is detailed as follows:

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Dividends received	115,938	140,558	144,727
Interest income	4,326	2,617	709
Net reversal of provisions	(1,126)	(3,396)	5,507
Foreign exchange gain and loss	906	4,720	(524)
Other	(6,698)	633	(30)
FINANCIAL INCOME	113,346	145,132	150,389

NOTE 15 NON-RECURRING INCOME AND EXPENSES

The non-recurring income and expenses breakdown as follows:

<i>(in thousand euros)</i>	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
Capital gains/(losses) on asset disposals	1,301	-	-
Capital gains/(losses) on investment disposals	-	4,103	(1)
Provision for contingencies (net of reversal)	(1,251)	(6,861)	(12,743)
Indonesia	-	-	(3,115)
Debt waiver	(3,700)	-	-
Other tax impact	211	217	(25)
Compensation for contract breaking	-	(350)	(40)
Other	622	704	(20)
NON-RECURRING INCOME AND EXPENSES	(2,817)	(2,187)	(15,944)

5 - FINANCIAL STATEMENTS

Statutory financial statements of SOCIÉTÉ BIC (French GAAP)

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

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	215,429	(25,485)	189,944
Non-recurring income and expenses	(15,944)	(353)	(16,297)
TOTAL	199,485	(25,838)	173,647

NOTE 17 TAX GROUPING

SOCIÉTÉ BIC is the parent company of the tax Group composed of the following companies as of December 31, 2012: 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, Compagnie de Moulages, DAPE 74 Distribution, Styphen, BIC Clichy and Electro-Centre.

As parent company, SOCIÉTÉ BIC books in its accounts the gain or loss related to the effects of the tax consolidation. For this purpose, the gain recorded by SOCIÉTÉ BIC in 2012 amounts to 661,818 euros.

NOTE 18 MAIN INCREASES/DECREASES IN THE DEFERRED TAX BASIS

<i>(in thousand euros)</i>	DEC. 31, 2012
Organic	1,032
Provision on current accounts	1,000
Provision for contingencies	614
Provision on trade receivables	1,844
Provision on inventories	1,254
Foreign exchange losses	7,407
Financial investments	3,447
Provision on free shares	5,157
Other	965
TOTAL	22,720
Decrease in deferred tax liabilities	(8,202)

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 different from euro are converted to euro as of December 31, 2012 closing rates.

The mark-to-market of the hedges is computed according to international banking standards in terms of inputs (spot, yield curve, volatility curve) and pricing models.

Forward portfolio detail

HEDGING SUPPORT	NOMINAL (euros)	MARK TO MARKET (euros)	INSTRUMENT
Commercial Flows 2013	392,398,744	6,749,866	Forward
Commercial Flows 2014	11,621,324	366,006	Forward
Commercial Flows 2015	1,751,850	82,789	Forward
Loans/Borrowings	103,791,017	335,898	Forward, Swap
TOTAL	509,562,935	7,534,559	

Options portfolio detail

HEDGING SUPPORT	NOMINAL (euros)	MARK TO MARKET (euros)	INSTRUMENT
Commercial Flows 2013	1,136,880	50,302	Option
Commercial Flows 2014	7,009,795	135,171	Option
TOTAL	8,146,675	185,473	

As of December 31, 2012, SOCIÉTÉ BIC contracted:

- derivatives contracts (forward and options) maturing in 2013, 2014 and 2015 for an equivalent of 413.9 million euros nominal value. These contracts hedge, on a basis of forecasted cash flow, the Group foreign currency transaction risks. The foreign currency transactions are denominated in U.S. dollar, British pound, Japanese yen, Canadian dollar, Australian dollar, New Zealand dollar, Swiss franc, Polish zloty, Romania Leu and mexican Peso. The fair market value of these contracts is 7.38 million euros positive;
- foreign currency swaps for an equivalent of 103.8 million euros, in connection with the inter company debts and deposits. The fair market value of these contracts is positive for 335.898 euros.

For the year 2013, the foreign currency exposure transaction is hedged with a ratio above 85%.

19-2 Interest rate derivatives

As of December 31, 2012, SOCIÉTÉ BIC no longer has Interest Rate Derivatives in 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 assets and guarantees for SOCIÉTÉ BIC. All significant items are disclosed in this schedule.

No other security for assets or registered shares is to be reported.

Guarantees issued

	DEC. 31, 2010	DEC. 31, 2011	FALL DUE			DEC. 31, 2012
			< 1 YEAR	1 TO 5 YEARS	> 5 YEARS	
<i>(in thousand euros)</i>						
Securities for credit lines	-	-	-	-	-	-
Trade guarantees	-	-	-	-	-	-
Lease guarantees	-	-	-	-	-	-
Endorsements and guarantees	-	-	-	-	-	-
Other guarantees	13,334	15,558	-	4,800	21,028	25,828
TOTAL	13,334	15,558	-	4,800	21,028	25,828

Guarantees received

	DEC. 31, 2010	DEC. 31, 2011	FALL DUE			DEC. 31, 2012
			< 1 YEAR	1 TO 5 YEARS	> 5 YEARS	
<i>(in thousand euros)</i>						
Securities for credit lines	599	2,316	2,569	-	-	2,569
Trade guarantees	-	-	-	-	-	-
Lease guarantees	-	-	-	-	-	-
Endorsements and guarantees	75	75	75	-	-	75
Other guarantees	-	-	-	-	-	-
TOTAL	674	2,391	2,644	-	-	2,644

20-2 Pensions obligations

	DEC. 31, 2012
<i>(in thousand euros)</i>	
Present value of pension obligation	13,702
Fair value of plan assets	(6,017)
Unrecognized past services cost	(283)
NET PENSION LIABILITY	7,402

NOTE 21 SHARE MARKET PRICE

(in euros)

	DEC. 31, 2011	DEC. 31, 2012
BIC shares	68.50	90.32

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 in 2011 and 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 of the year, free share grants without performance condition will be awarded.

	PLAN 6	PLAN 7	PLAN 8	PLAN 9
Annual Shareholders' Meeting date	May 28, 2003	May 28, 2003	May 28, 2003	May 24, 2006
Board of Directors' Meeting date	Dec. 17, 2003	Dec. 15, 2004	Dec. 14, 2005	Dec. 13, 2006
Number of beneficiaries	555	563	575	567
Number of options available for subscription	377,550	370,450	427,850	398,500
<ul style="list-style-type: none"> • Among which, options granted to the current members of the leadership Management team as of December 31, 2012 	46,000	36,650	38,650	29,150
Date from which options may be exercised	Dec. 18, 2006	Dec. 16, 2007	Dec. 15, 2008	Dec. 14, 2009
Option expiration date	Dec. 16, 2013	Dec. 14, 2014	Dec. 13, 2015	Dec. 12, 2014
Exercise price ^(a) (euros)	36.96	36.76	50.01	52.35
Number of options exercised as of Dec. 31, 2012	293,482	275,402	290,800	283,730
Number of void options as of Dec. 31, 2012	66,250	71,450	77,400	56,800
Number of remaining options as of Dec. 31, 2012	17,818	23,598	59,650	57,970

	PLAN 10	PLAN 11	PLAN 12	PLAN 13
Annual Shareholders' Meeting date	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	633	613	602	643
Number of options available for subscription	440,500	371,400	360,000	382,950
<ul style="list-style-type: none"> • Among which, options granted to the current members of the leadership Management team as of December 31, 2012 	33,500	-	-	-
Date from which options may be exercised	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiration date	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price ^(a) (euros)	49.62	40.18	47.99	63.71
Number of options exercised as of Dec. 31, 2012	314,249	240,000	44,391	-
Number of void options as of Dec. 31, 2012	39,300	29,300	28,800	23,900
Number of remaining options as of Dec. 31, 2012	86,951	102,100	286,809	359,050

(a) No discount on the exercise price.

Mr 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%	283,184	-	664,700	EUR
BIC Verwaltungs GmbH – Germany	2	P	100%	4	-	50,000	EUR
BIC GmbH – Germany	1	P	100%	35	-	25,600	EUR
BIC Portugal SA – Portugal	464,675	S	100%	3,694,586	-	2,323,575	EUR
BIC Slovakia SRO – Slovakia	1	P	100%	15,444,502	-	15,574,255	EUR
BIC INTERNATIONAL Co. – USA	100	S	100%	1	-	1	USD
BIC Brasil SA – Brazil	300,661,464	S	100%	13,617,043	-	183,403,495	BRL
Brand Expo Asia Ltd (previously Sheaffer (Hong Kong) Co. Ltd. – China)	7,800,000	P	100%	-	995,801	7,800,000	HKD
BIC Stationery (Shanghai) Co. Ltd. – China	-	S	100%	1,687,028	-	5,408,000	USD
BIC (Shanghai) Stationery Manufacturing Co.Ltd. – China	-	S	100%	2,984,898	-	3,300,000	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	RPS
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	BHT
Mondial Sdn. Bhd. – Malaysia	1,140,000	S	30%	339,901	-	3,800,000	MYR
BIC Product (Malaysia) Sdn. Bhd. (previously BIC GBA Sdn. Bhd. – Malaysia)	1,257,400	S	100%	-	-	1,260,000	MYR
Sub-total II				38,051,182	995,801		
III- Participating interests							
BIC Technologies SA – France	1	S	-	-	-	7,440,988	EUR
BIC Amazonia SA – Brazil	60,013,003	S	29%	4,948,857	-	297,362,250	BRL
BIC Holdings Southern 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 SARL – Tunisia	1	S	-	100	-	5,700,000	EUR
BIC Andina Perú SA – Perú	-	P	1%	-	-	5,000,000	PEN
BIC Pazarlama Ltd, Sti – Turkey	5	P	1%	345	-	8,785,500	TRY
BIC Iberia SA – Spain	2	P	-	-	-	12,333,391	EUR
Sub-total III				6,922,736	-		
TOTAL				841,367,853	995,801		

Net sales, net income and Shareholder's equity other than common share of subsidiaries are not provided for commercial and industrial strategic reasons.

23-2 Analysis of movements in equity investments

(in thousand euros)

Equity investments (net) as of December 31, 2011	838,342
Acquisitions, stock issues, creations and disposals in 2012	
Liquidation PT Buana Inti Cakrawala ("BIC") – Indonesia	(3,115)
Others	10
(Charges to)/Releases of provisions in 2012	
DAPE 74 Distribution SASU	400
BIC (Shanghai) Stationery Manufacturing Co. Ltd. – China	573
BIC Erzeugnisse GmbH – Germany	283
BIC Slovakia SRO – Slovakia	2,845
Liquidation PT Buana Inti Cakrawala ("BIC") – Indonesia	3,115
BIC Portugal SA – Portugal	170
BIC (Shanghai) Stationery Co. Ltd. – China	(800)
BIC Perú SA – Perú	(14)
BIC Product (Thailand) Ltd. – Thailand	(441)
Equity investments (net) as of December 31, 2012	841,368

5. ADDITIONAL INFORMATION ON THE COMPANY'S FINANCIAL STATEMENTS

1) Five-year financial summary

(in euros)

	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011	DEC. 31, 2012
1 – Shareholders' equity at year end					
Share capital	185,484,038	185,559,277	185,990,536	182,941,404	184,805,095
Number of shares outstanding	48,556,031	48,575,727	48,688,622	47,890,420	48,378,297
Number of bonds convertible into shares	-	-	-	-	-
2 – Net results					
Net sales	492,374,171	485,077,986	531,469,006	592,596,618	557,479,419
Net income before tax, deprec., amort. and provisions	85,028,025	94,686,829	195,173,286	272,420,210	217,727,923
Income tax	11,994,711	24,378,992	21,716,406	38,603,086	25,838,033
Net income after tax, deprec., amort. and provisions	61,194,106	66,328,834	168,009,124	216,240,834	173,647,194
Dividend distribution ^(a)	65,043,342	115,866,845	91,676,617	188,290,448	121,761,516
3 – Per share data					
Net income after tax, but before deprec., amort. and provisions	1.50	1.45	3.56	4.88	3.97
Net income after tax, deprec., amort. and provisions	1.26	1.37	3.45	4.52	3.59
Dividend per share	1.35	2.40	1.90	4.00	2.56
4 – Payroll					
Non-salaried staff	3	3	3	3	3
Total payroll	1,210,153	1,148,533	1,454,544	1,355,399	1,381,777
Social welfare benefits (social security, social works)	416,566	458,407	634,945	562,015	2,867,265

(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.

2) Law on the Modernization of the Economy (LME)

SOCIÉTÉ BIC applies the new law related to the suppliers' payment terms.

The Company opted for the payment of invoices with a due date of 60 days.

(in thousand euros)	OVER DUE				
	TOTAL	CURRENT	30 DAYS	60 DAYS	+60 DAYS
Dec.31, 2012	49,059	45,453	2,148	877	581
Dec.31, 2011	36,928	34,563	1,104	163	1,098

5.4. Statutory Auditors' report on the financial statements

→ FOR THE YEAR ENDED DECEMBER 31, 2012

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2012 on:

- the audit of the accompanying financial statements of SOCIÉTÉ BIC,
- the justification of our assessments,
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2012 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 and and voting rights held by shareholders.

Paris and Neuilly-sur-Seine, February 22, 2013

The Statutory Auditors

Grant Thornton

French Member of Grant Thornton International

Gilles HENGOAT

Deloitte & Associés

Jean-François VIAT

5.5. Statutory Auditors' special report on regulated agreements and commitments with third parties

→ FOR THE YEAR ENDED DECEMBER 31, 2012

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (Code de Commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the Annual General Meeting of Shareholders.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement. Those procedures consisted in verifying the information provided to us with the relevant source documents.

Agreements and commitments submitted to the Shareholders' Meeting

Agreements and commitments authorized during the year

We hereby inform you that no agreement or commitment entered into during the year to which Article L.225-38 of the French Commercial Code would be applicable has been brought to our attention.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments authorized during previous years that were continued but not performed during the year

In addition, pursuant to the French Commercial Code, we have been advised of the continuation of the following agreement authorized in previous years that were not performed during the year.

“Top-up” retirement plan:

On May 19, 2005, the Board of Directors authorized the adoption of a “top-up” retirement plan (to replace the plan set up in 1986). The beneficiaries are grade 6 Senior Executives and Corporate Officers of BIC in France, who are also members of the Group's Executive Committee and who will finish their career with the Group.

The amount of their “Top-up” retirement will be equal to 1.25% of the final remuneration, the average remuneration of the last three years of service, per year of participation in the plan, subject to a maximum of 20 years, representing a maximum pension of 25% of the final remuneration.

People involved: François Bich, Executive Vice-President and Director and Marie-Aimée Bich-Dufour, Executive Vice-President.

Paris and Neuilly-sur-Seine, February 22, 2013

The Statutory Auditors

Grant Thornton

French Member of Grant Thornton International

Gilles HENGOAT

Deloitte & Associés

Jean-François VIAT



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INFORMATION ABOUT THE ISSUER

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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 or to extend it.

Domicile and legal form of the issuer

Domicile: 14, rue Jeanne d'Asnières – 92110 Clichy – France

Phone number: 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 financial period.

Important events in the development of the issuer business

No event to report apart from those mentioned in the *Group Presentation* – § 1.3. *History*.

→ MEMORANDUM AND ARTICLES OF INCORPORATION

The Memorandum and articles of incorporation can be consulted at the headquarters of the Company as well as on its internet website www.bicworld.com (see *Regulated information*).

Issuer's object and purpose

Extract from the articles of incorporation (article 3) – "Object"

"The Company's object, in all countries, is the purchase, sale, commissioning, brokerage, representation, importing and exporting of all products, and in particular of all which is used for writing.

And generally speaking all personal, real estate, financial, industrial or commercial operations pertaining directly or indirectly to the foregoing object or to all similar or related products or to products apt to further the extension or development thereof.

The Company may carry out all operations falling within its object, 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, or in a joint venture or partnership, in any form whatsoever."

The Board of Directors will propose the modification of the corporate purpose during the Shareholders' Meeting to be held on May 15, 2013 (See § 7.2. *Extraordinary Shareholders' Meeting*).

Members of the administrative and management bodies

See *Corporate Governance* – § 3.4. *Mandates of the Directors and the Corporate Officers as of December 31, 2012*.

Rights, preferences and restrictions attached to each class of the existing shares

Double voting rights

Extract from the articles of incorporation (article 15) – "Shareholders' Meeting".

(This article was introduced in the articles of incorporation at the Extraordinary Shareholders' Meeting of June 26, 1972).

"A voting right which is double the right conferred on the other shares, in light of the portion of the share capital they represent, is attributed to all the fully paid-up shares for which proof is provided of a nominative registration for at least two years in the name of the same shareholder.

Any share converted to a bearer share or the ownership of which is transferred loses the aforementioned double voting right. Nonetheless, a transfer following death, the liquidation of the community estate of two spouses or a donation among the living in favor of a spouse or a relative entitled to inherit does not cause the loss of the right acquired and does not interrupt the two-year period referred to above.

Furthermore, in the event of a capital increase, through the incorporation of reserves, profits or share premiums, the double voting right may be conferred, at the time of issue, upon the nominative shares allotted to a shareholder at no charge due to former shares for which he enjoys this right."

Indivisibility of the shares

Extract from the articles of incorporation (article 8 ter) – "Indivisibility of the shares".

(This article was introduced into the articles of incorporation at the Extraordinary Shareholders' Meeting of September 6, 2006).

- 1. The shares are indivisible vis-à-vis the Company. Joint owners of shares are represented at Annual Shareholders' Meetings by one of them or by a joint representative of their choice. If they are unable to agree, a representative will be appointed by the Presiding Judge of the Commercial Court, ruling in chambers ("référé"), at the request of the most diligent co-owner.**
- 2. If the shares are burdened with a right of usufruct, the entry in the books recording their registration will mention this right of usufruct. Unless the Company is informed of an agreement to the contrary, the voting right will belong to the usufructuary at Ordinary Annual Shareholders' Meetings and to the bare owner at Extraordinary Annual Shareholders' Meetings. However, notwithstanding any agreement to the contrary, when the usufruct results from a donation of the bare ownership of shares performed under the provisions of article 787 B of the General Tax Code, the usufructuary's voting right will be limited to decisions concerning the allocation of profits. For all other decisions that lie within the competence of an Ordinary or Extraordinary Annual Shareholders' Meeting, the voting right will belong to the bare owner. The usufructuary and the bare owner must notify the Company that they intend to take advantage of these provisions."**

Action necessary to change the Shareholders' rights

The articles of incorporation do not provide any special condition to change the Shareholders' rights.

Condition governing the manner in which Extraordinary and Annual Shareholders' Meetings are called and conditions of admission

Extract from the articles of incorporation (article 15) – "Shareholders' Meetings".

"Shareholders' Meetings are convened, and deliberate on the conditions stipulated by law and the enactments in force".

Provision that would have an effect of delaying, deferring or preventing a change in control of the issuer

See § 6.3 Shareholding.

Indication governing the ownership threshold above which shareholder ownership must be disclosed

Extract from the articles of incorporation (article 8 bis) – "Ownership Threshold".

(Article introduced into the articles of incorporation at the Ordinary and Extraordinary General Shareholders' Meeting on May 12, 1998).

"Any individual or company holding either a share of the capital or of the voting rights equal or superior to 2% and, from this threshold, any additional holding which is a multiple of 1%, shall notify to the Company the number of shares said individual or company has, by registered mail with return receipt requested. This notification shall be made within the two weeks a threshold is met. This requirement applies as well, in the same conditions and timing, when the holding in the share capital decreases and becomes inferior to a threshold percentage indicated above. Declaration upon attaining ownership threshold must take into consideration the sum total of shares owned by companies holding more than 50% directly or indirectly, of the declaring company. In case of non-compliance with this provision, and upon a request, duly registered in the minutes of the Shareholders' Meeting, from one or more Shareholders holding at least 2% of the share capital of the Company and/or of its voting rights, all the shares exceeding the threshold which should have been declared will be deprived of their voting rights at any Shareholders' Meeting until notification of compliance."

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, 2012, the registered share capital amounts to 184,675,714.96 euros divided into 48,344,428 shares of 3.82 euros each, the par value. Issued shares are fully paid-up. Taking into account the share subscription options exercised in 2012 (and pending Board

of Directors notification of the share capital increase), the share capital amounts to 184,805,094.40 euros divided into 48,378,297 shares (compared with 47,890,420 shares as of January 1, 2012).

→ AUTHORIZATIONS OF CAPITAL INCREASE AT THE CLOSING OF 2012 FINANCIAL YEAR

SOCIÉTÉ BIC has, at December 31, 2012, the following authorizations which were granted by the Annual Shareholders' Meeting:

I. AUTHORIZATION OF CAPITAL INCREASE WITH THE SHAREHOLDERS' PRE-EMPTIVE RIGHT OF SUBSCRIPTION ^(a) ^(b)

Maximum amount <i>(in million euros)</i>	Ordinary shares: 50 Complex investment securities: 650
Date	May 10, 2012 (resolutions 11 and 12)
Term	26 months
Limit date of validity	July 9, 2014
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) Since the Annual Shareholders' Meeting held in 2010, the Board of Directors decided not to propose Shareholders any resolution authorizing the Board to increase the share capital without the pre-emptive right of subscription (except in particular cases specified in point III below).

(b) 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 ^(c)

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, not taking into account the amount that may eventually 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 10, 2012 (resolution 13)
Term	26 months
Limit date of validity	July 9, 2014
Use	No

(c) 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 AS PART OF AN EMPLOYEE SAVINGS PLAN ^(d)	GRANTING OF PERFORMANCE SHARES TO BE ISSUED ^(e)	OPTIONS OF SUBSCRIPTION OF SHARES ^(f)
Maximum amount	3% of the share capital	4% of the share capital on 38 months and 10% of the share capital at any time (taking into account the stock options)	4% of the share capital on 38 months and 10% of the share capital at any time (taking into account the free grant of shares)
Date	May 10, 2012 (resolution 14)	May 12, 2010 (resolution 16)	May 12, 2010 (resolution 17)
Term	26 months	38 months	38 months
Validity end date	July 9, 2014	July 11, 2013	July 11, 2013
Use in 2012	No	No	No
Subscription price	Determined by the Board of Directors according to article L.3332-19 of the 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 of subscription are granted

(d) Articles L.225-138 and L.225-138-1 of the French Commercial Code and L.3332-1 and following of the Labor Code.

(e) Articles L.225-197-1 and following of the French Commercial Code.

(f) Articles L.225-177 and following of the French Commercial Code.

The text of these delegations is available on the website www.bicworld.com/en/finance/meetings/

The renewal of the authorizations expiring in 2013 will be submitted to the Shareholders during the Shareholders' Meeting to be held on May 15, 2013 (see Chapter 7. Board of Directors' report and proposed resolutions of the Shareholders' Meeting of May 15, 2013).

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
2010 (Feb. 16 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	527,186.74	4,559,519.74	185,647,484.76	48,598,818
2010 (Feb. 16 BM)	Cancellation of shares, as authorized by SM of May 14, 2009	(186,496.22)	(1,436,802.03)	185,460,988.54	48,549,997
2010 (Oct. 19 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(1,898,941.10)	(24,462,537.05)	183,562,047.44	48,052,892
2011 (Feb. 15 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	2,687,927.72	29,576,463.78	186,249,975.16	48,756,538
2011 (Feb. 15 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(755,118.50)	(11,312,940.25)	185,494,856.66	48,558,863
2011 (May 11 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(2,327,579.48)	(35,873,361.75)	183,167,277.18	47,949,549
2011 (Dec. 14 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	592,096.18	6,786,090.55	183,759,373.36	48,104,548
2011 (Dec. 14 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(1,553,097.40)	(23,930,186.63)	182,206,275.96	47,697,978
2012 (Dec. 19 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	2,469,439	26,451,003.02	184,675,714.96	48,344,428

BM: Board Meeting.

SM: Shareholders' Meeting.

6.3. Shareholding

→ SHARE CAPITAL BREAKDOWN

To the Company's knowledge, as of December 31, 2012, the 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 indicated in the table below. 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).

NAME	DEC. 31, 2010			DEC. 31, 2011			DEC. 31, 2012		
	number of shares	% of shares ^(f) (approx.)	% of voting rights ^{(a) (f)} (approx.)	number of shares	% of shares ^(f) (approx.)	% of voting rights ^{(b) (f)} (approx.)	number of shares	% of shares ^(f) (approx.)	% of voting rights ^{(c) (f)} (approx.)
Bich family's concert (d):	20,807,865	42.73	55.73	20,757,233	43.34	57.46	20,855,369	43.11	58.28
• SOCIÉTÉ M.B.D.	12,442,000	25.55	34.52	12,568,084	26.24	35.99	12,642,000	26.13	36.65
• Bich family (excluding M.B.D.)	8,365,865	17.18	21.21	8,189,149	17.10	21.48	8,213,369	16.98	21.63
Silchester International Investors LLP ^(g)	2,810,562	5.77	7.52	< 5	< 5	< 5	< 5	< 5	< 5
Treasury shares	437,771	0.90	0.61 ^(e)	817,808	1.71	1.18 ^(e)	815,205	1.69	1.19 ^(e)

(a) As of December 31, 2010 the number of voting rights amounts to 71,962,868 (taking into account voting rights of treasury shares).

(b) As of December 31, 2011 the number of voting rights amounts to 69,426,087 (taking into account voting rights of treasury shares).

(c) As of December 31, 2012 the number of voting rights amounts to 68,450,657 (taking into account voting rights of treasury shares).

(d) Bich family's 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 of Bich family members hold direct participations in SOCIÉTÉ BIC as well as indirect participations through SOCIÉTÉ M.B.D.

(e) Treasury shares temporarily without voting right.

(f) The difference between the number of shares and the number of voting rights is linked to double voting rights (cf. § 6.1. Information on the Company).

(g) Shares held following the transfer by Silchester International Investors Ltd of its business and teams to Silchester International Investors LLP on November 1, 2010. As Silchester International Investors Ltd, the company Silchester International Investors LLP acts for the account of hedges that it manages under mandate. Therefore, the ownership of the shares has not been transferred and the double voting right remains granted to nominative shares owned for at least two years.

To the knowledge of the Company, 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.

Moreover, it is specified that SOCIÉTÉ M.B.D., the Bich family's holding, concluded various agreements of conservation concerning at least 12,000,000 shares. These agreements were concluded with various family members in order to allow them, if the need arises, to take advantage of articles 885 I bis and 787 B of the French General Tax Code.

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 risk of a potential abusive exercise of its power by a shareholder is covered 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**

No crossing of legal threshold has been declared during fiscal year 2012 and up to March 25, 2013.

→ **ELEMENTS THAT COULD HAVE INFLUENCE ON A TAKE-OVER BID OR HAVE AN EFFECT OF DELAYING OR PREVENTING A CHANGE OF CONTROL (ARTICLE L.225-100-3 OF THE FRENCH COMMERCIAL CODE)**

To the knowledge of the Company, no element other than those mentioned below may have an influence on a take-over bid, or have the effect of delaying or preventing a change of control:

- SOCIÉTÉ M.B.D., the Bich family's 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 § 6.1. *Information on the Company*),

- the obligation to inform the Company when the detention of share capital or of voting rights becomes equal or higher than 2% and, beyond this threshold of 2%, higher than a multiple of 1% (see § 6.1. *Information on the Company*).
- Shareholders' Meeting authorizations to increase the share capital (see § 6.2. *Share Capital – Table relating to these authorizations*).

6.4. Owned shares and share buy-back

→ SOCIÉTÉ BIC OWNED SHARES

As of December 31, 2012:

PURPOSE OF THE BUY-BACK	NUMBER OF SHARES	AVERAGE PURCHASE PRICE (in euros)	% CAPITAL	NOMINAL VALUE (in euros)
Liquidity agreement ^(d)	2,844	91.01	0.01	10,864.08
Free share grants ^(d)	812,361	62.58	1.68	3,103,219.02
TOTAL ^{(a) (b)}	815,205	62.68	1.69	3,114,083.10

(a) As of December 31, 2012, BIC CORPORATION holds in addition 24,286 BIC shares representing 0.05% of the share capital.

(b) As of December 31, 2012, the booked value of BIC shares held by SOCIÉTÉ BIC and BIC CORPORATION, in accordance with articles L.225-209 and following C. com, amounts to 53,309,526.96 euros. The nominal value of these shares amounts to 3,206,855.62 euros. As of the same date, the market value of these shares is 75,822,827.12 euros (on the basis of the closing price at this date, that is to say 90.32 euros).

(c) Article L.225-209 of the French Commercial Code (Code de commerce).

→ SHARE BUY-BACK PROGRAM – CANCELLED SHARE

During the fiscal year 2012, SOCIÉTÉ BIC:

- bought back 20,878 shares at an average price of 76.15 euros, according to the share buy-back program authorized by the Annual Shareholders' Meetings on May 11, 2011 and May 10, 2012;
- within the scope of the liquidity agreement with Natixis, bought back 295,065 shares at an average price of 82.51 euros and sold 292,798 shares at an average price of 82.60 euros.

Brokerage fees related to all sale and buy-back transactions disclosed above amounted to 26,901.44 euros.

Moreover, the Board of Directors cancelled no shares in 2012. During the last 24 months, SOCIÉTÉ BIC cancelled 1,213,559 shares, representing 2.51% of the share capital as of December 31, 2012.

Moreover, in 2012, under the free shares plans:

- 159,940 performance shares were granted;
- 20,050 shares were granted without performance conditions to employees of the Group who are neither Corporate Officers nor members of the Leadership team;
- 36,892 performance shares were transferred to beneficiaries following the achievement of performance conditions.

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 Internet 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 2012, meetings have been organized in Paris, London, New York, Boston, Chicago, Montreal, Frankfurt, Edinburgh, Geneva and Amsterdam. We also have organized various meetings with dedicated SRI investors (Sustainable Responsible Investment).

At the individual investor level, BIC continued its proactive communication, issuing its Shareholders' newsletters 4 times a year. BIC organizes regular meetings in different French cities. In 2012, the Investor Relations Department met individual Shareholders in Lyon and Toulouse. Two meetings are already scheduled in 2013.

A toll-free number is also available for individual investors: 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 SRI indexes: FTSE4Good Europe, ASPI Eurozone, Ethibel Excellence Europe, Gaia Index and Stoxx Global ESG Index. Its ISIN code is FR0000120966.

BIC SHARE PRICE IN 2012

	CLOSING PRICE	AVERAGE PRICE (CLOSING)	HIGHEST	LOWEST	NUMBER OF SHARES TRADED	TRADING VOLUMES <i>(in thousand euros)</i>
December 2011	68.50	66.49	68.50	64.03	1,874,519	124,080
January 2012	68.12	67.34	69.00	65.50	1,834,572	123,580
February 2012	75.47	73.13	75.75	68.24	2,232,443	162,970
March 2012	75.24	74.94	76.00	73.51	1,710,726	128,180
April 2012	83.21	76.21	83.80	73.53	1,933,873	148,290
May 2012	79.00	80.79	85.08	75.57	2,309,508	185,690
June 2012	81.40	79.72	82.00	75.55	1,838,060	146,680
July 2012	82.50	82.73	85.05	80.02	1,695,819	140,600
August 2012	85.57	87.24	89.69	82.01	1,096,066	95,410
September 2012	94.02	87.09	94.02	82.84	1,500,349	131,910
October 2012	94.08	92.10	98.19	87.51	1,904,382	175,340
November 2012	96.10	96.78	100.00	93.53	1,308,023	126,380
December 2012	90.32	92.89	96.09	90.04	1,148,678	106,970
January 2013	99.16	94.32	99.87	90.51	1,461,056	138,070
February 2013	89.41	92.26	101.50	85.09	2,641,424	239,693

→ SHARE CUSTODIAL SERVICE

SOCIÉTÉ GÉNÉRALE

Département des Titres

32, rue du Champ de Tir

BP 81236

44312 Nantes Cedex 3 (France)



7

BOARD OF DIRECTORS' REPORT AND PROPOSED RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 15, 2013

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7.1. Ordinary Shareholders' Meeting

→ PROPOSED RESOLUTIONS 1 TO 3 – APPROVAL OF THE FINANCIAL STATEMENTS – APPROPRIATION OF EARNINGS – 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, 2012.

The purpose of the third resolution is to allocate the net income of the fiscal year 2012 and to set the dividend.

We propose you the distribution of a total dividend of 121,761,515.52 euros corresponding to a dividend per share of 2.56 euros. This is a gross amount excluding social charges (currently 15.5%). The dividend will be paid as from May 29, 2013. If the number of shares carrying rights to the dividend is not 47,563,092, 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 the French tax resident individuals. Dividends paid from January 2013 are subject to the compulsory withholding tax provided by Article 117 quarter CGI as amended (currently 21%), as a type of installment payment against the final individual income tax. A withholding-exemption can be claimed under certain conditions by the beneficiary until the end of November of the previous year and exceptionally until March 31 for dividends paid in 2013. 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 granted according to Article 158-3 of French Tax Code) amount to:

- 2.40 euros (including an exceptional dividend of 1 euro) for fiscal year 2009;
- 1.90 euro for fiscal year 2010;
- 4 euros (including an exceptional dividend of 1.80 euro) for fiscal year 2011.

Proposed resolution 1 – Approval of the Statutory Accounts of the Fiscal Year 2012

The shareholders, after having considered the reports of the Board of Directors, of the Chairman of the Board of Directors and of 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, 2012. They also approve all the transactions presented in these accounts or summarized in these reports.

Proposed resolution 2 – Approval of the Consolidated Financial Statements of the Fiscal Year 2012

The shareholders, after having considered the reports of the Board of Directors, of the Chairman of the Board of Directors and of 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, 2012. They also approve all the transactions presented in these accounts or summarized in these reports.

Proposed resolution 3 – Appropriation of Earnings – Dividends

The shareholders set total net income after tax for the fiscal year ending December 31, 2012 at 173,647,194.22 euros and decide to allocate this amount in the following manner (in euros):

Net income for 2012	173,647,194.22
To add:	
• Retained earnings before appropriation of earnings	296,986,079.30
TOTAL OF DISTRIBUTABLE INCOME	470,633,273.52
Appropriation of earnings:	
• Dividends (except the shares held by the Company)	121,761,515.52
• Retained earnings after appropriation of earnings	348,871,758.00
TOTAL EQUAL TO DISTRIBUTABLE INCOME	470,633,273.52

The amount of the dividends for the fiscal year ending December 31, 2012 will be 121,761,515.52 euros corresponding to a dividend per share of 2.56 euros. This is a gross amount excluding social charges. It will be paid as from May 29, 2012. If the number of shares carrying rights to the dividend is not 47,563,092, 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 granted, according to Article 158-3 of this Code, to the French tax resident individuals. Dividends paid from January 2013

are subject to the compulsory withholding tax provided by Article 117 quarter CGI (as amended), as a type of installment payment against the final individual income tax. A withholding-exemption can be claimed under some conditions by the beneficiary until the end of November of the previous year and exceptionally until March 31 for dividends paid in 2013. The compulsory withholding tax is held by the Bank.

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 <i>(in euros)</i>	DIVIDEND ENTITLED TO THE TAX ALLOWANCE DEFINED IN ART. 158-3 OF THE CGI ^(b) <i>(in euros)</i>
2009	48,563,442	2.40 ^(a)	2.40
2010	47,702,203	1.90	1.90
2011	47,401,064	4.00 ^(c)	4.00

(a) Including 1 euro of exceptional dividend.

(b) French Tax Code (CGI).

(c) Including 1.80 euro of exceptionnal dividend.

➔ PROPOSED RESOLUTION 4 – DETERMINATION OF THE AMOUNT OF THE DIRECTORS' FEES

Board of Directors' Report:

It is proposed to set the amount of the Directors' fees to be allocated to the Board of Directors for fiscal year 2013 to 310,000 euros, which represents an increase of 2.3% compared with the package voted by the shareholders for fiscal year 2012 (303,000 euros).

Proposed resolution 4 – Determination of the amount of the Directors' fees

The shareholders decide to set the annual amount of the Directors' fees to be allocated to the Board of Directors for the fiscal year 2013 at 310,000 euros.

→ **PROPOSED RESOLUTION 5 – AUTHORIZATION TO GIVE TO THE BOARD OF DIRECTORS TO UNDERTAKE OPERATIONS WITH REGARDS TO THE SHARES OF THE COMPANY**

Board of Directors' Report:

We propose you to authorize the Board of Directors to buyback by any means, once or several times, the shares of the Company in accordance with the legislation in force.

This authorization may not be used during public offers of the Company's shares, except with the prior and express authorization given by the shareholders.

The Company would be authorized, during a period of 18 months, to buyback its own shares, and for a maximum price per share of 125 euros:

- **within the limit of 10% of the share capital** on the date of the Board of Directors' decision to buyback the shares and for a maximum amount of 600 million euros. This authorization would be used to fulfill the following objectives:
 - provide liquidity in the securities market pursuant to a liquidity agreement managed by an external service provider,
 - allow their subsequent remittance as payment, exchange or otherwise, within the scope of external growth operations (with the exception of mergers, demergers or contribution operation mentioned below),
 - remit the shares at the moment of the exercise of rights attached to the securities giving access to the Company's share capital,
 - allocate them to employees and/or officers (in the scope of an employees profit sharing scheme, a stock option program, free allocations of shares, etc.),
 - cancel the shares,
 - implement any market practice authorized by the Paris Stock Exchange Authority (AMF);
- **within the limit of 5% of the share capital** on the date of the Board of Directors' decision to buyback the shares and for a maximum global amount of 300 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.

Operations realized in 2012 within the framework of the previous authorizations:

During the fiscal year 2012, SOCIÉTÉ BIC:

- bought back 20,878 shares at an average price of 76.15 euros, according to the share buy-back program authorized by the Annual Shareholders' Meetings on May 11, 2011 and May 10, 2012;
- within the scope of the liquidity agreement with Natixis, bought back 295,065 shares at an average price of 82.51 euros and sold 292,798 shares at an average price of 82.60 euros.

Brokerage fees related to all sale and buy-back transactions disclosed above amounted to 26,901.44 euros.

The Board of Directors cancelled no shares in 2012. During the last 24 months, SOCIÉTÉ BIC cancelled 1,213,559 shares, representing 2.51% of the share capital as of December 31, 2012.

Moreover, in 2012, under the free shares plans:

- 159,940 performance shares were granted;
- 20,050 shares were granted without performance conditions to employees of the Group who are neither Corporate Officers nor members of the Leadership team;
- 36,892 performance shares were transferred to beneficiaries following the achievement of performance conditions.

Proposed resolution 5 – Authorization to give to the Board of Directors to undertake operations with regards to the shares of the Company

The shareholders, deliberating in compliance with the provisions of Article L. 225-209 of the French Commercial Code, of the General Regulation of the Paris Stock Exchange Authority (AMF), of European Commission Regulation N° 2273/2003 of December 22, 2003, and after considering the report of the Board of Directors, authorize the Board of Directors to buyback by any means, once or several times, 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 buyback the shares:
 - for a maximum amount of 600 million euros, under the conditions and limits provided by the laws and regulations in force,

- for a maximum purchase price of 125 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 use of rights attached to the securities giving access to the Company's share capital by reimbursement, conversion, exchange, presentation of a bond or by any other means;
 - allocate them to employees and managers under the conditions and according to the methods prescribed by the law, notably within the scope of employees profit sharing scheme, the stock option program, the free allocation of shares plan or through an employee saving 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, by periods of 24 months, subject to the adoption at the Extraordinary Shareholders' Meeting of resolution 10 hereunder;
 - implement all market practices which may be authorized by the Paris Stock Exchange Authority.
2. Within the limit of a number of shares representing a maximum of 5% of its share capital on the date of the Board of Directors' decision to buyback the shares:
- for a maximum amount of 300 million euros,
 - for a maximum purchase price fixed at 125 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, once or several times, notably on the market, by mutual consent 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 sale options, according to the conditions authorized by the legal, regulatory and stock exchange rules, and at the time when the Board of Directors or its proxy shall deem appropriate, and possibly 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 cost, should not exceed that of the last isolated transaction or, if it is higher, that of the highest current isolated 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 case such a sale price would be necessary) shall thus be determined according to 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 negotiated on the regulated market where the purchase is made.

This authorization replaces the previous authorization given at the Shareholders' Meeting on May 10, 2012 (Resolution 5). This authorization is given to the Board of Directors for a period of 18 months starting from the date of this Shareholders' Meeting. This authorization may not be used during public offers of the Company's shares, except with the prior and express authorization given by the shareholders.

In compliance with the provision of Article L. 225-210 of the French Commercial Code, the shares of the Company acquired pursuant to this authorization must be registered and must be entirely paid up upon their acquisition. These acquisitions must not have the effect of reducing the net equity to an amount lower than that of the capital increased by non distributable reserves. Finally, the Company must have reserves (other than the legal reserve) amounting to at least the value of all the shares that the Company owns directly or through a third party.

Within the scope of its global financial management, the Company reserves itself the possibility of using part of its available financial resources to finance the purchase of the shares and to resort to debt to finance the additional needs that may exceed its internal financing.

The Board of Directors shall inform the shareholders, in its annual management report, of the operations realized pursuant to this authorization.

The shareholders confer all powers to the Board of Directors to implement this share buyback program and notably to:

- appreciate the appropriateness 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, according to the conditions and methods set by the general rules and regulations of the Paris Stock Exchange Authority;
- place all orders, conclude all agreements in particular regarding the up-keeping of the purchases and sales register;
- inform the market and the Paris Stock Exchange Authority of operations carried out, in compliance with the general rules and 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, 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 7 – REAPPOINTMENT OF MR. BRUNO BICH AND MR. MARIO GUEVARA AS DIRECTORS OF THE BOARD**

Board of Directors' Report:

It is proposed to the shareholders to reappoint Bruno BICH and Mario GUEVARA as Directors for a period of three fiscal years expiring at the end of the Shareholders' Meeting called to vote in 2016 upon the approval of the accounts of the fiscal year ending December 31, 2015.

• **Bruno BICH**

Age: 66.

Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2012, SOCIÉTÉ M.B.D. held 26.13% of SOCIÉTÉ BIC share capital and 36.65% of the voting rights.

Director of the Board of SOCIÉTÉ BIC since June 2, 1986.

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 since March 1, 2006.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
Groupe EDHEC	France	Member of International Advisory Board
Harlem Academy	USA	Trustee

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Management Institute of Paris – M.I.P. (merged with Groupe EDHEC)	France	Co-founder and Member of the Supervisory Board
Imperial Tobacco ^(a)	United-Kingdom	Director of the Board

(a) Listed company.

• **Mario GUEVARA**

Age: 53.

Holds 10,552 BIC shares.

Director of the Board of SOCIÉTÉ BIC since May 22, 2001.

Chief Executive Officer of SOCIÉTÉ BIC since March 1, 2006, Mario Guevara was General Manager for North, Central and South America from 2001 to March 10, 2004 and then Executive Vice-President until February 28, 2006.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
BIC Chile SA ^(a)	Chili	Chairman of the Board
BIC Japan KK ^(a)	Japan	Director of the Board
BIC CORPORATION ^(a)	USA	Chairman of the Board Chief Executive Officer Director of the Board
BIC INTERNATIONAL, CO ^(a)	USA	Chief Executive Officer Director of the Board

(a) BIC Group.

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

Not applicable.

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 2016 upon the approval of the accounts for the fiscal year ending December 31, 2015.

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 2016 upon the approval of the accounts for the fiscal year ending December 31, 2015.

→ PROPOSED RESOLUTION 8 – APPOINTMENT OF MS. ELIZABETH BASTONI AS NEW DIRECTOR OF THE BOARD

Board of Directors' Report:

It is proposed to the shareholders to appoint Elizabeth BASTONI as Director, in replacement of Gilles Pélisson, who has been a Director for twelve years and cannot be considered any longer as independent as per the definition of the AFEP/MEDEF Code. Elizabeth Bastoni would be appointed for a period of three fiscal years until the end of the Shareholders' Meeting called to vote in 2016 upon the approval of the accounts of the fiscal year ending December 31, 2015.

• **Elizabeth BASTONI**

Age: 47.

Holds 836 BIC shares.

Elizabeth BASTONI is Director of The Rezidor Hotel Group since April 2011. In addition, she has been given a mission of Human Resources consultant by BIC Corporation for a period of four months (January-April 2013).

Having lived and worked over 18 years in France, Elizabeth Bastoni held various positions at KPMG, Lyonnaise des Eaux and Thales. She was Head of global Compensation, Benefits and Mobility for The Coca-Cola Company in Atlanta (USA) from 2005 to 2010. From February 2011 to October 2012, she was Executive Vice-President, Chief Human Resources and Communications Officer for Carlson Inc. From March 2011 to October 2012, she was a Director of Carlson Wagonlit Travel (Chairman of the Compensation Committee).

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

COMPANY	COUNTRY	MANDATE/FUNCTION
Carlson Wagonlit Travel	Netherlands	Director of the Board Chairman of the Compensation Committee
Carlson	USA	Executive Vice-President Chief Human Resources and Communications Officer
World at Work	USA	Director of the Board Chair of Governance Committee
The Coca-Cola Company ^(a)	USA	Head of Global Compensation, Benefits and Mobility

(a) Listed company.

Proposed resolution 8 – Appointment of Ms. Elizabeth BASTONI as Director of the Board

The shareholders decide to appoint, for a period of three fiscal years, Ms. Elizabeth BASTONI, domiciled 14 rue Jeanne d'Asnières 92110 Clichy, 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 2016 upon the approval of the accounts for the fiscal year ending December 31, 2015.

7.2. Extraordinary Shareholders' Meeting

→ PROPOSED RESOLUTION 9 – MODIFICATION OF THE CORPORATE PURPOSE

Board of Directors' Report:

It is proposed to the shareholders to slightly modify the corporate purpose of the Company in order to take into account the development of the Group activities, particularly the digital solution BIC® Éducation providing educational tools.

• **New version:**

"Article Three – Corporate purpose

The Company's corporate purpose is, in all countries, the purchase, the sale, the commissioning, the brokerage, the representation, the manufacturing, the exploitation, the import and export of all tangible and intangible properties, and in particular of all which is used for writing.

And generally speaking all personal, real, financial, industrial or commercial operations pertaining directly or indirectly to the foregoing purpose or to all similar or related purposes or to purposes that could serve to promote the extension or development of the foregoing 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".

Proposed resolution 9 – Modification of the corporate purpose

The shareholders, after having considered the report of the Board of Directors, decides to extend the corporate purpose to intangible properties and to subsequently modify article 3 of the Articles of incorporation, which will read as follows:

"Article Three – Corporate purpose

The Company's corporate purpose is, in all countries, the purchase, the sale, the commissioning, the brokerage, the representation, the manufacturing, the exploitation, the import and export of all tangible

and intangible properties, and in particular of all which is used for writing.

And generally speaking all personal, real, financial, industrial or commercial operations pertaining directly or indirectly to the foregoing purpose or to all similar or related purposes or to purposes that could serve to promote the extension or development of the foregoing 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".

→ PROPOSED RESOLUTION 10 – AUTHORIZATION TO GIVE TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLATION OF SHARES ACQUIRED IN COMPLIANCE WITH ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE

Board of Directors' Report:

We propose you to 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 by periods 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;
- to charge the difference between the buyback price of the cancelled shares and their nominal value on available premiums and reserves.

Proposed resolution 10 – Authorization to give to the Board of Directors to reduce the share capital by cancellation of shares acquired in compliance 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 compliance with the provisions of Article L. 225-209 of the French Commercial Code authorize the Board of Directors:

- on its sole deliberations, at the time it deems it necessary, to cancel once or in several times, by a reduction of said share capital accordingly, all or part of the shares of the Company that the Company holds or may hold 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 day of the Shareholders' Meeting, by periods of 24 months;
- to charge the difference between the buyback price of the cancelled shares and their nominal value on available premiums and reserves.

The shareholders delegate to the Board of Directors the authority to proceed with the cancellation(s) of these shares, to take note of the reduction(s) of share capital, to charge the difference between the book value of cancelled shares and their nominal value on all reserve accounts or others, to proceed with the modification of the by-laws accordingly, to carry out all formalities, make all declarations with all authorities or administrative bodies and in a general manner, take

all other action 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 the one given at the Shareholders' Meeting held on May 10, 2012 (Resolution 10).

➔ **PROPOSED RESOLUTION 11 – AUTHORIZATION TO GIVE 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 and following of the French Commercial Code, to grant free existing or to be issued shares, within the limits:

- of 4% of the share capital during 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) of 8% of the share capital.

This authorization would allow continuing to associate more closely the managers and key executives with the development 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 case, the corporate officers and the members of the Leadership Team could be granted only performance shares. Today, the performance is assessed over a three-year period according to the achievement of two objectives:

- net sales growth;
- net cash from operating activities, excluding capital outlays, 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% 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.

The corporate officers to whom performance shares would be 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 (acquisition period) and the minimum retention period of the shares by the beneficiaries. The acquisition and retention periods would be at least two years each.

However, in accordance with the law, if the Board of Directors determines an acquisition period of at least four years, the Board may decide to reduce or remove the retention period. The Board may notably use this option to grant shares taking into account some local constraints applicable to beneficiaries not residing in France.

Moreover, as allowed by article L 225-197-1 of the French Commercial Code, we propose you to decide that in case of an extremely serious infirmity of 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 12, 2010 (Resolution 16).

Proposed resolution 11 – Authorization to give 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 and following of the French Commercial Code:

- authorize the Board of Directors to proceed in one or more occurrences, with the free grants of shares of the Company, either existing or to be issued, for the benefit of all 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 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, 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:
 - during the term of this authorization, the total number of shares granted free-of-charge 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 shares granted free-of-charge will not exceed the global cumulative limit (with the stock options) of 8% 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 acquisition period determined by the Board of Directors. This period shall not be less than two years as from their allotment. The beneficiaries will be obliged to hold the shares for a minimal period determined by the Board of Directors and that shall not be less than two years as from the definitive grant of the shares. However, the shareholders authorize, insofar as the acquisition period for all or part of one or several grants is at least four years, to reduce or remove the period during which the beneficiaries shall hold the said shares;
- decide that, in case of infirmity of a beneficiary corresponding to the second and the 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. 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 of possession of the new shares,
 - 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 12, 2010 (Resolution 16).

→ **PROPOSED RESOLUTION 12 – AUTHORIZATION TO GIVE 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 and following of the French Commercial Code, it is proposed to 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 SOCIETE BIC and of its connected companies, options to subscribe for new shares of the Company or to purchase existing shares of the Company. This authorization would be given within the limits:

- Of 4% of the share capital during 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 grants) of 8% of the share capital.

This authorization would allow continuing to associate more closely the managers and key executives with the development of the shares, as are the shareholders.

Each time the Board would use this authorization, the Board would determine the beneficiaries of these options.

In any case, the corporate officers and members of the leadership team could be granted options only 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, on the market with monthly payment, 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 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 duration of the options could not exceed a ten year period.

This authorization would be given for a period of 38 months and would replace the authorization given at the Shareholders' Meeting of May 12, 2010 (Resolution 17).

Proposed resolution 12 – Authorization to give 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 and following 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 SOCIETE BIC and of its connected 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, being specified that the grant of options to corporate officers and to members of the Leadership Team must be subject to performance conditions;
- determine the duration or period(s) of exercise of the options granted, being specified that the duration of the options could not exceed a ten year period, as from their date of attribution;
- decide that:
 - during the term of this authorization, the total number of options which will be granted will not give right to subscribe or purchase a number of shares higher than 4% 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 and still to be exercised will not give right to subscribe more than 8% of the share capital (cumulative limit with the free shares as 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 could be neither 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, nor lower 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 Commercial Code,
- decide that no stock subscription or purchase option could be granted:
 - less than twenty sessions of the Paris Stock Exchange after the shares are torn of a coupon giving right to a dividend or to a capital increase,
 - within ten sessions of the Paris Stock Exchange preceding and three sessions following the date on which the financial consolidated statements or, failing this, the financial annual 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 involves, for the recipients of the stock subscription options, express waiver by the shareholders of their preferential right of subscription for the shares which will progressively be issued as the options are exercised;
- delegate the authority to the Board of Directors, with the possibility to further delegate under the legal and regulatory applicable rules, 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 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,
 - in its sole discretion, and if it considers it convenient, charge the expenses of the capital increases to the amount of the premiums related with these increases and take on 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 what 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 12, 2010 (Resolution 17).

7.3. Ordinary and Extraordinary Shareholders' Meeting

→ PROPOSED RESOLUTION 13 – AUTHORIZATION TO PERFORM FORMALITIES

Board of Directors' Report:

This resolution allows the performance of the legal formalities following the present Meeting.

Proposed resolution 13 – 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' Report on the decrease in capital by cancellation of shares purchased

→ COMBINED SHAREHOLDERS' MEETING OF MAY 15, 2013 (10TH RESOLUTION)

This is a free translation of the original French text for information purposes only.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L. 225-209 of the French Commercial Code (Code de Commerce) on the decrease in share capital by the cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed decrease in share capital.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of 18 months starting from the day of this Meeting, to cancel, on one or several occasions, up to a maximum of 10% of its share capital existing as of the date of the Meeting, by 24-month periods, the shares purchased by the Company pursuant to the authorization to purchase its own shares in connection with the aforementioned article; this purchase authorization, for up to a maximum of 10% of the share capital as of the date of the decision to purchase shares, is submitted for approval to your Shareholders' Meeting (5th resolution) and will be granted for a period of 18 months.

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 procedures consisted, in particular, in verifying the fairness of the reasons for and the terms and conditions of the proposed decrease in share capital, which does not interfere with the equal treatment of shareholders.

We have no comments on the reasons for and the terms and conditions of the proposed decrease in share capital. We remind you that the capital decrease may only be completed if the Shareholders' Meeting previously approves, the purchase by your Company of its own shares.

Paris and Neuilly-sur-Seine, February 22, 2013

The Statutory Auditors

Grant Thornton

French member of Grant Thornton International

Gilles HENGOAT

Deloitte & Associés

Jean-François VIAT

7.5. Statutory Auditors' Report on the authorization to grant existing shares or shares to be issued for no consideration

→ COMBINED SHAREHOLDERS' MEETING OF MAY 15, 2013 (11TH RESOLUTION)

This is a free translation of the original French text for information purposes only.

To the Shareholders,

In our capacity as Statutory Auditors of your Company 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 proposed grant, for no consideration, on one or several occasions, of existing shares or shares to be issued to employees, or certain categories of them, and/or executive corporate officers of the Company and affiliated companies, a transaction that you are being asked to approve.

Based on its report, the Board of Directors also recommends that you confer on it the authority, for a period of 38 months, to grant shares for no consideration, whether existing or to be issued.

The Board of Directors is responsible for preparing a report on the transaction that it wishes to perform. 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, February 22, 2013

The Statutory Auditors

Grant Thornton

French member of Grant Thornton International

Gilles HENGOAT

Deloitte & Associés

Jean-François VIAT

7.6. Statutory Auditors' Report on the authorization to grant stock subscription and/or purchase options

→ COMBINED SHAREHOLDERS' MEETING OF MAY 15, 2013 (12TH RESOLUTION)

This is a free translation of the original French text for information purposes only.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Articles L. 225-177 and R.225-144 of the French Commercial Code (Code de Commerce), we hereby report to you on the proposed granting of stock subscription and/or purchase options to employees, or to certain of them, or certain categories of them and/or executive corporate officers of the Company and of affiliated companies, a transaction that you are being asked to approve.

Based on its report, the Board of Directors recommends that you confer on it the authority for a period of 38 months as from the date of this Shareholders' Meeting, to grant, stock subscription and/or purchase options.

The Board of Directors is responsible for preparing a report on the reasons for granting stock subscription and/or purchase options and the proposed terms and conditions governing the determination of the subscription and/or purchase price. Our role is to express an opinion on the proposed terms and conditions governing the determination of the stock subscription and/or purchase price.

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 and regulations.

We have no comments on the proposed terms and conditions for determining the stock subscription and/or purchase price.

Paris and Neuilly-sur-Seine, February 22, 2013

The Statutory Auditors

Grant Thornton

French member of Grant Thornton International

Gilles HENGOAT

Deloitte & Associés

Jean-François VIAT

7 - Board of Directors' Report and proposed resolutions of the Shareholders' Meeting of May 15, 2013
Statutory Auditors' Report on the authorization to grant existing shares or shares to be issued for no consideration



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Financial historic information	238	Fees of the Auditors and the members of their networks	241
8.2. Annual information report	238	Auditing of historical annual financial information	241
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Other permanent or occasional information available on www.info-financiere.fr and/or on the company's website: www.bicworld.com	239	8.5. Cross reference table required under European Commission Regulation n°809/2004	242
Information published in the Bulletin of the Obligatory Legal Advertisements (BALO) available on the website: www.journal-officiel.gouv.fr	239	8.6. Cross reference table with the annual financial report	245
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8.1. Documents on display

→ **MEMORANDUM AND ARTICLES OF INCORPORATION**

See Chapter 6. Information on the Company.

→ **2012 ANNUAL INFORMATION REPORT**

See Annual Information report.

→ **FINANCIAL HISTORIC INFORMATION**

2010 and 2011 registration documents are available on SOCIÉTÉ BIC 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	HEADING
February 15, 2012	Full Year 2011 Results
February 16, 2012	Cello Arbitration – Favourable decision
February 21, 2012	Remuneration of Corporate Officers
February 28, 2012	Development in Africa and Middle East
April 25, 2012	1st Quarter 2012 Results
June 7, 2012	Lighters – European Commission Decision
May 10, 2012	Report of the Joint Extraordinary and Ordinary Shareholders' Meeting held on May 10, 2012
August 2, 2012	2nd Quarter and 1st Half 2012 Results
October 3, 2012	Launch of BIC Education in France
October 24, 2012	9 months 2012 Results
November 27, 2012	Flint lighters European anti-dumping tax renewal procedure
December 12, 2012	Non-renewal of the European anti-dumping tax on flint lighters of Chinese Origin

→ **OTHER PERMANENT OR OCCASIONAL INFORMATION AVAILABLE ON WWW.INFO-FINANCIERE.FR AND/OR ON THE COMPANY'S WEBSITE: WWW.BICWORLD.COM**

DATE	HEADING
January 9, 2012	Disclosure of trading in own shares for December 2011
January 9, 2012	Half-year assessment of the BIC liquidity contract signed with Natixis
January 16, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of December 31, 2011
February 7, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of January 31, 2012
March 8, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of February 29, 2012
March 8, 2012	Disclosure of trading in own shares for February 2012
March 27, 2012	Release and availability of 2011 registration document
April 10, 2012	Disclosure of trading in own shares for March 2012
April 10, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of March 31, 2012
May 4, 2012	Disclosure of trading in own shares for April 2012
May 4, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of April 30, 2012
June 11, 2012	Disclosure of trading in own shares for May 2012
June 11, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of May 31, 2012
July 4, 2012	Half-year assessment of the BIC liquidity contract signed with Natixis
July 6, 2012	Disclosure of trading in own shares for June 2012
July 9, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of June 30, 2012
August 1, 2012	Disclosure of trading in own shares for July 2012
August 2, 2012	Release and availability of the 1st Half 2012 Financial Report
August 2, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of July 31, 2012
September 6, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of August 31, 2012
September 6, 2012	Disclosure of trading in own shares for August 2012
October 4, 2012	Disclosure of trading in own shares for September 2012
October 4, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of September 30, 2012
November 19, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of October 31, 2012
November 19, 2012	Disclosure of trading in own shares for October 2012
December 10, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of November 30, 2012
December 10, 2012	Disclosure of trading in own shares for November 2012
January 22, 2013	Disclosure of total number of voting rights and number of shares forming the capital as of December 31, 2012

→ **INFORMATION PUBLISHED IN THE BULLETIN OF THE OBLIGATORY LEGAL ADVERTISEMENTS (BALO) AVAILABLE ON THE WEBSITE: WWW.JOURNAL-OFFICIEL.GOUV.FR**

DATE	TYPE OF INFORMATION
March 23, 2012	Notification of the Annual Shareholders' Meeting of May 10, 2012

→ **INFORMATION DEPOSITED AT THE CLERK'S OFFICE OF THE COMMERCIAL COURT OF NANTERRE**

DATE	TYPE OF INFORMATION
January 4, 2012	Share capital increase and decrease Release in <i>Le Quotidien Juridique</i> of December 23, 2011
June 12, 2012	Deposit of the full year 2011's statutory and consolidated financial statements
January 24, 2013	Share capital increase Release in <i>Le Quotidien Juridique</i> of January 14, 2013

→ **OTHER RELEASES**

DATE	TYPE OF INFORMATION	MEDIUM
April 17, 2012	Notification of the Annual Shareholders' Meeting of May 10, 2012	<i>Le Quotidien Juridique</i>

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, financial position and profit or loss of the Company and the 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 that 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 the document in its entirety."

On March 26, 2012, Mario Guevara
Chief Executive Officer

8.4. Statutory Auditors

→ NAMES AND ADDRESSES

Statutory Auditors

The Statutory Auditors issue reports on statutory and consolidated accounts of SOCIÉTÉ BIC:

Deloitte & Associés

Represented by Mr. Jean-François Viat

185, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

Tel.: +33 1/40.88.28.00

Deloitte & Associés was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the Extraordinary General Shareholders' Meeting on May 4, 1999.

The mandate of Deloitte & Associés as Statutory Auditors is in place for a period of six fiscal years and was renewed at the Annual Shareholders' Meeting on May 11, 2011. It will expire in 2017 at the General Shareholders' Meeting confirming the accounts for fiscal year 2016, which close December 31, 2016.

Grant Thornton

Represented by Mr. Gilles Hengoat

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 31 to the consolidated financial statements.

→ AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

Audited historical annual financial information and the corresponding Auditors' report for financial years 2010 and 2011, 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. 11-0206 and No. D. 12-0218) and available on the website of the BIC Group. In application of Article 28 of Regulation (EC) No. 809/2004, this information is incorporated by reference in this registration document.

→ INTERIM AND OTHER FINANCIAL INFORMATION

Quarterly financial information has not been audited.

Half Year and annual financial information have been audited.

8.5. Cross reference table required under European Commission Regulation 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.

IN ACCORDANCE WITH THE COMMISSION REGULATION (CE) N° 809/2004		PAGES
1. PERSONS RESPONSIBLE		
Name and function		240
Declaration by responsible person		240
2. STATUTORY AUDITORS		
Names and addresses		241
Change of Statutory Auditors		241
Fees of the Auditors and the members of their networks		188-241
3. SELECTED FINANCIAL INFORMATION		
Selected historical financial information over the past three financial years		6-10; 116-124; 126; 131-188; 190-208; 241
Selected financial information for interim periods		N/A
4. RISK FACTORS		
Market risks		20; 125; 170-172; 178-181
Legal risks		21
Environment-related risks		21
Insurance – Coverage of any risks to which the issuer may be exposed		22
Other special risks		23
5. INFORMATION ABOUT THE ISSUER		
History and development of the issuer		10-11; 212
Investments		127; 148-149; 183-187
6. BUSINESS OVERVIEW		
Principal activities		4-5; 10-11; 116-120
Principal markets		12-16
Exceptional factors		N/A
Dependence of the issuer on patents or licences, industrial, commercial or financial contracts or new manufacturing processes		N/A
Basis of statements made by the issuer regarding its competitive position		12-16; 116-123
7. ORGANISATIONAL STRUCTURE		
Description of the Group		10-16
Significant subsidiaries		183-187; 206
8. PROPERTY, PLANT AND EQUIPMENT		
Existing material tangible fixed assets, including leased properties, and any major encumbrances thereon		18-19; 154-156
Environmental issues that may affect the issuer's utilization of the tangible fixed assets		37-53

IN ACCORDANCE WITH THE COMMISSION REGULATION (CE) N° 809/2004		PAGES
9. OPERATING AND FINANCIAL REVIEW		
Financial condition		6-10; 124
Operating results		118-120; 132; 150-151
10. CAPITAL RESOURCES		
Information on capital resources		134-135
Sources, amounts and narrative description of cash flows		136-137
Borrowings requirements and funding structure		163-164
Information regarding any restrictions on the use of capital resources that have affected or could materially affect, directly or indirectly, the issuer's operations		N/A
Anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3. (future investments) and 8.1. (encumbrances on tangible fixed assets)		N/A
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES		17; 144-145; 151; 158-159
12. TREND INFORMATION		
Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document		128
Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects		128
13. PROFIT FORECASTS OR ESTIMATES		N/A
14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT		
Names, business addresses and functions in the issuer and outside (when significant)		105-113
Administrative, management and supervisory bodies and Senior Management conflicts of interests		114
15. REMUNERATION AND BENEFITS		
Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries		94-104
Amount set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits		94-104; 165-169
16. BOARD PRACTICES		
Date of expiration of the current term of office		105-113
Members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries		N/A
Information about the issuer's Audit Committee and Remuneration Committee		84-85
Compliance with the country's of incorporation corporate governance regime		82
17. EMPLOYEES		
Number of employees and breakdown by main category of activity		54-55
Shareholdings and stock options of Corporate Officers		98-101; 175-177
Arrangements for involving the employees in the capital of the issuer		103-104; 175-177
18. MAJOR SHAREHOLDERS		
Person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law		216-217
Major Shareholders with different voting rights		216-217
Measures in place to ensure that control is not abused		N/A
Arrangement which may at subsequent date result in a change in control of the issuer		N/A

8 - Additional information

Cross reference table required under European Commission Regulation n°809/2004

IN ACCORDANCE WITH THE COMMISSION REGULATION (CE) N° 809/2004	PAGES
19. RELATED PARTIES TRANSACTIONS	
Nature and extent of any transaction	181-210
Amount or percentage to which related party transactions form part of the net sales of the issuer	N/A
20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
Historical financial information	131-188; 190-208; 241
Proforma financial information	N/A
Financial statements	131-188; 190-208
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Age of latest financial information	238-240
Interim and other financial information	241
Dividend policy	126
Legal and arbitration proceedings	20-21; 128
Significant change in the issuer's financial or trading position	212
21. ADDITIONAL INFORMATION	
Share capital	162-163; 214-217
Memorandum and articles of incorporation	212-213
22. MATERIAL CONTRACTS	N/A
23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATION OF ANY INTEREST	N/A
24. DOCUMENTS ON DISPLAY	238-240
25. INFORMATION ON HOLDINGS	183-187; 206-207

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
Annual Financial Report		
1.	Statutory accounts	190-208
2.	Consolidated financial statements	131-188
3.	Statutory Auditors' report on the financial statements	209-210
4.	Statutory Auditors' report on the consolidated financial statements	189
5.	Management report including, at least, information mentioned in Articles L. 225-100, L. 225-100-2, L. 225-100-3 and L. 225-211 alinea 2 of the French Commercial Code	246
6.	Declaration by responsible person of the registration document	240
7.	Auditors' fees	188
8.	Chairman's report on the Board of Directors functioning and on the internal control procedures implemented by the Company	82-92
9.	Statutory Auditors' report on the report prepared by the Chairman of the Board of Directors	93
10.	List of the information published or made public over the past twelve months related to the quotation of the shares on Euronext Paris	238-240

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.

N°	INFORMATION	PAGES
Management report of the Board		
1.	Business review/Results/Financial position and performance indicators	4-10; 116-124
2.	The Company's use of financial instruments, where material for the assessment of its assets, liabilities, financial position and profit or loss	125
3.	Description of the main risks and uncertainties	20-23; 125
4.	Material acquisitions of equity interests in companies with their head office in France	N/A
5.	Subsequent events/Outlook	128; 212
6.	Dividends paid over the past three years	126
7.	Exposure to interest-rate, currency and equity risks	20; 125
8.	Purchases and sales of Company shares	218
9.	Compensation of corporate officers	94-104
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11.	Main functions and directorships held by corporate officers	105-114
12.	Arrangements which may have a bearing in the event of a takeover bid	217
13.	Ownership structure	216
14.	Adjustments to the rights of holders of share equivalents	N/A
15.	Social responsibility and environmental information	25-80
16.	Research and development activities	17
17.	Terms of payment of trade payables of SOCIÉTÉ BIC	208
Appendices		
18.	Table of authorisations to issue new shares and share equivalents	214-215
19.	Five-year financial summary	208
20.	Report of the Chairman of the Board of Directors	82-92

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 Nation Global Compact and the general policies from the OECD Guidelines ⁽²⁾.

CONTENT OF THE REGISTRATION DOCUMENT	ARTICLE 225 AL.5 OF THE COMMERCIAL CODE	GRI ⁽¹⁾	PRINCIPLES OF THE GLOBAL COMPACT	OECD ⁽²⁾ GENERAL POLICIES	PAGE
1. Group presentation		2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8		6, 10	3
2.1 The BIC Sustainable Development Program	3.b, c	1.2, 4.9, 4.8, 4.12, 4.14, 4.16, 4.17, PR5, EC1, 2.7, 4.17, PR5, 4.13, SO5	1 to 10	1, 5	26
2.2 Environmental responsibility concerning our products	3.d	PR1, EN26	8 and 9	2, 3, 7, 8, 10, 12, 13, 14	37
2.3 Environmental responsibility concerning our operations	2.a, b, c, d, e	EC2, EN1, EN3, EN4, EN6, EN7, EN8, EN12, EN14, EN16, EN18, EN22, EN28, EN29, EN30	7, 8 and 9	12	44
2.4 Our social responsibility to the employees	1.a, b, c, d, e, f, g	LA1, LA2, LA7, LA8, LA9, LA10, LA 11, LA12, LA13	1, 3 and 6	2, 10	54
2.5 Our societal responsibility	3.a, c, d, e	SO2, HR2, HR6, HR7, EC9	1, 2, 4, 5, 10	4, 8, 14	67
2.6. Milestones		2.9, 2.10, 3.1, 3.3, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13		1, 2, 3, 7, 9, 13	74
3. Corporate Gouvernance		4.1, 4.2, 4.3, 4.5, 4.6, 4.10			81

(1) GRI: Global Reporting Initiative GRI 3.1 version

(2) OECD: Organisation for Economic Co-operation and Development.

INVESTORS RELATIONS

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LIMITED COMPANY CAPITAL EUROS 184,675,714.96

DIVIDED INTO 48,344,428 SHARES OF EUROS 3.82

QUOTED ON EUROLIST EURONEXT PARIS

ISIN: FR0000120966

MNEMONIC: BB

CONTINUOUS QUOTATION

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