



2019

**UNIVERSAL
REGISTRATION
DOCUMENT**



INCLUDING
THE ANNUAL
FINANCIAL
REPORT

Message from the CEO
BIC at a glance
Extracts from the Integrated Report

2
5

1

GROUP PRESENTATION, PERSPECTIVES, AND STRATEGY

- 21
22
25
31
32
34
- 1.1. History
 - 1.2. Key figures
 - 1.3. Strategy
 - 1.4. 2020 and long-term perspectives
 - 1.5. Business presentation

AFR

2

RISKS MANAGEMENT

- 43
44
45
51
55
- 2.1. Main risks and risk assessment
 - 2.2. Description and mitigation of main risk factors
 - 2.3. Vigilance Plan
 - 2.4. Risk Management and Internal Control procedures implemented by the Company and insurance

AFR

3

OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

- 63
65
77
88
96
108
113
117
- 3.1. The BIC Sustainable Development Program and non-financial performance
 - 3.2. Responsibility concerning our products
 - 3.3. Environmental responsibility concerning our operations
 - 3.4. Our social responsibility to our team members
 - 3.5. Responsibilities related to our supply chain
 - 3.6. Societal benefits related to BIC® products
 - 3.7. Milestones

AFR

NFPS

NFPS

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NFPS

NFPS

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4

CORPORATE GOVERNANCE

- 125
126
150
- 4.1. Administrative and management bodies
 - 4.2. Corporate Officers' compensation

AFR

5

COMMENTS ON THE YEAR

- 169
170
178
179
180
- 5.1. Operations and consolidated results
 - 5.2. Financial situation and cash
 - 5.3. Dividends
 - 5.4. Investments

AFR

6

FINANCIAL STATEMENTS

- 183
184
242
246
265
269
- 6.1. Consolidated financial statements
 - 6.2. Statutory auditor's report on the consolidated financial statements
 - 6.3. Parent company financial statements of SOCIÉTÉ BIC (French GAAP)
 - 6.4. Statutory auditors' report on the financial statements
 - 6.5. Statutory auditors' special report on regulated agreements

7

INFORMATIONS ABOUT THE ISSUER

- 271
272
274
276
278
279
280
- 7.1. Information on the Company
 - 7.2. Share capital
 - 7.3. Shareholding
 - 7.4. Treasury shares and share buyback
 - 7.5. Investor relations
 - 7.6. Share information

AFR

AFR

AFR

8

BOARD OF DIRECTORS' REPORT AND DRAFT RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 20, 2020

- 281
283
301
310
- 8.1. Ordinary Shareholders' Meeting
 - 8.2. Extraordinary Shareholders' Meeting
 - 8.3. Ordinary and Extraordinary Shareholders' Meeting

9

ADDITIONAL INFORMATION

- 311
312
313
314
315
316
- 9.1. Documents on display
 - 9.2. Main press releases
 - 9.3. Declaration by responsible person of the Universal Registration Document
 - 9.4. Statutory Auditors and fees
 - 9.5. Glossary

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

Elements linked to the Non-Financial Performance Statement are identified in the content using the symbol **NFPS**



UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

2019



This Universal Registration Document has been filed on 31 March 2020 with the Autorité des Marchés Financiers (AMF), as competent authority under Regulation (UE) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purpose of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (UE) 2017/1129.



MESSAGE FROM BIC'S CHIEF EXECUTIVE OFFICER

Gonzalve Bich



Our journey began 75 years ago, comprised of many successes, innovations, satisfied consumers, and a relentless commitment to high-quality products. While I am proud of this legacy, today's challenges require our organization to evolve and become more agile, efficient, and consumer-centric than ever.

Today, we need the same courage, ingenuity, and entrepreneurial spirit that helped create the foundation of our business. 2019 was a challenging year, and the Group navigated in a tough trading environment. 2020 will be even more difficult. While the Covid-19 epidemic continues to escalate, the health and safety of BIC's team members, customers, suppliers, and consumers remain an absolute priority.

Around the globe, our teams are adapting commercial activities to maintain customer service and meet consumer demand for essential everyday products such as Shavers, Lighters, and Writing Instruments. Throughout the year, we will work closely with all our business partners to continue to leverage our integrated business model, off-line and on-line distribution, and strong balance sheet to mitigate the situation and minimize the long-term financial impact of the epidemic.

Despite current headwinds, I am convinced that our categories offer genuine potential and that our products will remain essentials to consumers' everyday life, driving long-term profitable growth, and creating sustainable value for all our stakeholders, for another 75 years.



BIC AT A GLANCE

2019 financial performance



• 40% of Net Sales



• 35% of Net Sales



• 24% of Net Sales

NET SALES: **€1,949.4 M**

NORMALIZED ⁽¹⁾ INCOME FROM OPERATIONS (NIFO): **€331.8 M**

NIFO MARGIN: **17.0%**

EARNINGS PER SHARE (GROUP SHARE): **€3.91**

FREE CASH FLOW ⁽²⁾: **€198.0 M**

NET CASH POSITION: **€146.9 M**

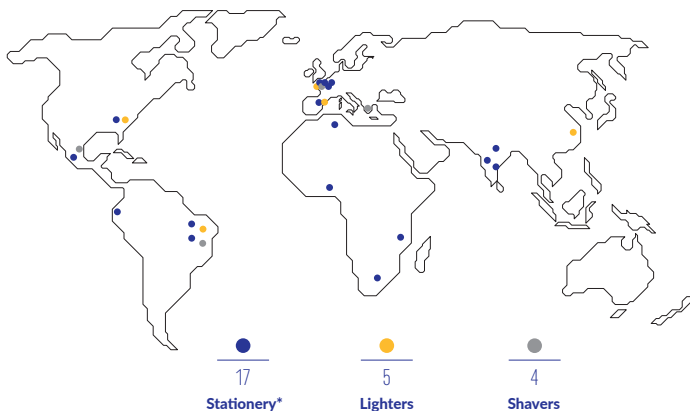
ORDINARY DIVIDEND ⁽³⁾: **€3.45 per share**

(1) Normalized: excluding exceptional items. - (2) After acquisitions and disposals. - (3) 2018 Dividend paid in June 2019.

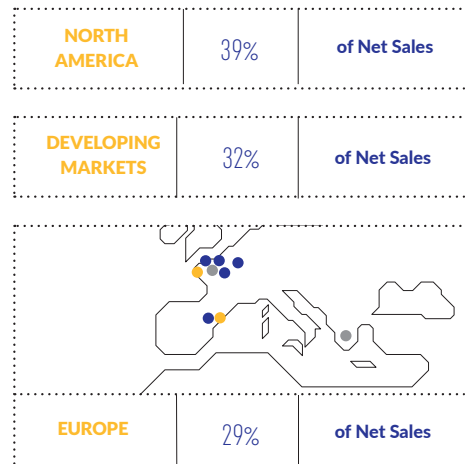
12,777 Team members

26 Factories on **4** continents

Worldwide manufacturing footprint



*including BIC Graphic (advertising and promotional products).



BIC is listed on "Euronext Paris", part of the SBF120 and CAC Mid 60 indexes, and also part of the following Socially Responsible Investment indexes: CDP Climate 2019: Leadership Level A- and CDP Supplier Engagement Rating 2019: Leadership A-, FTSE4Good indexes, Ethibel Pioneer and Ethibel Excellence Investment Registers, Ethibel Sustainability Index (ESI) Excellence Europe, Stoxx Global ESG Leaders Index.



Key financial indicators

	2018	2019	Change as reported	Change on a comparative basis
NET SALES (in million euros)	1,949.8	1,949.4	0.0%	-1.9%
NORMALIZED INCOME FROM OPERATIONS (in million euros)	352.4	331.8		
NORMALIZED INCOME FROM OPERATIONS MARGIN (in %)	18.1%	17.0%		
NET INCOME GROUP SHARE (in million euros)	173.4	176.1		
EARNINGS PER SHARE GROUP SHARE (in euros)	3.80	3.91		

Key non-financial indicators

	2018	2019
ENERGY CONSUMPTION (Gigajoules/tons)	12.14	12.59
WATER CONSUMPTION (M ³ /tons)	5.32	4.87
GREENHOUSE GAS EMISSIONS NORMALIZED TO PRODUCTION (tCO ₂ /ton)	1.014	1.070

Board of Directors

50%	50%	7	94%
Independents*	Women*	Meetings in 2019	Rate of attendance in 2019

Shareholding structure

54%	45%	1%
Public	Bich family (Voting rights: 61%)	Treasury shares

As of December 31, 2019, the total number of issued shares of SOCIETE BIC was 45,532,240 shares, representing: 67,035,094 voting rights.

*In accordance with the AFEP-MEDEF Code, Directors who represent the employees are not taken into account when assessing the ratio of Independent Directors. Furthermore, in accordance with the law, the Directors who represent the employees are not included when assessing the percentage of women on the Board—data subject to the approval of the resolutions by the Annual General Meeting on May 20, 2020.





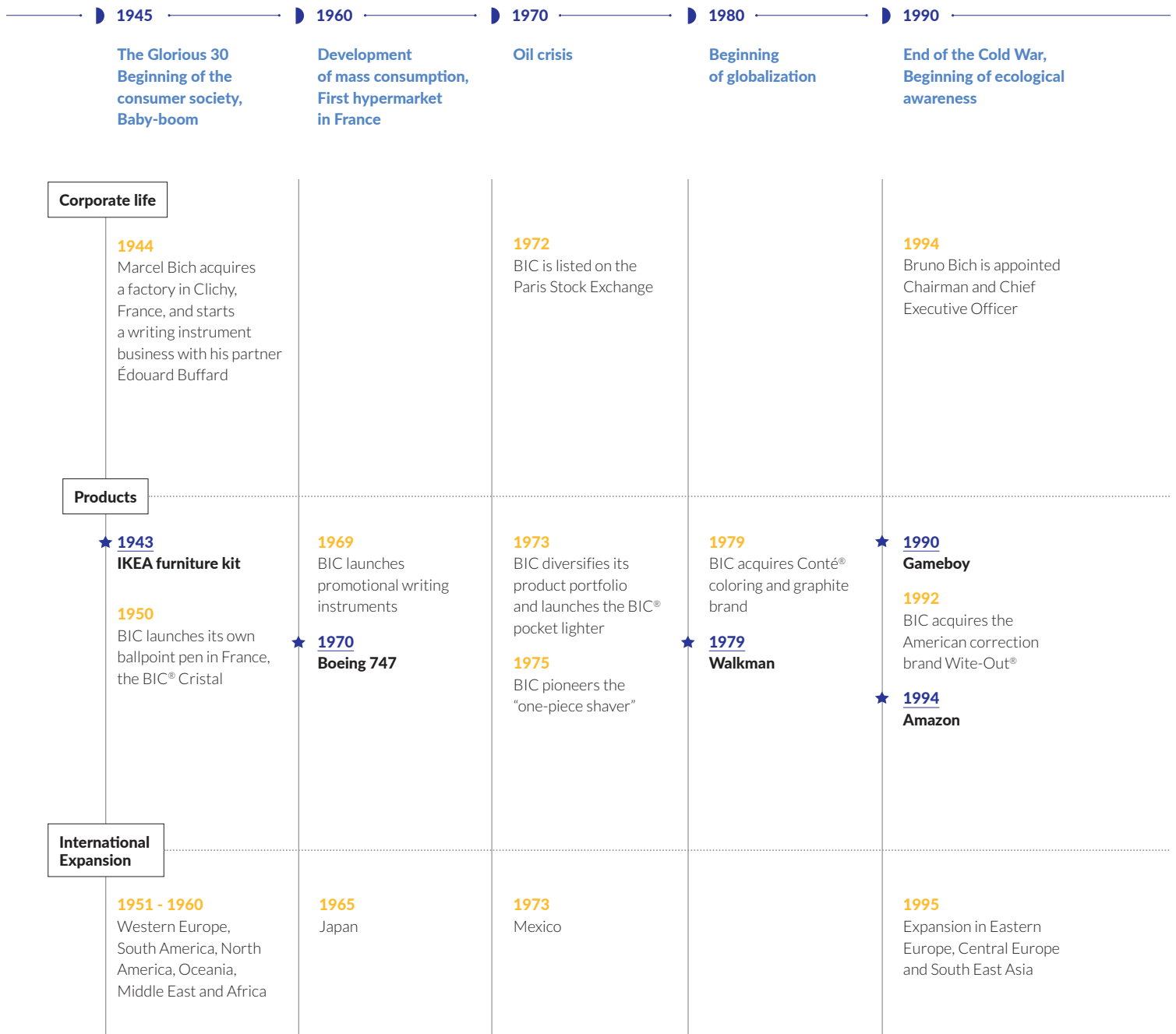
EXTRACTS FROM THE INTEGRATED REPORT

- 06 • 75 years of sustainable growth and value creation
- 08 • Business model
- 10 • Industrial expertise
- 11 • Governance
- 14 • Risk management
- 15 • “BIC 2022 - Invent the future” transformation plan
- 17 • Sustainable development: “Writing the Future, Together”
- 20 • Value sharing



75 YEARS OF SUSTAINABLE GROWTH AND VALUE CREATION

For 75 years, we have strived to reinforce BIC's business model by constantly adapting and improving the way we access and use the resources that are necessary to our operations.



★ Products and services that have significantly modified consumption patterns.



Our objective is to continuously create financial and non-financial value for all of our stakeholders, while remaining focused on our consumers.

2000	2010	2020	2020	2020
<p>Subprime crisis</p>	<p>Rise of the Internet, Acceleration of international trade</p>		<p>Paris Agreement on Climate Change, Mobile internet explosion</p>	
<p>2001 The BIC® Cristal® enters the Museum of Modern Art of New York (MoMA)</p> <p>1997 BIC acquires the European correction brand Tipp-Ex®</p> <p>★ 1998 Google</p> <p>2000 BIC launches its first Utility Lighter</p>	<p>2004 BIC launches its Sustainable Development program</p> <p>2006 BIC® classic pen, lighter and shaver enter the musée National d'Art Moderne in Paris / Centre Georges Pompidou</p> <p>2004</p> <ul style="list-style-type: none"> • BIC launches Life Cycle Assessment for pens, lighters and shavers... A starting point for BIC eco-design expertise • BIC launches the BIC® Soleil® Shaver for women <p>★ 2007 iPhone & Netflix</p>	<p>2009</p> <ul style="list-style-type: none"> • BIC is the first European manufacturer of writing instruments to earn the French Ecolabel "NF Environnement" • BIC launches its first Hybrid Shaver <p>★ 2009 Bitcoin</p>	<p>2013 BIC listed by CDP (Carbon Disclosure Project)</p> <p>2015 The BIC Corporate Foundation for Education is created</p> <p>2018 Launch of "Writing the Future, Together": a new Sustainable Development long-term ambition</p> <p>2011 Partnership with Terracycle in Europe, a leader in collecting hardly recyclable materials</p> <p>2017 BIC initiates an innovative circular economy model with Ubicuity™</p>	<p>2018 Separation of Chairman of the Board and CEO functions. Pierre Vareille nominated as Chairman, and Gonzalve Bich as CEO</p> <p>2019 BIC announces its Transformation Plan "BIC 2022 - Invent The Future"</p> <p>2019</p> <ul style="list-style-type: none"> • BIC participates in LOOP, a new global shopping platform aimed at reducing packaging • BIC launches temporary tattoo marker BodyMark by BIC® • BIC launches online brand Made For YOU for genderless refillable shavers <p>★ 2019 Blockchain</p>
	<p>2009 Entry in India with the acquisition of 40% of Cello</p>	<p>2012</p> <ul style="list-style-type: none"> • Acquisition of a site in Tunisia for the construction of a writing instrument plant • Expansion of the BIC shaver plant in Mexico 	<p>2013 Opening of a lighter factory in China</p>	<p>2019</p> <ul style="list-style-type: none"> • Acquisition of Haco Industries Ltd. in Kenya • Acquisition of Lucky Stationery in Nigeria



TURNING OUR RESOURCES INTO ASSETS...

OUR TEAMS, KEY TO OUR SUCCESS

To support growth and development, we continuously reinforce our teams' skills and capabilities by providing customized training programs and opportunities for career development.

12,777 **workforce**
 16,629 **training days**
 €499M **payroll cost**
 25% **internal promotion rate**

STATE-OF-THE-ART AND RESPONSIBLE PRODUCTION

We rely on our state-of-the-art manufacturing process, while reducing the environmental impact of BIC factories and protecting team members' health.

26 **plants on 4 continents**
 92% **Net Sales from products manufactured in BIC factories**
Long-term progress in all factories: reducing water & energy consumption and waste production

SUSTAINABLE PROCUREMENT STRATEGY

Through our responsible procurement strategy, we strive to minimize the environmental footprint of BIC® products.

€989.7M **purchases of raw materials, consumables and services**
 15,000 **suppliers**
 81% **products manufactured in Europe and sold there**

CULTURE OF INNOVATION

True to our culture of innovation, we maintain a relentless focus on developing new and innovative environmentally friendly products.

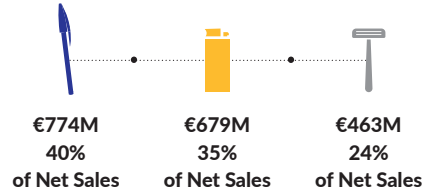
+20% **new patent submissions in 2019**
 1.8% **Net Sales invested in R&D**
 100% **new stationery products subject to eco-measurement**

SOLID FINANCIAL FOUNDATION

Through sound cash management and a strong balance sheet, we ensure access to the capital needed in order to finance BIC operations and growth.

€1,608.1M **shareholders' equity**
 €334.5M **cash flow from operations**
 €146.9M **net cash position**

DAY-TO-DAY ESSENTIALS FOR CONSUMERS EVERYWHERE



HIGH QUALITY

When creating our first product, the BIC® Cristal® ball pen, we decided to focus on the essentials: creating a high-quality tool, sold at the right price, to facilitate an everyday gesture that can be used by anyone, everywhere.

RELIABLE

The best way to create consumer loyalty is to offer the same high quality throughout the product's life: more than 2 km of writing from one BIC® Cristal® ball pen, 3,000 ignitions from one BIC® Maxi pocket lighter and 17 shaves from a BIC® Flex 3 shaver.






INVENTIVE

BIC's development has always followed changes in consumer expectations. Whenever we identify a specific need or desire, our Research & Development teams come up with ingenious solutions to optimize performance.

SUSTAINABLE

We've always been committed to creating long-lasting products with limited environmental footprint, manufactured with a minimum of resources and offering long life performance. We use an eco-design approach, integrating alternative solutions such as the use of recycled materials or bioplastics in the manufacturing of several products.

...TO ENHANCE VALUE CREATION FOR ALL OUR STAKEHOLDERS

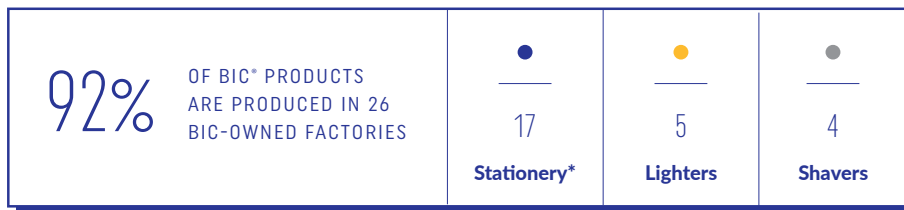
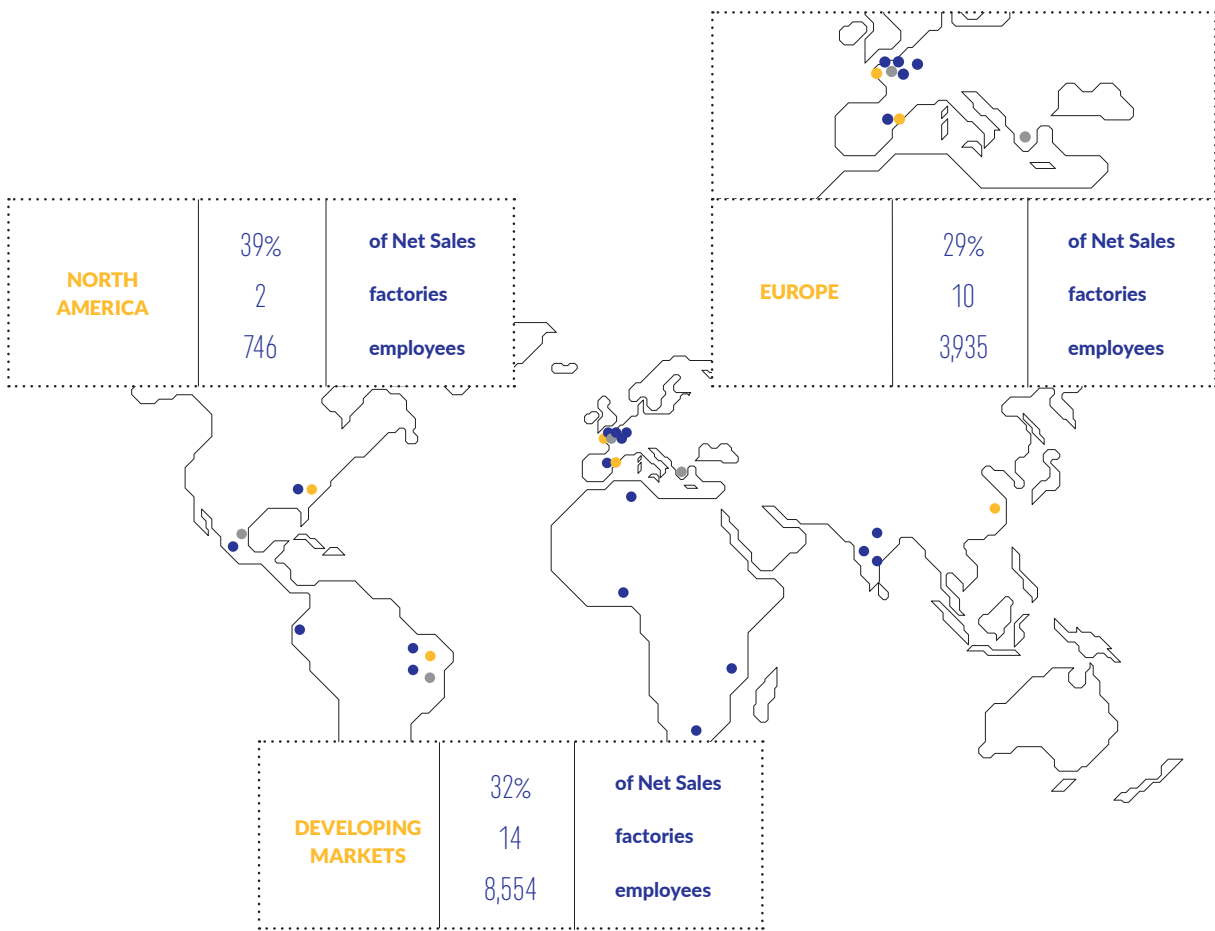
 <p>COMMITTED AND SAFE EMPLOYEES</p>	<p>To foster the commitment and loyalty of our teams, we strive to ensure that their everyday work tasks are fulfilling and safe.</p>	<p>84.3% 1.87 0.9%</p>	<p>employee commitment incident rate of workplace accidents* absenteeism rate</p>
 <p>A REDUCED ENVIRONMENTAL FOOTPRINT</p>	<p>We have significantly reduced BIC's environmental footprint by working throughout our production chain: from the product's creation to the end of its life cycle, including a recycling strategy and controlled emissions from BIC factories and headquarters.</p>	<p>-8.4%** +3.8%** -3.7%** -0.58%**</p>	<p>water consumption energy consumption waste production greenhouse gas emission (scopes 1 and 2)</p>
 <p>LONG-LASTING PRODUCTS</p>	<p>We are accelerating innovation to tackle tomorrow's challenges: meeting the needs of consumers while reducing the environmental impact of BIC® products. With society's growing concerns over the environment, we are increasingly recognized for our high-quality and sustainable products.</p>	<p>> 2km 3,000 17</p>	<p>writing for a BIC ballpen flames for a BIC lighter days of shaving with a BIC® Flex 3</p>
 <p>EDUCATION AS A PRIORITY</p>	<p>Motivated by our conviction that education is crucial to fight for free will, independence development, and poverty, we are taking our engagement further with ambitious objectives set in 2018, to improve learning conditions for 250 million children around the world by 2025.</p>	<p>208 61M 0.7%</p>	<p>philanthropic projects supported children with improved learning conditions since 2018 pre-tax profit invested in community activities</p>
 <p>LONG-TERM PROFITABLE GROWTH</p>	<p>As a company, the creation of financial value is essential to BIC's sustainability. Over the years, we remained committed on creating value for all our stakeholders, with a particular focus on sharing our success with shareholders.</p>	<p>€1,949.4M €176.1M €113.6M €155.2M</p>	<p>Net Sales Net Income Capital Expenditure Ordinary Dividend paid</p>

*BIC workforce and temporary workers; per million hours worked **per ton of production, between 2018 and 2019.



INDUSTRIAL EXPERTISE

We manufacture 92% of BIC products in our factories, providing full control over production costs, efficiency and environmental impact. Over the last ten years, we have significantly strengthened our production capabilities in fast-growing markets. We now rely on 26 state-of-the-art factories on four continents to be as close to our customers and consumers as possible.

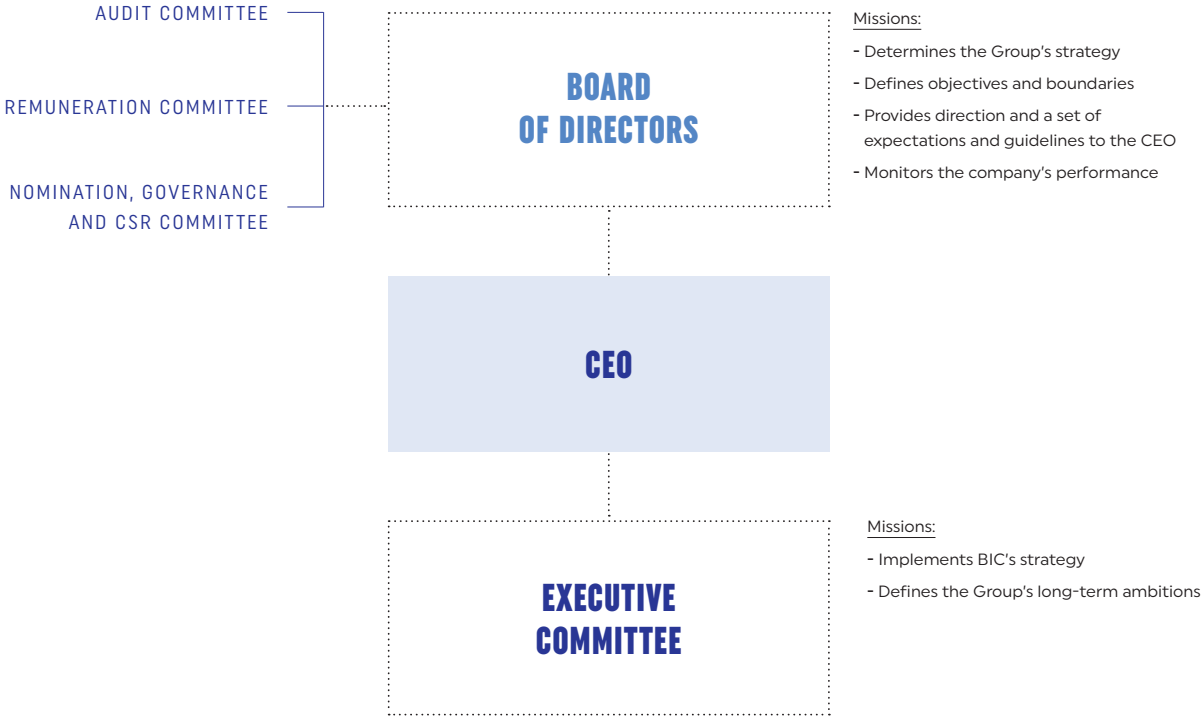


*including BIC Graphic (advertising and promotional products).



GOVERNANCE

BIC’s governance is organized to guarantee the proper functioning of the Group and to respect its values.



BOARD OF DIRECTORS

11	50%	50%	3	7	94%
Directors	Independents*	Women*	Nationalities	Meetings in 2019	Rate of attendance

*In accordance with the AFEP-MEDEF Code, Directors who represent the employees are not taken into account when assessing the ratio of Independent Directors. Furthermore, in accordance with the law, the Directors who represent the employees are not included when assessing the percentage of women on the Board—data subject to the approval of the resolutions by the Annual General Meeting on May 20, 2020.

SHAREHOLDING STRUCTURE

54%	45%	1%
Public	Bich family (Voting rights: 61%)	Treasury shares

As of December 31, 2019, the total number of issued shares of SOCIETE BIC was 45,532,240 shares, representing: 67 035 094 voting rights.



A Board of Directors working for the BIC® brand

BIC's Board of Directors is committed to defining the Group's strategy and is supported by three specialized committees: the Audit Committee; the Remuneration Committee; and the Nominations, Governance, and Corporate Social Responsibility (CSR) Committee.

Maëlys Castella Director

Appointed Independent Director on May 22, 2019.

Expertise: Finance, CSR, innovation



Elizabeth Bastoni Director

Appointed Independent Director on May 15, 2013. Chairman of the Remuneration Committee, and the Nomination, Governance and CSR Committee.

Expertise: Consumer, Human Resources, CSR



John Glen Director

Co-opted Independent Director on December 10, 2008, ratified by BIC's AGM on May 14, 2009. Chairman of the Audit Committee.

Expertise: Management, Finance



Candace Matthews Director

Appointed Independent Director on May 10, 2017. Member of the Audit Committee and the Nominations, Governance and CSR Committee.

Expertise: Management, Distribution, Consumer, International



Marie-Pauline Chandon-Moët Director

Appointed Director on May 28, 2003.

Expertise: Consumer, Management



Pierre Vareille Chairman of the Board of Directors

Appointed Independent Director on May 14, 2009. Chairman of the Board since May 16, 2018.

Expertise: Management, Finance, Manufacturing



Gonzalve Bich Director and Chief Executive Officer

Director and Chief Executive Officer since May 16, 2018.

Expertise: Management, International, Consumer, Innovation, Human Resources



Marie-Aimée Bich-Dufour Director

Appointed Director on May 22, 2019. Member of the Nomination, Governance and CSR Committee.

Expertise: Legal, CSR



Timothée Bich Director

Co-opted Director on December 10, 2019. Appointment to be submitted for ratification by BIC's AGM on May 20, 2020.

Expertise: Finance, International



SOCIETE M.B.D. Director

Represented by Edouard Bich. Appointed Director on May 24, 2006. Member of Audit Committee.

Expertise: Investing, Finance



Vincent Bedhome Director

Representing the employees. Appointed Director on December 13, 2017. Member of the Remuneration Committee.

Expertise: Manufacturing

* Jake Schwartz

Appointment as Independent Director to be submitted to BIC'S AGM Meeting on May 20, 2020.

Expertise: Digital, Finance, Management

 Independent.



An Executive Committee to support the growth trajectory

BIC's Executive Committee executes the strategy defined by the Board of Directors.

Objective: reinvigorate our innovation processes, placing the consumer at the center of our business, collect data and generate insights to create innovative products and services aligned with our brand strategy and our Sustainable Development Commitments.



Thomas Brette
Group Insights & Innovation Officer

Objective: enhance efficiency throughout manufacturing operations, centralized procurement and "end to end" Supply Chain while maintaining product safety, quality, and affordability.



Peter Dalsberg
Group Supply Chain Officer

Objective: lead commercial operations and drive an omnichannel on-line and off-line go-to-market while integrating next generation capabilities.



Chester Twigg*
Group Commercial Officer

Objective: continue to grow the Lighter category through its unique manufacturing processes and R&D, maintaining a strong focus on safety and quality.



François Clément-Grandcourt
Group Lighters General Manager



Gonzalve Bich
Chief Executive Officer



Jim DiPietro
Senior Vice-President Chief Financial Officer



Alison James
Chief Human Resources Officer



Sara LaPorta
Chief Strategy & Business Development Officer



Charles Morgan
Chief Administrative Officer

Objective: evolve a best-in-class Finance function by establishing reliable, transversal processes, and continue to ensure the accuracy of financial reporting and efficient planning to drive our global financial performance.

Objective: build organizational and people capabilities in support of the long-term strategy, through the implementation of effective talent acquisition, talent management and talent development processes and solutions.

Objective: develop a comprehensive corporate strategy, identify and analyze potential business growth opportunities.

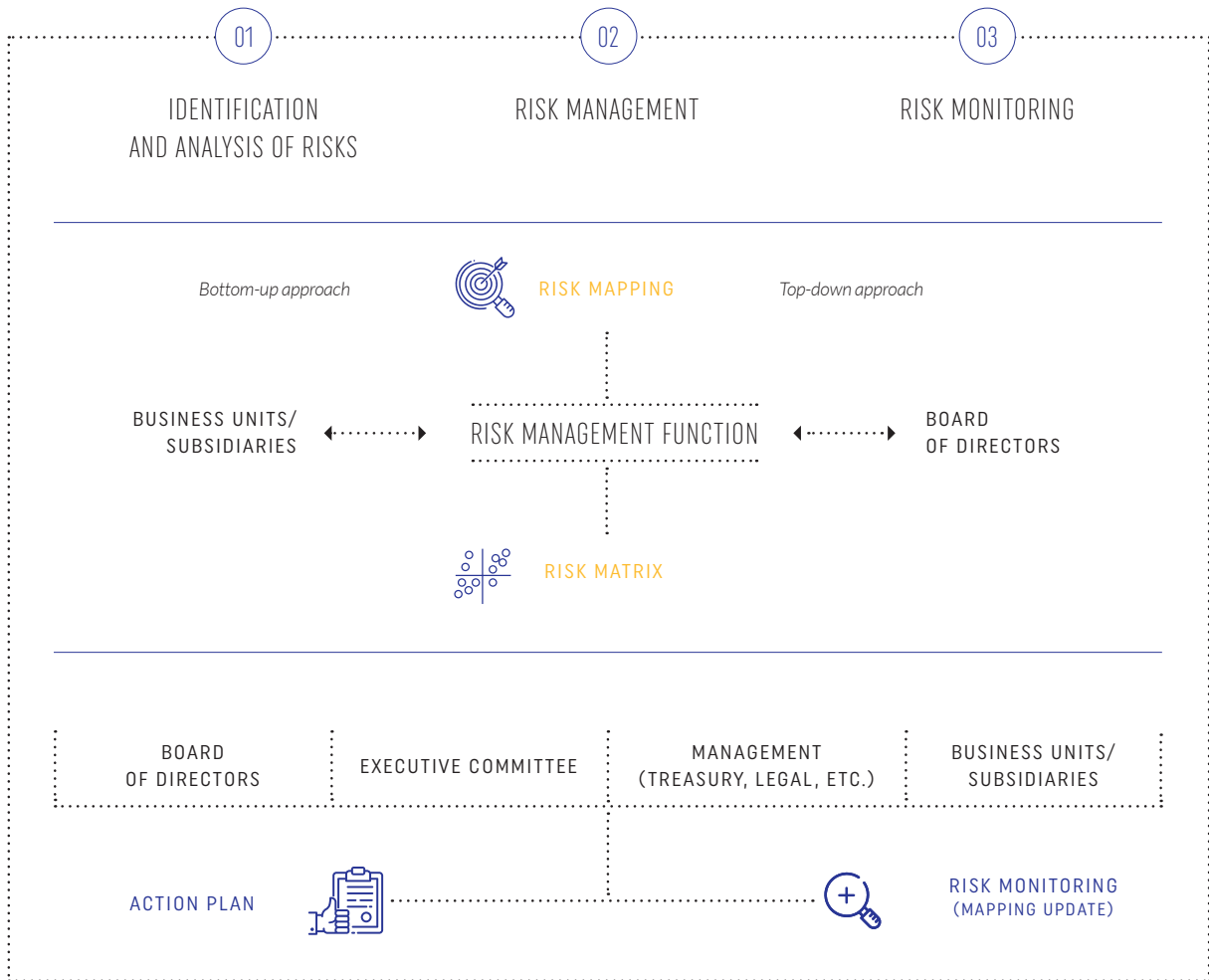
Objective: lead the Group Information and Technology (IT) function.

* Chester Twigg succeeded to Benoit Marotte on 20 January 2020.



RISK MANAGEMENT

By diversifying our activities and our geographical presence, we expose ourselves to risks that could affect our reputation and performance. For this reason, we are committed to an active and dynamic approach to risk management, anticipating and managing risks while turning them into opportunities.



Bottom-up approach: self-assessment of significant risks

Top-down approach: Group risks mapping updated every two years. Consolidation carried out by the Risk Management function which delivers a Group risk matrix

Action plans: related to key risks are reviewed and discussed during Board of Directors' meeting

Major risks identified, are managed and monitored by the Board of Directors

Each site/department sets up its own dashboards and key indicators to identify and track risks, to assess the means and reduce their impact

Scheduled update of risk mapping



"BIC 2022 INVENT THE FUTURE" TRANSFORMATION PLAN

In 2019, BIC introduced its Transformation Plan "BIC 2022: Invent The Future." Based on four strategic pillars—Effectiveness, Innovation, Consumer-centric Brands and Omnichannel Distribution—this Transformation Plan will enable us to consolidate our leadership in our three business categories and create long-term sustainable value over time.

Effectiveness

Increase efficiency throughout BIC's global manufacturing operations and build a more comprehensive, flexible, cost-effective, data-centric and responsible production model by exploring ways to optimize our procurement processes and our Supply Chain model, while maintaining product safety, quality, and affordability

2022 OBJECTIVE

€45M

ACHIEVE 45 MILLION EUROS ANNUALIZED SAVINGS

2019 ACHIEVEMENTS

Started to deliver savings through a set of efficiency programs, including the establishment of a new centralized procurement organization and the implementation of "end-to-end" planning and integrated Sales & Operating Planning processes across the Group

Innovation

Enhance BIC's consumer insights capabilities and increase the pace of innovative New Product launches to drive sustainable innovation with consumers at the center

2022 OBJECTIVE

20%

INCREASE THE NUMBER OF NEW PATENT SUBMISSIONS BY 20% PER YEAR

2019 ACHIEVEMENTS

- Launch of
- ◆ BodyMark™ by BIC®, a temporary tattoo marker
 - ◆ BIC® Intensity Medium Writing Felt-Pen in the US
 - ◆ BIC® Soleil® Click 5 shaver
 - ◆ Made for YOU™: new direct-to-consumer on-line shaver brand in the US



Connect and engage more effectively with all consumers to continue to leverage our unique brands, tailoring and strengthening our digital communications infrastructure and embracing new shopping trends such as personalization

2022 OBJECTIVE

20% | ENGAGE DIRECTLY WITH 20% OF OUR CONSUMERS

2019 ACHIEVEMENTS

- ◆ Implementation of a Global Customer Relationship Management (CRM) platform aimed at enhancing direct relationships with BIC consumers

Relevant and consumer-centric brands

Sharpen our commercial operations to become a genuine omnichannel specialist, off-line and on-line, to drive value growth

2022 OBJECTIVE

10% | REACH 10% OF NET SALES IN E-COMMERCE

2019 ACHIEVEMENTS




- ◆ Two Centers of Expertise created (Commercial Strategy & Analytics, E-Retail & Digital) to strengthen our day-to-day commercial performance and go-to-market strategies
- ◆ E-commerce grew 13% of Group Net Sales in 2019
- ◆ BIC.com Direct-to-Consumers website introduced in France






Omnichannel distribution



SUSTAINABLE DEVELOPMENT: "WRITING THE FUTURE, TOGETHER" AMBITION

In 2018, we took a new step forward in our historic commitment to sustainable development with the launch of an ambitious long-term plan, focusing on five key commitments. Two years into its implementation, the "Writing The Future, Together" plan is on track to achieve the objectives set for 2025. This roadmap is central to our ambition for creating long-term sustainable value that benefits all stakeholders and to our contribution to the United Nations' Sustainable Development Goals (SDGs).

<h2>#1 Fostering sustainable innovation in BIC® products</h2>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">DESCRIPTION</div> <p><i>Simple, inventive designs, with less raw materials and long-lasting performance: sustainable development is embedded into BIC® products starting from the design phase</i></p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">2025 COMMITMENT</div> <p>By 2025, the environmental and/or societal footprint of all BIC® products will be improved</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">UN SDG*</div> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="text-align: center;">  <p>6 CLEAN WATER AND SANITATION</p> </div> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> </div>	<div style="text-align: center; border: 1px solid black; padding: 5px; margin-bottom: 10px;">2019 ACHIEVEMENTS</div> <ul style="list-style-type: none"> ◆ At the end of 2019, the process and criteria for evaluating and improving products are defined and aligned for all BIC® product categories. Supported by dedicated software for all existing and upcoming BIC® products, this process made it possible to evaluate 90% of the product portfolio. ◆ 6% of the plastic used in Stationery products is recycled plastic ◆ At least 50% of BIC® products have environmental benefits ◆ BIC signed a partnership agreement with LOOP, the e-commerce platform for circular economy created by TerraCycle. LOOP offer a practical and accessible circular e-commerce solution for everyone, thanks to sustainable and refillable products and containers, and reduces packaging dependency
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<h2>#2 Acting against climate change</h2>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">DESCRIPTION</div> <p><i>We deploy a global approach to energy consumption (energy efficiency, use of renewable energy, etc.) based on a Group roadmap and local choices</i></p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">2025 COMMITMENT</div> <p>By 2025, BIC will use 80% renewable electricity</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">UN SDG*</div> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>	<div style="text-align: center; border: 1px solid black; padding: 5px; margin-bottom: 10px;">2019 ACHIEVEMENTS</div> <ul style="list-style-type: none"> ◆ 76% of electricity is from renewable sources ◆ The Group continues its energy efficiency efforts. Over the past ten years, energy consumption per ton of product decreased by 12.6% ◆ BIC renewed its commitment to the climate by signing, alongside 98 other French companies, the French Business Climate Pledge. The signatory companies are fighting climate change around the globe by defining concrete approaches and developing solutions, products, and services that significantly reduce GHG emissions, particularly in the fields of energy, transportation, industry, construction, agriculture and consumer goods
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*United Nations Sustainable Development Goals.






#3

Committing to a safe work environment

<p style="text-align: center;">DESCRIPTION</p> <p style="text-align: center;"><i>The Group has always been committed to the safety, health and well-being of all people working on a BIC site. Our aim is to provide a safe and nurturing workplace</i></p>	<p style="text-align: center;">2019 ACHIEVEMENTS</p> <ul style="list-style-type: none"> ◆ At the end of 2019, the Health and Safety approach is integrated into the key departments resulting from the new organization ◆ 167 managers were trained in “Managing Safely” ◆ More than 46,000 hours of health and safety training were delivered in 2019 ◆ Number of accidents leading to loss of work time–per million hours–2019: 1.87 ◆ Number of calendar days lost due to an accident–per thousand hours worked–BIC workforce–2019: 0.06 ◆ The Group is a member of “Vision 0”, a program of the International Social Security Association. Every month, plant managers and their HSE manager participate in a conference call, measure progress and share their experiences
<p style="text-align: center;">2025 COMMITMENT</p> <p style="text-align: center;">By 2025, BIC aims for zero accidents across all operations</p>	
<p style="text-align: center;">UN SDG*</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> </div>	

#4


Proactively involving suppliers

<p style="text-align: center;">DESCRIPTION</p> <p style="text-align: center;"><i>Being a responsible company requires control of our entire value chain. Our Purchasing team analyzes all risks, and selects and collaborates with our most strategic suppliers on implementing a responsible approach</i></p>	<p style="text-align: center;">2019 ACHIEVEMENTS</p> <ul style="list-style-type: none"> ◆ At the end of 2019, strategic suppliers, risks, and actions are identified and the organization and tools are implemented: <ul style="list-style-type: none"> 292 strategic suppliers identified; 95 risks identified; 43% of contract manufacturers audited in 2019. ◆ BIC set up a new organization with a single buyer in charge of each purchasing family. It also developed an evaluation guide and selection of strategic suppliers based on their CSR approaches and performance and built a training program for responsible purchasing as part of the overall training curriculum for buyers
<p style="text-align: center;">2025 COMMITMENT</p> <p style="text-align: center;">By 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing</p>	
<p style="text-align: center;">UN SDG*</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="text-align: center;">  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> </div> </div>	

*United Nations Sustainable Development Goals.



#5 Improving lives through education

DESCRIPTION <i>Because education has the power to change the world, it has always been at the heart of the Group's concerns</i>	<h3 style="text-align: center;">2019 ACHIEVEMENTS</h3> <ul style="list-style-type: none"> ◆ Learning conditions for about 61 million children have been improved since 2018. For the second consecutive year, BIC dedicated a week to education, "the BIC Global Education Week", inviting each employee in the Group to give a day of their time to improve the learning conditions of the community around their site. 76 BIC sites participated in 50 countries. ◆ BIC inaugurated its first-ever BIC Cello vocational training center in Karembeli, India. After 500 hours of training and an official exam, students were awarded a certificate. Two promotions happened during the year 2019 and all of them found jobs at BIC or elsewhere. ◆ The BIC Corporate Foundation has partnered with the French non-profit organization Article 1 since 2018 which supports the program JobReady, aimed at helping youth from underprivileged areas to identify and showcase their soft skills when looking for a job, providing them with differentiating strengths that will help them find employment.
2025 COMMITMENT By 2025, BIC will improve learning conditions for 250 million children, globally	
UN SDG* 	

FINANCIAL AND NON-FINANCIAL FIGURES

Key financial indicators	2018	2019
NET SALES (in million euros)	1,949.8	1,949.4
NORMALIZED INCOME FROM OPERATIONS (in million euros)	352.4	331.8
NORMALIZED INCOME FROM OPERATIONS MARGIN (in %)	18.1%	17.0%
NET CASH POSITION (in million euros)	161.5	146.9
NET INCOME GROUP SHARE (in million euros)	173.4	176.1
EARNINGS PER SHARE GROUP SHARE (in euros)	3.80	3.91
NORMALIZED EARNINGS PER SHARE GROUP SHARE (in euros)	5.87	5.47

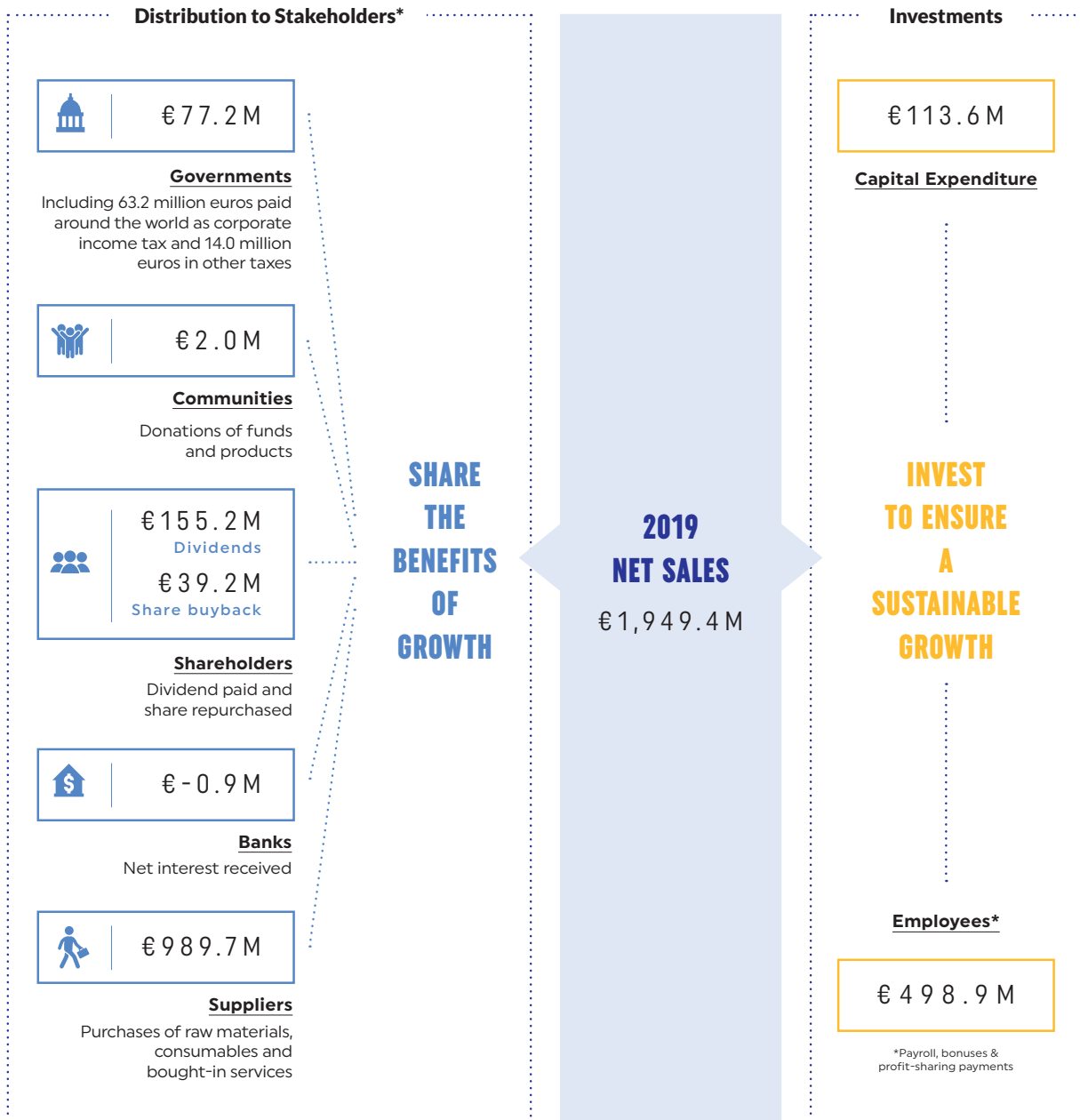
Key non-financial indicators	2018	2019
ENERGY CONSUMPTION (gigajoules/tons)	12.14	12.59
WATER CONSUMPTION (m ³ /tons)	5.32	4.87
GREENHOUSE GAS EMISSIONS NORMALIZED TO PRODUCTION (tCO ₂ /ton)	1.014	1.070
NUMBER OF TRAINING DAYS	19,511	16,629

*United Nations Sustainable Development Goals.



VALUE SHARING

A continuous dialogue with stakeholders enables us to better understand and respond to their expectations while simultaneously learning from them and integrating their perspectives in our actions to increase the value we create for the benefit of all our stakeholders.



*Distribution to Stakeholders does not take into account the change in working capital requirements.



GROUP PRESENTATION, PERSPECTIVES, AND STRATEGY

1.1. HISTORY	22
1.2. KEY FIGURES	25
1.2.1 Key financial figures	25
1.2.2 Key non-financial figures	29
1.3. STRATEGY	31
1.4. 2020 AND LONG-TERM PERSPECTIVES	32
2020 operational outlook	32
Strategic and operational targets for "BIC 2022 - invent the future" plan	32
Long-term ambition	32
Risks and opportunities	32
Performance goals	33
Recent events	33
1.5. BUSINESS PRESENTATION	34
1.5.1 Business presentation by category	34
1.5.2 Research and Innovation	39
1.5.3 Manufacturing Footprint	40



1.1. HISTORY

1944

- Marcel Bich acquires a factory in Clichy, France, and starts a Writing Instrument business with his partner Édouard Buffard.

1950

- Launch of the “Pointe BIC®” in France, a revolutionary improved version of the ball pen invented by Hungarian Laslo Biro.

1953

- Creation of SOCIÉTÉ BIC to manufacture and distribute BIC® ballpoint pens.

1954

- Expansion in Italy.

1956

- Early ventures in Brazil.

1957

- Development in the United Kingdom and the Sterling zone.

1958

- Acquisition of Waterman Pen company in the U.S. The North American market is developed along with the Africa and Middle-East regions.

1969

- Launch of Promotional Products *via* the writing instrument segment.

1972

- On November 15, SOCIÉTÉ BIC is listed on the Paris Stock Exchange.

1973

- BIC diversifies its product portfolio and launches the BIC® lighter with an adjustable flame.

1975

- BIC pioneers the “one-piece shaver.”

1981

- Diversification into the leisure industry with its subsidiary, BIC Sport, specializing in windsurf boards.

1992

- Acquisition of Wite-Out®, the U.S. correction products brand.

1994

- Bruno Bich is appointed Chairman of the Board and Chief Executive Officer.

1997

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

2004

- Acquisition of BIC’s Japanese distributor, Kosaido Shoji.
- BIC moves into a new stationery market segment: refillable school fountain pens, with the acquisition of French-based Stypen®.

2006

- Acquisition of PIMACO, Brazil’s leading manufacturer and distributor of adhesive labels.

2007

- Acquisition of Atchison Products Inc., a U.S.-based supplier of imprinted promotional bags.

2008

- November: opening of a new shaver packaging facility in Mexico.
- December: acquisition of Antalis Promotional Products (Sequana Group), a European promotional products distributor.

2009

- January: agreement with the Indian Cello Group to acquire 40% of the Cello Writing Instrument business.
- March: the acquisition of 40% of six Cello group entities (out of seven) is completed.
- June: acquisition of Norwood Promotional Products, a U.S. leader in calendars and promotional goods.



2010

- January: Cello's management team proposes to terminate the definitive agreements signed on January 21, 2009, "on terms and conditions to be mutually agreed between the parties." BIC confirms its intention to ensure their implementation. On August 4, 2010, BIC initiates arbitration proceedings to enforce these agreements, i.e., completion of the acquisition of 40% of one remaining entity.
- June: divestiture of BIC Graphic Funeral Products business.

2011

- First-half: disposals of PIMACO B to B division in Brazil and REVA Peg-Making business in Australia.
- April: acquisition of Sologear LLC, maker of FlameDisk®.
- November: acquisition of the assets of Angstrom Power Incorporated, a company specialized in portable fuel cell technology.

2012

- February:
 - disposal by DAPE 74 Distribution (a BIC subsidiary specialized in selling to tobacco shops in France – consolidated in the "Other Products" category) of its Phone Card Distribution business to SPF for 0.8 million euros.
 - acquisition of a site in Tunisia for the construction of a writing instrument facility.
 - expansion of the Shaver packaging facility in Mexico.
 - favorable decision from the Court, established under the Rules of the Singapore International Arbitration Center, in respect of the acquisition of 40% of the shares in the seventh and last Cello Pens & Stationery (CPS) entity as per the definitive agreements signed on January 21, 2009.
- September: launch of BIC® Education, an educational solution for elementary schools, combining handwriting and digital technology.

2013

- May: BIC and Cello jointly file an agreement with the Bombay High Court to allow BIC to acquire 40% of the seventh Stationery entity of the Cello group. After reviewing the filing, the Court renders the agreement enforceable.
- September: closing of the acquisition of 40% of the seventh (and last) Cello group stationery entity. On September 27, 2013, completion of the purchase of shares pursuant to the call option exercised on September 17, increasing BIC's stake in Cello Pens' seven entities from 40% to 55%.
- October: BIC acquires land in Nantong, China (130 km North of Shanghai) to build a Lighter production facility.
- December: BIC discontinues the activity of Sologear, maker of FlameDisk®, acquired in April 2011.

2014

- March: Cello Group exercises its put option, allowing it to sell 20% of Cello Pens to BIC.
- July: increased stake in Cello Pens from 55% to 75%.
- November: sale of Sheaffer®, BIC's Fine Writing Instrument business, to AT Cross.

2015

- April: BIC's Portable Fuel Cell Technology business is sold to Intelligent Energy for 14 million euros.
- October: announcement of a five-year investment plan to modernize its Stationery industrial facilities in the North of France (Pas-de-Calais).
- December: Cello Group sells its remaining stake in Cello Pens to BIC, increasing BIC's stake in Cello Pens to 100%.

2016

- February:
 - acknowledging Chief Executive Officer Mario Guevara's decision to retire in May 2016, the Board of Directors decides to combine the Chairman and Chief Executive Officer functions and to appoint Bruno Bich as Chairman and Chief Executive Officer;
 - considering the recent changes in the competitive landscape of the Promotional Products Industry, the Board decides to initiate a review of strategic alternatives for BIC Graphic;
 - the Stationery facility in Shanghai (China) is closed down, and its production transferred to other BIC Stationery facilities.

2017

- June: sale of BIC Graphic North America and Asian Sourcing operations to HIG Capital.
- October: BIC's Indian subsidiary BIC Cello, acquires land and buildings for the construction of a new writing instrument facility in Vapi (Gujarat state). This new facility is operational since the end of 2018.
- October: opening of the new writing instruments' facility in SAMER (France).

2018

- May: The Board of Directors decides to separate the functions of Chairman and Chief Executive Officer, with the nomination of Pierre Vareille as Chairman of the Board and the appointment of Gonzalve Bich as Chief Executive Officer.
- October: BIC files an infringement complaint with the European Commission for a lack of surveillance of non-compliant Lighters in France and Germany. The complaint concerns non-compliant Lighters that are either imported or sold on these domestic markets, impacting the entire European Union due to the free movement of goods.



- December: BIC announces the transfer of Haco Industries Kenya Ltd. manufacturing facilities in Kenya and distribution of Stationery, Lighters, and Shavers in East Africa to BIC.
- December: BIC completes the divestiture of BIC Sport, its water sports subsidiary, to Tahe Outdoors. Consequently, BIC discontinues its writing instrument manufacturing activities located at the Vannes' industrial site and transfers its current production activities to the BIC Écriture 2000-Marne la Vallée (France) and BIC Bizerte (Tunisia) sites.
- July: SOCIÉTÉ BIC files a complaint with the European Ombudsman claiming maladministration by the European Commission of the infringement procedure initiated in 2010 against the Netherlands due to their lack of actions to impose lighter safety standards compliance. SOCIÉTÉ BIC notably pointed out the unreasonable delay in processing the file by the European Commission.
- October: BIC completes the acquisition of Lucky Stationery in Nigeria (LSNL). This acquisition is consistent with BIC's continued growth strategy in Africa.

2019

- January: BIC's Indian subsidiary BIC Cello, inaugurates the new writing instrument facility in Vapi (Gujarat state).
- March: BIC inaugurates its East Africa Facility in Kasarani, Nairobi. This new venture comes as BIC transferred its manufacturing activities in Kenya and distribution in the East African region from Haco Industries Kenya Ltd. at the end of 2018.

1.2. KEY FIGURES



1.2.1 KEY FINANCIAL FIGURES

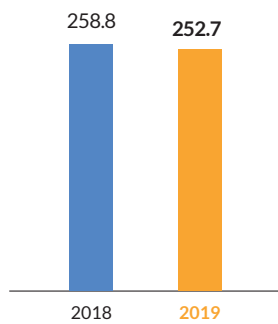
NET SALES

(in million euros)



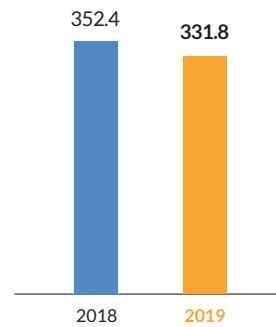
INCOME FROM OPERATIONS (IFO)

(in million euros)



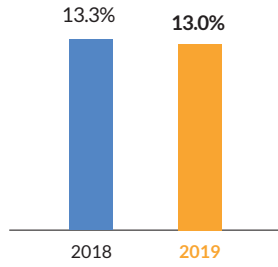
NORMALIZED INCOME FROM OPERATIONS (NIFO)

(in million euros)



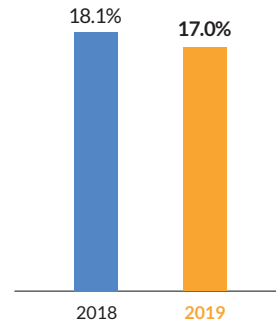
IFO MARGIN

(% of Net Sales)



NIFO MARGIN

(% of Net Sales)



NET INCOME GROUP SHARE

(in million euros)



EARNINGS PER SHARE GROUP SHARE

(in euros)





SALES VOLUME TRENDS

<i>(in million units)</i>	2018	2019
Stationery (Consumer – including Cello)	7,254	6,942
Lighters	1,616	1,536
Shavers	2,587	2,589

PRODUCTION VOLUME TRENDS

<i>(in million units)</i>	2018	2019
Stationery (Consumer – including Cello)	6,330	5,698
Lighters	1,563	1,486
Shavers	2,539	2,611

NET SALES BY GEOGRAPHICAL AREA

<i>(in million euros)</i>	FY 2018	FY 2019	Change as reported	Change on a comparative basis
Group				
Net Sales	1,949.8	1,949.4	0.0%	-1.9%
Europe				
Net Sales	559.7	558.9	-0.1%	+2.3%
North America				
Net Sales	765.6	764.4	-0.2%	-4.1%
Developing markets				
Net Sales	624.5	626.1	+0.3%	-3.1%

MAIN INCOME STATEMENT INFORMATION

Condensed profit and loss account <i>(in million euros)</i>	FY 2018	FY 2019	Change as reported	Change on a comparative basis
Net Sales	1,949.8	1,949.4	0.0%	-1.9%
Cost of goods	935.5	972.1		
Gross Profit	1,014.3	977.3		
Administrative & other operating expenses	755.5	724.6		
Income from operations	258.8	252.7		
Finance revenue/costs	2.8	(1.3)		
Income before tax	261.6	251.4		
Income tax expense	(88.2)	(75.3)		
Net Income Group Share	173.4	176.1		
Earnings per share Group share <i>(in euros)</i>	3.80	3.91		
Average number of shares outstanding (net of treasury shares)	45,598,109	45,056,076		



KEY BALANCE SHEET AGGREGATES

<i>(in million euros)</i>	December 31, 2018	January 1, 2019*	December 31, 2019
Shareholders' equity	1,638.1	1,625.3	1,608.1
Current borrowings and bank overdrafts	22.6	22.6	65.5
Non-current borrowings	32.0	32.0	32.3
Cash and cash equivalents – Assets	157.5	157.5	198.6
Other current financial assets and derivative instruments	18.1	18.1	6.7
Net cash position ^(a)	161.5	161.5	146.9
Goodwill and intangible assets	286.6	286.6	257.7
TOTAL BALANCE SHEET	2,367.0	2,367.0	2,392.2

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

*Operating Balance sheet: first application of IFRIC 23 "Uncertainty over income tax treatments".

(a) See Glossary.

CONDENSED CASH FLOW STATEMENT

<i>(in million euros)</i>	2018	2019
Cash flow from operations	394.6	334.5
(Increase)/Decrease in net working capital	(73.0)	(21.1)
Other operating cash flows	(17.7)	4.8
Net cash from operating activities ^(a)	303.9	318.2
Net cash from investing activities	(109.9)	(110.8)
Net cash from financing activities	(226.5)	(210.8)
Net increase/(decrease) in cash and cash equivalents net of bank overdrafts	(32.5)	(3.4)
Closing cash and cash equivalents	149.8	146.8

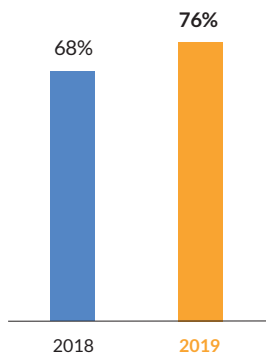
(a) See Glossary.



1.2.2 KEY NON-FINANCIAL FIGURES

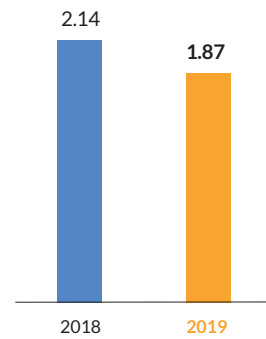
SHARE OF RENEWABLE ENERGY

(as % of total consumption)

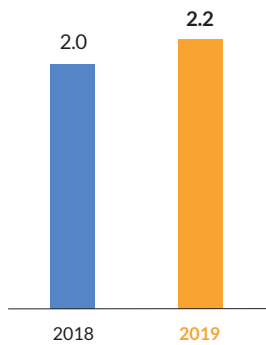


INCIDENCE RATE

(Number of accidents leading to loss of work time – per million hours worked - BIC workforce and temporary workers)



NUMBER OF TRAINING DAYS PER EMPLOYEE



NET SALES IN COUNTRIES WITH NO HUMAN RIGHTS RISKS

(Source: Freedom House)



	Unit	2018	2019
Factories with environmental and health & safety management systems (or with implementation underway)	%	83	83
Annual energy consumption	Gigajoules	1,176,465	1,149,930
Share of electricity of renewable origin	%	68	76
Total amount of annual greenhouse gas emissions (GHG) (location based)	tCO ₂ eq	98,283	97,711
Annual water consumption	m ³	515,296	444,840
Annual waste production	Tons	20,515	20,049
GHG emissions related to intra-Company transport ^(a)	tCO ₂ eq/ton	0.345	0.291
Number of products certified with the French <i>NF Environnement</i> ecolabel		19	19
Total workforce (full-time equivalent)		16,955	16,794
• Permanent employees		13,664	12,777
• Temporary workers		3,291	4,017
Voluntary turnover	%	14	13
Percentage of permanent workforce by region			
• Europe	%	30	31
• North America	%	5	6
• Developing countries	%	65	63
Number of training days per employee	days	2.0	2.2
Percentage of women in management and workforce	%	49	48
• Board of Directors	%	40	50
• Executive Committee	%	14	25
Managers (highest levels: 3 to 6)	%	32	32
Incidence rate of workers' accidents – BIC workforce and temporary workers (accidents with temporary or permanent incapacity)	Number/ million hours worked	2.14	1.87
Severity rate of workers' accidents – BIC workforce (days of temporary incapacity)	Number/ thousand hours worked	0.08	0.06
Net sales from BIC® products manufactured in its own factories	%	92	92
Net sales in countries with no Human Rights risk ^(b)	%	84	83
Contribution to communities (percentage of the Group's pretax profit)	%	>0.5	>0.7

(a) Not taking into account transport by road in sea and air travels.

(b) Source: Freedom House.

1.3. STRATEGY



BIC is a world leader in Stationery, Lighters, and Shavers. For 75 years, the Group has honored the tradition of providing high-quality, affordable products to consumers everywhere. Through this relentless dedication, BIC has become one of the most recognized consumer brands worldwide.

Facing a fast-moving market environment with consumer trends changing rapidly and continuously, the Group initiated in February 2019 a transformation plan named "BIC 2022 - Invent The Future" to address these challenges.

The objective of the plan is to drive long-term profitable sales growth by becoming more agile, more effective, innovation-driven, consumer-centric, and improve omnichannel distribution.

The plan relies on four strategic pillars:

- **Effectiveness:** increase efficiency throughout our global manufacturing operations, while maintaining product Safety, Quality, and Affordability.
- **Innovation:** enhance consumer insights capabilities and increase the pace of innovative New Product launches.
- **Consumer-Centric and Relevant Brands:** connect and engage more effectively with all consumers to leverage our unique Brands, tailoring and strengthening digital communication infrastructure and embracing new shopping trends such as personalization.
- **Omnichannel Distribution:** sharpen our commercial operations to become a genuine omnichannel specialist, online and offline.

Throughout the year of 2019, BIC started to execute its transformation plan and put in place several initiatives to support its four strategic pillars:

- **Effectiveness:**
 - the creation of a new Procurement organization with a global scale to build a more flexible and costeffective production model while maintaining high-Quality Standards,
 - the implementation of End-to-End planning and integrated Sales & Operating Planning processes across the Group will enable the optimization of SKUs, logistics, and working capital.
- **Innovation:**
 - the creation of a global market and Consumer Insights Team responsible for leveraging market and Consumer Intelligence that will enable to design new products and services in line with consumers' expectations,
 - the recruitment of dedicated new skills and capabilities, such as Data Analysts and Digital Marketing Specialists, to focus on the development of consumer-driven innovation,
 - key innovative products such as BIC® BodyMark temporary tattoo marker, and BIC's new brand Made For You for refillable shavers were launched in 2019.
- **Consumer-centric Brands:**
 - the implementation of a Global Customer Relationship Management (CRM) platform aimed at enhancing direct relationships with BIC consumers to accelerate growth,
 - in 2019, various innovative marketing campaigns were performed across all categories and geographies to drive engagement and consumer preference.
- **Omnichannel Distribution:**
 - the creation of two Centers of Expertise (Commercial Strategy & Analytics, E-Retail & Digital) to strengthen day-to-day commercial performance, go-to-market strategies, and bring new skills and capabilities to the organization, such as Advanced Analytics, Revenue Growth Management, and E-Commerce expertise,
 - E-commerce Net Sales grew +13% in 2019, across all channels.



1.4. 2020 AND LONG-TERM PERSPECTIVES

2020 OPERATIONAL OUTLOOK

In the context of the escalating COVID-19 outbreak, the health and safety of BIC's team members, customers, suppliers, and consumers remain an absolute priority, and the Group supports all the preventive governmental decisions implemented to fight the pandemic.

With respects to the economic and financial risks associated with the outbreak, the Group could be potentially exposed in several ways, such as:

- Disruption in BIC's Global Supply Chain in the event of factory closures, as well as the discontinuation of the activity of some of our suppliers and subcontractors;
- Negative impact on Net Sales due to customers' reduced activity or store closures, particularly in the Traditional and Convenience channels;
- Impacts on the cost base with significant deterioration of fixed cost absorption.

BIC works closely with all its business partners to leverage its integrated business model, off-line and on-line distribution, and strong balance sheet to mitigate the situation and minimize the long-term financial impact of the epidemic.

In this context, and although it is still too early to assess the full impact of the outbreak, the 2020 outlook and market assumptions communicated to the market on 12 February 2020 are suspended until further notice.

STRATEGIC AND OPERATIONAL TARGETS FOR "BIC 2022 - INVENT THE FUTURE" PLAN

To support the "BIC 2022- Invent the future" transformation plan, BIC set operational targets:

- Effectiveness: achieve 45 million euros original annualized savings reinvested to drive growth;
- Innovation: increase the number of new patent submissions by 20% per year;

- Consumer-centric Brands: engage directly with 20% of our consumers;
- Omnichannel Distribution: reach 10% of Net Sales in ecommerce.

LONG-TERM AMBITION

- Provide high quality, inventive and reliable products and solutions that are respectful of our environment, for everyone, everywhere;
- Create longterm value for all stakeholders: consumers, employees, local communities, customers, and shareholders;
- Drive profitable growth;
- Increase productivity while continuously investing in People, Research and Development, New Products, and Brands;
- Sustain total Shareholder remuneration through strong cash generation.

RISKS AND OPPORTUNITIES

We foresee the major challenges for 2020 to be:

- continued market decline;
- continued economic uncertainty;
- global geopolitical environment;
- foreign currency volatility;
- change in raw material costs versus prior years.

While many of these issues are outside of our control, we will make every effort to minimize the related risks in all aspects of our operations.

We believe that our highest 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 main indicators of the Group performance.

In 2020, our priority is to continue to drive sales growth through commercial excellence, selected investments in R&D, Brand Support, and CAPEX.

RECENT EVENTS

The escalation of the COVID-19 outbreak, particularly in Europe and the U.S. early 2020, are closely monitored by management. The company will regularly assess the COVID-19 impact on its business.

In light of the continuing escalation of the COVID-19 global epidemic, the SOCIETE BIC Board of Directors met on 26th March 2020 and decided to adjust the 2020 Capital Allocation Policy to reflect the unprecedented current trading environment. Although BIC can rely on its integrated business model and strong balance sheet, the level of uncertainty of the magnitude and the duration of the crisis requires reallocating the Company's cash flow to protect its on-going operations and reinforce its competitive positions. Therefore, the Board of Directors decided first to suspend BIC's share buyback program until further notice, and second, to lower the proposed dividend for the fiscal year 2019 to 2.45 euros per share, as compared to the 3.45 euros initially proposed.



1.5. BUSINESS PRESENTATION

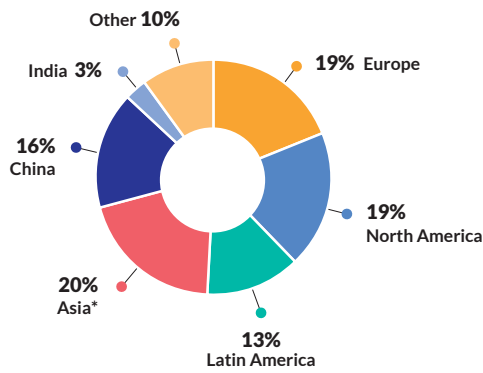
1.5.1 BUSINESS PRESENTATION BY CATEGORY

Stationery

The worldwide stationery market is estimated at 17.0 billion euros⁽¹⁾ in 2018. The market is fragmented, with a large number of local players. Only three players (BIC, Newell Rubbermaid and Pilot) achieve more than 5% of the global stationery market.

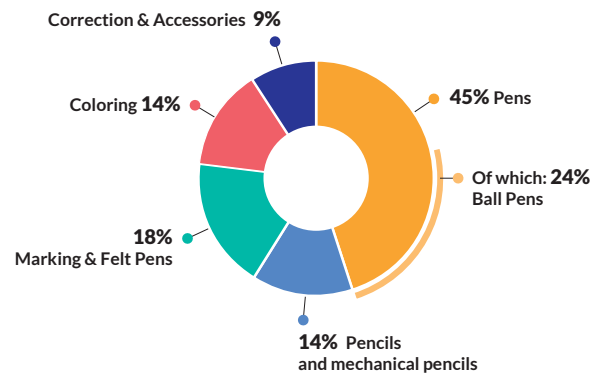
BREAKDOWN OF GLOBAL STATIONERY MARKET

By geographical area



*Asia without China & India

By product segment



BIC® STATIONERY MARKET SHARES IN VALUE

BIC is No. 2 worldwide, with 8.5%⁽²⁾ of global market share.

Western Europe	No. 1 with 18.4% ^(a)
Brazil	No. 1 with 61.7% ^(b)
U.S.	No. 2 with 14.2% ^(c)
India	No. 1 with 25.2% ^(d)
South Africa	No. 1 with 42.6% ^(e)

(a) Source: GfK Europe 7 countries – December 2019.

(b) Source: Nielsen December 2019.

(c) Source: NPD December 2019.

(d) Source: Market Pulse Dec. 2019 in Total Stationery (Pens/Pencils/Marking).

(e) Source: IRI December 2019.

Since launching the BIC® Cristal® pen in 1950, BIC has continuously diversified its product range. Our global stationery portfolio, which includes writing, marking, correction, coloring, and drawing instruments, is divided into more than 15 product sub-segments (ball pens, rollers, fountain pens, mechanical pencils, markers, correction products, etc.). BodyMark by BIC®, a temporary tattoo marker, launched earlier this year, is our most recent response to new product demand. This product responds to the growing enthusiasm of young consumers for the art of tattooing.

(1) Source: Euromonitor Writing Instrument 2018 in retail value excl. pen & pencil refills.

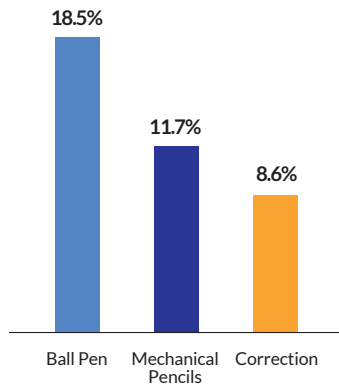
(2) Source: Euromonitor Writing Instrument - 2019 edition - for Writing instruments

1

	Coloring and drawing (felt pens, coloring pencils, crayons, arts, and crafts kits)
 	Added Value Coloring (felt pens, coloring pencils)
 	Correction products (correction fluid, correction pens, correction tapes, and erasers) sold under the BIC® Wite-Out® and Tipp-Ex® trademarks
	Adhesive labels in Latin America
	Writing instruments in India
	Temporary Tattoo Markers

BIC® STATIONERY GLOBAL MARKET POSITIONS AND MARKET SHARES IN VALUE

(Euromonitor Writing Instrument 2018 in value excluding pen & pencil refills)



BIC has global leadership positions in Ball Pens, Correction products and Mechanical Pencils.

BIC stationery products are sold through different channels, including Office Product stationers (contract stationers or office superstores) and retail mass-market distributors in developed countries, as well as through traditional stores in Developing Markets.

We aim at generating profitable growth and improve consumers' experience by:

- delivering iconic products that consumers have grown to love and trust;
- continually improving our existing product portfolio;
- offering high-quality products at fair prices;
- leveraging simplicity and BIC's strong brand;
- innovating by driving improved product performance and new usage opportunities;
- providing the right products and promoting education for future generations.



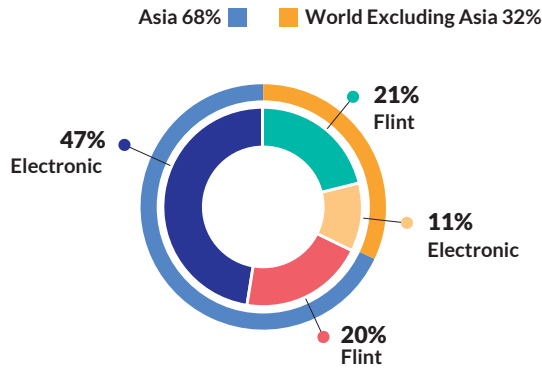
Lighters

The worldwide pocket lighter market is estimated at 13.4 billion units (4.8 billion euros in value terms ⁽¹⁾) and can be broken down as follows:

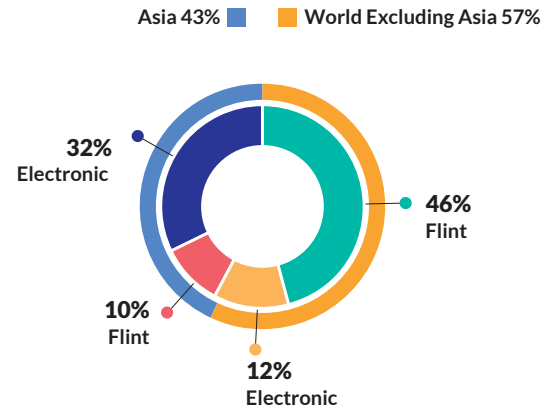
BREAKDOWN OF GLOBAL LIGHTER MARKET IN 2018

(BIC Estimates)

Volume in Units



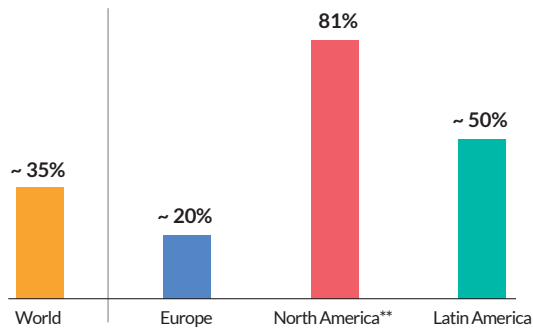
Value in euros



BIC is No. 1 worldwide in branded Lighters in value. In 2018, BIC's global market share (excluding Asia) was approximately 55% in value terms and about 35% in volume. BIC is No. 1 in North America and Latin America.

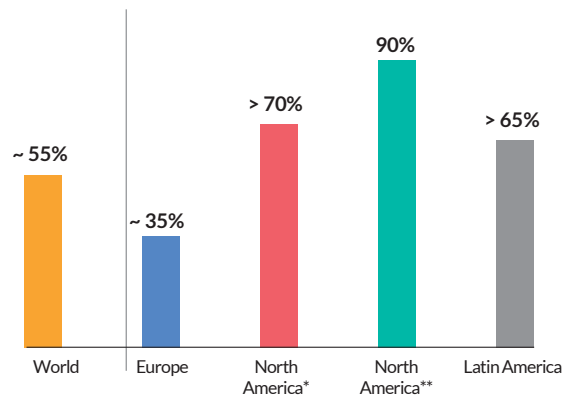
BIC® LIGHTER MARKET SHARE IN VOLUME IN 2018 (EXCLUDING ASIA).

(Estimates/In volume)



BIC® LIGHTER MARKET SHARE IN VALUE IN 2018 (EXCLUDING ASIA).

(Estimates/In value)



(1) BIC Estimates for 2018.

(*) BIC Estimates 2018 for total market (measured and unmeasured).

(**) IRI data period ending 29 December 2019.





A lighter contains pressurized gas placed in a reservoir to produce a flame. Lighters must be designed and manufactured in compliance with rigorous safety, quality and performance requirements. International Safety Standards protect consumers from unsafe lighters.

Two key standards apply to pocket lighters:

- international lighter safety standard ISO 9994, which sets out the basic safety requirements for a lighter. ISO 9994 is the reference in major countries such as Canada (1989), Russia (2000), Brazil (2002), Argentina (2003), Thailand (2003), Mexico (2004), South Korea (2005), South Africa (2002), the 28 countries of the European Union (2006), Japan (2011), Indonesia (2011) and Turkey (2012);
- child-resistant requirements. A child-resistant lighter is purposely modified to make it more difficult to operate. The basic requirement under this standard is a lighter that can't be operated by at least 85% of children under 51 months old. child-resistant legislation is the reference in major countries such as the U.S. (1994), Canada (1995), Australia (1997), New Zealand (1999), the 28 countries of the European Union (2006), Japan (2011), South Korea (2012) and Mexico (2016).

Low-cost lighters too often fail to comply with safety standards. Since the late '80s, lighter models imported from Asian countries have been gaining market share and currently account for more than half of the global market (in volume). To fight against these low-cost imports, in 2018, BIC filed an infringement complaint with the European Commission for lack of surveillance of non-compliant Lighters in France and Germany.

In this competitive landscape, BIC defends its position and continues to fight for enhanced lighter safety and quality. BIC® lighters comply with stringent safety, quality, and performance requirements. For example, the gas reservoirs of BIC® lighters are made from POM (PolyOxyMethylene), a high-performance resin with very high impact resistance. This means that BIC® lighters contain more gas and allows more ignitions thanks to the thinness of their wall. They are also filled with pure isobutane, which guarantees the stability of the flame over the entire life of the lighter.

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

BIC's objective in the lighter business is to consolidate its position as the only genuine global branded lighter:

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

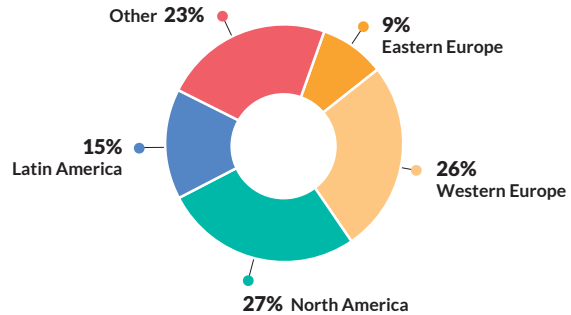
Shavers

The wet shave market generates annual revenue of around 10.5 billion euros and accounts for the majority (~60%) of total "hair removal" market segment, in value.

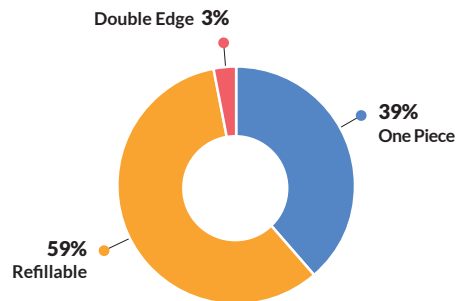
GLOBAL WET SHAVE MARKET IN 2018

(Euromonitor - 2018)

By geographical area



By product segment



This market is divided into three product segments: double-edge, one-piece, and refillable. Within the one-piece and refillable segments, new products drive most of the market growth by offering enhanced performance and added features. Due to the relentless pace of new product development, a productive new product pipeline is an essential requirement for ongoing success.



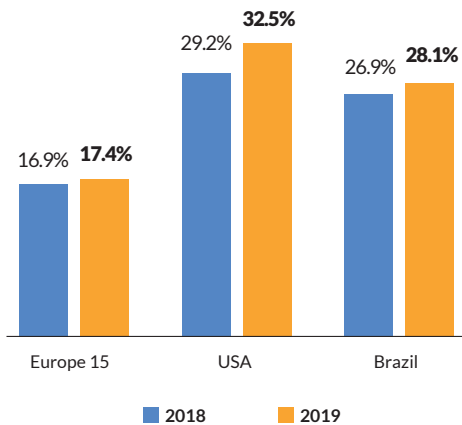
The market is divided among three leading brands (Gillette, the market leader, BIC® and Edgewell), and also features private labels together with a few local players.

In the U.S., the wet shave market has recently undergone significant transformational disruption, notably with the emergence of Direct-to-Consumer online players representing around 16%⁽¹⁾ of the total wet shave market, and are growing faster than the market as a whole.

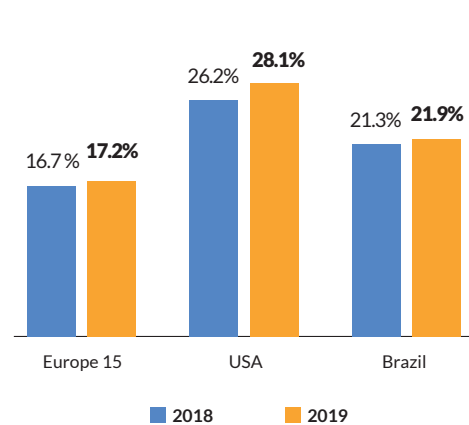
BIC'S MARKET SHARE IN THE DISPOSABLE SHAVERS SEGMENT

Source: IRI U.S.A (Year-to-date December 2019 data), AC Nielsen (Brazil Year-to-date December 2019 data/Europe 15 Year-to-date December 2019 data)

Volume



Value



In the '70s, BIC revolutionized wet shaving when it launched the first one-piece shaver: the single blade "classic" which still sells close to one billion units a year. In more recent times, BIC has focused its new products, sales and marketing efforts on the higher performance three, four and five-blade sub-segments, launching products such as:

- for Men: BIC 3, BIC® Comfort 3®, BIC® Easy/Hybrid 3-blade, BIC® Flex 4, BIC® Flex 3, BIC® Flex 5, BIC® Flex 3 Hybrid, BIC® Flex 5 Hybrid;
- for Women: BIC® Pure 3® Lady, BIC® Soleil® 3-blade, BIC® Soleil® Bella® 4-blade, BIC® Soleil Glow®, BIC® Soleil Balance, BIC® Soleil® Click 5, and BIC® Miss Soleil;
- for Men and Women: online brand Made for YOU launched in 2019, offering gender-neutral refillable shavers exclusively on Amazon.

BIC is the No. 2 worldwide player in non-refillable shavers⁽²⁾.

Other Products

The Other Products category includes various strategic and tactical activities:

- **DAPE 74 Distribution**, which sells to tobacco shops in France;
- **BIC® and non BIC®-branded products**: such as pantyhose sold in Greece, batteries and a line of shaving preps, all of which are designed to grow the BIC® brand in key markets;
- **Advertising and Promotional Products** in Europe.

(1) Source: IRI/Slice Intelligence data – December 2019 - in value.

(2) Source: IRI/Nielsen 2018 - in value.

1.5.2 RESEARCH AND INNOVATION

Since its creation, BIC has pursued a clear vision: "Offer high quality, inventive and reliable products, for everyone, everywhere, every time". Since then, the Group has been dedicated to making available and affordable everyday products for everyone and research and innovation are part and parcel of BIC's DNA.

In 2019, some 300 employees were working in the research, development and innovation functions. In 2019, BIC invested approximately 1.8% of sales revenue in research and development; new products and line extensions accounted for 10% of BIC sales.

In 2019, BIC launched its transformation plan, "BIC 2022 Invent The Future". Innovation is one of the four key strategic pillars of the plan. Its goal is to enhance consumer insights capabilities and increase the pace of innovative New Product launches.

The new organization led to the creation of a Group Insights and Innovation (GI&I) division grouping both Stationery and Shavers. The objective of GI&I is to reinvigorate BIC's Innovation ecosystem and Brand, placing the consumer at the center of the business. This new division includes the R&D Department, which is organized around three activities:

- Global Development Center to identify product and process innovation opportunities for both Stationery and Shaver;
- Core technologies to develop the necessary product specifications;
- New territories to identify breakthrough innovation outside of BIC's current core businesses.

BIC's R&D organization ensures product quality and reliability while developing and delivering winning solutions for all consumers that create preference, relevance and excitement.

Over the last five years, BIC has launched several innovations in the market:

In Stationery, BIC continuously innovates to bring state-of-the-art writing technology to its consumers and launches an average of 20 new products every year. Some latest innovations are:

- ultra-smooth inks for ball pens;
- a broadest range of ball pen ink colors, allowing for the most extensive color pallet in the segment;
- a two-toned graphite pencil with BIC Xtra Fun pencil;
- new graphite lead for mechanical pencils that results in smoother and darker writing;
- Erasable ink with the BIC® Gelocity Illusion;
- Writing felt-pen medium point with the BIC® Intensity Medium;
- Two-tone cap ballpoint pen with the BIC® Cristal-Up;
- Tattoo body markers with the BIC® Bodymark.

In Shavers, each year, ranging from line extensions to new product launches, 15 to 20 new products are developed. Some latest innovations are:

- For Men: BIC® Easy/Hybrid, BIC® Flex 5 and BIC® Flex 5 Hybrid;
- for Women: BIC® Soleil Balance, BIC® Soleil Glow®, BIC® Soleil Click 5;
- For Men and Women: new brand "Made For YOU" in the U.S. offering a 5blade refillable gender-neutral shaver, in exclusive partnership with Amazon.

In Lighters, with the new organization, the Group Lighter division remains in charge of continuing to grow the category through its unique manufacturing processes and R&D, maintaining a strong focus on safety and quality. New product design and product and process innovation in gas lighters are strictly controlled due to the potentially dangerous nature and widespread use of the product. Every BIC® lighter remains safe over its entire life cycle – even in the event of any foreseeable misuse. Several patents and model applications support product developments.



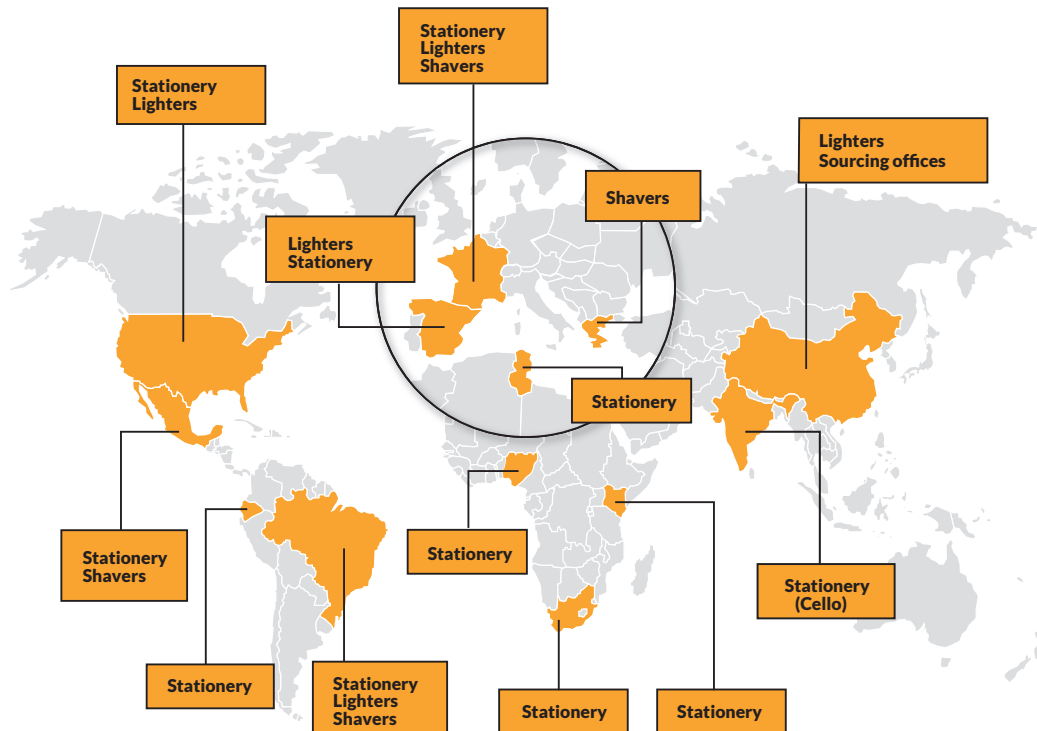
1.5.3 MANUFACTURING FOOTPRINT

92% of Group Net Sales are generated in BIC owned factories (including Cello Pens).

BIC owns and operates 26 factories around the world:

- 17 factories are dedicated to manufacturing stationery products ⁽¹⁾ ⁽²⁾;
- 5 plants are dedicated to manufacturing lighters;
- 4 plants are dedicated to manufacturing shavers.

MANUFACTURING SITES



(1) One factory is dedicated to the Advertising and Promotional Products activity (BIC Graphic).
 (2) End of production in Boulogne Ville manufacturing site in Q4 2019.



1

EXISTING OR PLANNED MATERIAL TANGIBLE FIXED ASSETS (INCLUDING LEASED PROPERTY) AND ANY MAJOR ENCUMBRANCES THEREON

Country	Use	Location	Own/lease	Main manufactured products
SOUTH AFRICA	Factory, warehouse, offices	Johannesburg	Lease	Stationery (ball pens, coloring felt pens, markers)
BRAZIL	Offices and warehouse	Cajamar	Lease	-
	Offices and factory	Rio de Janeiro	Own	Stationery (stickers)
	Factory and warehouse	Manaus	Own	Stationery (ball pens, markers, graphic pencils, coloring pencils), lighters, shavers
CHINA	Factory	Nantong	Own	Lighters
SPAIN	Factories and offices	Tarragona	Own	Stationery (ball pens, mechanical pencils, sticky notes), lighters, printing
U.S.	Offices	Shelton, CT	Own	-
	Factory	Milford, CT	Own	Lighters
		Gaffney, SC	Own	Stationery (markers)
	Warehouse	Charlotte, NC	Own	-
	Packaging	Charlotte, NC	Lease	-
FRANCE	Offices	Clichy	Own	-
	Factories	Cernay	Own	Stationery (dyes)
		Longueil-Sainte-Marie	Own	Shavers
		Montévrain	Own	Stationery (ball pens)
		Redon	Own	Lighters
		Samer	Own	Stationery (pencils, coloring pencils, leads, mechanical pencils, markers, whiteboards)
GREECE	Factory and offices	Anixi	Own	Shavers
INDIA	Offices	Mumbai	Lease	Stationery (writing instruments)
	Factories	Daman	Own	Stationery (writing instruments)
		Karembeli	Own	-
		Haridwar	Own	Stationery (writing instruments)
KENYA	Factory and offices	Nairobi	Lease	Stationery (writing instruments)
MEXICO	Offices	Mexico City	Lease	Stationery (ball pens, mechanical pencils, correction tapes)
	Factory	Cuautitlan	Own	
	Warehouse, offices, and factory	Tlalnepantla	Lease	Printing
	Factory	Saltillo	Lease	Shavers
NIGERIA	Factory	Shagamu	Lease	Stationery
SLOVAKIA	Packaging	Sered	Lease	-
TUNISIA	Factory	Bizerte	Own	Stationery (ball pens)

Major related encumbrances correspond to depreciation.



1

GROUP PRESENTATION, PERSPECTIVES, AND STRATEGY

Business presentation





RISKS MANAGEMENT

Introduction	44
2.1. MAIN RISKS AND RISK ASSESSMENT	44
2.2. DESCRIPTION AND MITIGATION OF MAIN RISK FACTORS	45
2.3. VIGILANCE PLAN	51
2.3.1 Regulatory framework	51
2.3.2 Governance	51
2.3.3 Risk Mapping	51
2.3.4 Organization and measures for the prevention of major non-financial risks	52
2.4. RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY AND INSURANCE	55
2.4.1 Risk Management and Internal Control definitions and objectives	55
2.4.2 Components of risk management and internal control of the Company and its subsidiaries	56
2.4.3 Risk Management and Internal Control participants, specific structure(s) in charge/respective roles and interactions	60
2.4.4 Insurance – coverage of risks	62



INTRODUCTION

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

- the Group's employees, customers, shareholders, assets, environment or reputation;
- the Group's ability to achieve its objectives, abide and defend its Values, ethics, or laws and regulations.

This approach is based on the identification and analysis of the main risks to which the Group is exposed.

A description of the risk management system is disclosed in section 2.4 Risk management and internal control procedures implemented by the Company and Insurance – page 55.

The risks set out below are not the only risks faced by BIC. Additional risks and uncertainties of which the Group is currently unaware or that are currently deemed not significant could also harm its business, financial position, or results.

BIC has put in place several measures to mitigate the risks it is facing. One of them, described in section 2.4.4. Insurance – Page 52. Coverage of risks page 62, is transferring the risks by insuring them.

2.1. MAIN RISKS AND RISK ASSESSMENT

	Medium	High
Risks related to Plastic and Climate change.		X
Risks related to Consumer Demand and Growth in our three business categories.		X
Risks related to Retail Disruption and Consolidation.		X
Risks related to BIC's Supply Chain and Production.		X
Risks related to BIC's Net Sales Regional Concentration.	X	
Risk related to the execution of BIC's transformation program "BIC 2022 – Invent the Future".	X	
Risks related to Product Safety.	X	
Risks related to counterfeiting, parallel imports, and non-compliant products from competition.	X	
Risks related to increased Regulations.	X	
Risks related to the non-respect of Human Rights and Unfair Practices.	X	

2.2. DESCRIPTION AND MITIGATION OF MAIN RISK FACTORS

Risks related to Plastic and Climate Change

Plastics and Climate Change are two major risks for BIC.

- On the one hand, the plastic risk covers the upstream with the use of this material in BIC® products, contributing to the depletion of a non-renewable resource, and therefore subject to rarefaction and price volatility, and on the other hand, downstream with the issues of pollution related to plastic waste. In addition to these stakes, and although BIC® products are not single-use, there is a growing regulatory environment regarding the use of plastics and the increasingly negative perception by consumers and citizens.
- On Climate Change, risks are related to increased carbon regulations, impacting BIC directly or indirectly through its suppliers or contract manufacturers (and especially on energy and plastics that are usually fossil fuel-based), to the disruption or interruption of production activities due to extreme weather conditions or availability of natural resources (water, energy, etc.). Development of new regulations and standards regarding product environmental impact assessment and communication (including the carbon footprint) can also drive consumer behavior changes and impact Group sales.

Level of risk: high

Potential Impact on BIC:

- rarefaction and price volatility of plastics material (and potential impact of carbon regulations);
- brand image depreciation linked to plastic usage in the products;
- single-use "Plastic bashing" from consumers;
- increased regulations on Plastics impacting BIC's direct or indirect operations;
- carbon regulations affecting operating costs (specific tax for production activities, energy costs, raw material costs...);
- disruption or interruption of production activities due to extreme weather conditions;
- environmental Labelling of products impacting sales.

Examples of Risk Mitigation:

- since 2003, a Sustainable Development Program, to limit the environmental impact of BIC's activities;
- identification and implementation of eco-design rules for products to minimize the consumption of non-renewable raw materials. This eco-design approach is established in three parts: minimizing the quantity of material used in the manufacturing of a product while ensuring long-lasting performance, the integration of alternative materials (of recycled or vegetable origin), the development of refillable products;
- launch in 2018, of "Writing the Future, Together" strategy, with ambitious commitments:
 - by 2025, the environmental and/or societal footprint of BIC® products will be improved ("2025 Commitment: #1 Fostering sustainable innovation in BIC® products"). The ambition is based on the deployment of a comprehensive eco-design process fully integrated into the innovation processes of each product category. Through this commitment, BIC will contribute to mitigating two risks: the Plastic challenge and the Carbon footprint of its products,
 - by 2025, BIC will use 80% renewable electricity. With this commitment, the Group is seeking to reduce its greenhouse gas emissions by purchasing renewable energies and will also study the potential production of renewable electricity on-site. It is part of a long-term vision to operate on 100% renewable electricity. It supplements BIC's continued efforts on energy consumption reduction and energy efficiency to limit its emissions;
 - in 2018, BIC launched a study to review the physical risks linked to Climate Change for all its sites and some contract manufacturers and suppliers. For the sites with higher risks, the Group will define a relevant action plan taking into account the mitigation plan already in place.

All these initiatives and those mentioned in the Group's Sustainable Development Strategy presented in Chapter 3.2.1 " - page 77, contribute to mitigating the risks.



Risks related to Consumer Demand and Growth

BIC is exposed to changes in consumer appetite trends for its products based upon consumer preferences and attitudes towards its products in all three categories – Stationery, Lighters, and Shavers. Global consumer trends can include: rise in digital stationery technology, tobacco use cessation, change in shaving habits.

Level of risk: high**Potential Impact on BIC:**

A lack of viable responses to the decline in consumer demand for all three business categories due to reduced usage of tobacco products, the shift in shaving trends, and the rise in digital stationery technology, would impact sales and profitability.

Although the full impact of the Covid-19 epidemic is difficult to assess by the time this document is published, the Group should be exposed in several ways, notably in case of economic recession affecting consumer demand globally

Examples of Risk Mitigation:

- Research & Development (R&D) focused on product innovations and brand positioning to address the decline in consumer demand;
- Adding enhancements to stationery products for adults;
- Continued focus on sales growth in developing markets.

Risks related to Retail Disruption and Consolidation

BIC® product sales may be adversely impacted due to the consolidation of retail customers via e-commerce and the potential decrease in pricing power related to retailers' demand for lower pricing, increased promotional programs, direct to consumer channels.

Level of risk: high**Potential Impact on BIC:**

Changes in consumer purchasing patterns may result in reduced pricing power through e-commerce channels.

With a change towards e-commerce, a potential market share threat in terms of distribution (i.e., ease of finding BIC® products on the e-commerce portals), which may cause a decline in BIC sales.

Change in e-commerce purchasing trends by consumers to "need-driven" rather than "impulse buying".

Although the full impact of the Covid-19 epidemic is difficult to assess by the time this document is published, the Group should be exposed in several ways, notably by customers' reduced activity or store closures particularly in the Traditional and Convenience channels in affected countries

Examples of Risk Mitigation:

Expand in e-commerce and strengthen omnichannel positioning, notably through "BIC 2022 – Invent the Future" transformation plan."

Risks related to BIC's Supply Chain and Production

As a consumer products manufacturing, distribution and sales-oriented organization, BIC is exposed to the risk of production interruptions and internal and external supply chains issues related to potential raw materials shortages, operational interruptions at suppliers or production issues at BIC, particularly during critical seasonal purchasing periods such as 'back-to-school' in stationery.

BIC maintains several manufacturing and warehousing sites throughout the world to support its business; however, certain products may be concentrated within specific geographic, which may be impacted in the event of a catastrophic event.

BIC is exposed to specific risks linked to the storage and use of hazardous products and substances, both inflammable and non-inflammable. Among these are:

- gas for lighters;
- solvents for permanent markers and dry-wipe markers;
- solvents for industrial cleaning processes.

Level of risks: medium

Potential impact on BIC:

Reliance on outside vendor's supply chain could lead to a shortage of raw materials shortage if the vendor suffers a catastrophic event.

A lengthy supplier qualification timeframe of 1-2 years may impact the availability of potential suppliers.

Risks of losing supply of key input materials, if a supplier changes a formulation.

A significant supply chain disruption could lead to BIC's inability to meet consumer demand and/or commitments.

Certain plastics used within BIC products may be subject to material competition from other sectors, which may diminish the availability of raw materials and eventual stock.

Reliance on specific raw materials and a significant cut in plastic from suppliers due to environmental regulations may impact product development.

Interdependencies between BIC facilities could be impaired in the event a peril causes an inability to ship product from a manufacturing site to distribution, which would impair the ability to supply goods to consumers, particularly during critical seasonal periods such as "back to school", etc.

Although the full impact of the Covid-19 epidemic is difficult to assess by the time this document is published, the Group should be exposed in several ways, notably by the disruption in BIC's Global Supply Chain in the event of factory closures, as well as the discontinuation of the activity of some of our suppliers and subcontractors.

Examples of Risk Mitigation:

BIC has formed a Procurement group to focus on supplier acquisition, supplier qualification, and onboarding, as well as alternative sourcing and materials.

Mitigating controls are in place to look for multi-supplier sourcing. Working with R&D to qualify additional suppliers.

Utilization of an enhanced communication platform (Control Tower) between sales and production teams to "right-size" product quantities and locations.

In all BIC factories:

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

In particular, certain Group factories are subject to the European Union SEVESO Directive, which identifies industrial sites that could pose significant accident risks and requires the manufacturers to carry out risk studies to identify possible accident scenarios, evaluate their potential consequences and implement preventive measures.

The SEVESO plants have emergency procedure protocols (Plan d'Opération Interne and Plan Particulier d'Intervention) and a major hazard prevention policy. For the two SEVESO plants, BIC has also implemented a safety management system. Outside of France, some plants have equivalent Emergency Plans that address Risks with potential off-site consequences.



Risks related to BIC's Net Sales Regional Concentration

BIC revenue streams are reliant upon a significant concentration in a few key regions, such as the United States and Latin America.

Level of risk: medium**Potential impact on BIC:**

A high level of concentration in revenue generation exposes the Company to the risk of shifting consumer demand and regulatory action in a small number of geographies.

Potential business disruption due to geographic transformation as BIC looks to expand in other locales.

Examples of Risk Mitigation:

Continued focus on sales growth in developing markets.

Risk related to the execution of BIC's transformation program "BIC 2022 - Invent the Future."

SOCIÉTÉ BIC embarked on a transformation plan called "BIC 2022 - Invent the Future". With most new innovative initiatives, there is an associated human capital and cultural risk. While the overall benefit to BIC is expected to be transformative, positive, and inclusive, potential risks of a change of this magnitude may include staff turnover, inability to acquire and retain required talent with necessary skill sets, and/or loss of institutional knowledge.

Level of risk: medium**Potential impact on BIC:**

Risk of losing institutional knowledge as well as current key competencies from potential staff departures, restructuring, and culture change within BIC.

Risk of turnover within the management teams due to change in the operational model.

Challenges in retaining talent due to other organizations potentially offering a more competitive employee value proposition.

Examples of Risk Mitigation:

Talent retention plans have been established and put in place.

BIC acquired talent with the relevant skillsets and experience ahead of the transformation.

Created a centrally led talent management team to tackle talent management risks.

Created an active recruitment protocol leveraging educational institutions to increase talent pool for mechanics.

Risks related to Product Safety

The risk related to product safety and consumer health and safety is a risk of placing non-compliant or unsafe products on the market.

Level of risk: medium**Potential impact on BIC:**

Impact on Consumers Health and Safety.

Impact on the Brand image (Consumers), and business interests.

Examples of Risk Mitigation:

BIC wants to offer safe and compliant products that answer consumers' expectations. The Group strives to strictly comply with increasingly stringent regulations regarding the use of chemicals and products.

The Product Safety Policy, implemented in 2001, includes ten commitments to ensure that products designed and manufactured by the Group are safe for health and the environment.

With the primary objective of bringing to the market safe and compliant products, BIC integrates regulatory compliance and product safety risk management into its strategy through a rigorous set of processes. In this way, BIC supplies millions of products of constant quality every day, verified by multiple tests and risk assessments.

It also means integrating the consumers' health and safety concerns into product design and manufacturing. For example, in 2017 and 2018, the regulatory watch was extended to non-regulatory voluntary lists to ensure maximum anticipation. In 2019, the BIC Watch List became more operational for teams and more precise with respect to customers' concerns related to our products.

More information is available in section 3.2.2. "Product Safety".

Risks related to counterfeiting/Gray Goods, Parallel Imports and Non-compliant Products from competition

Counterfeits of the most well-known BIC products circulate, principally throughout Africa, the Middle East, Eastern Europe, and South America. They are mostly produced in Asia. These counterfeits, often of low quality, are mainly focused on the shape of our products and on the BIC® trademark. Gray good products that violate U.S. regulations pose product recall risks.

The Group is confronted with competition from low-cost lighters that in Europe often do not comply with safety standards, the ISO 9994 international safety standard, and the EN 13869 child resistance standard.

Level of risk: medium**Potential impact on BIC:**

Impact on the Brand image (Consumers), and business interests.

Examples of Risk Mitigation:

BIC, through its Legal Department, fights against these counterfeits, working in close cooperation with local authorities, law enforcement agencies and initiating court and administrative actions, enforcing a monitoring program of leading e-commerce platforms, market surveillance, traceability measures, and collaborating with local authorities to better prevent illegal diverting of gray goods to the U.S.

BIC fights against non-compliant lighters through communication activities, informing the different stakeholders (customers, market surveillance authorities, EU Commission, EU Parliament, etc.).

The Group has launched legal actions, the latest being filings before the European Commission in October 2018, requesting the opening of infringement procedures against France and Germany, after the Netherlands in 2010.

In 2019, the Group continued to contribute to public consultations launched by the EU Commission, aiming at improving market surveillance rules and their enforcement.

**Risks related to increased regulations**

Restrictions, prohibitions and prohibitions projects are more and more numerous in the fields of chemical substances as well as plastics, particularly in North America and Europe

Level of risk: medium**Potential impact on BIC:**

Impact on manufacturing processes and business interests.

Examples of Risk Mitigation:

BIC closely monitors announced regulatory changes and voices relevant technical and legal arguments.

For example:

- BIC filed an objection in Court against the Spanish Valencian region Decree banning non-refillable shavers and is making proposals to improve the relevance of new laws, as was the case with the law of the Balearic Islands regarding certain plastic products;
- BIC, together with other European manufacturers, continues to object to the EU Commission's interpretation of the scope of the EU's CLP regulation, which would require the labeling of each writing instrument and lighter with warning phrases relating to chemical substances in containers.



Risk related to the non-respect of Human Rights and Unfair Practices

- Non-compliance with fundamental human rights such as child labor, discrimination or forced labor.
- Corruption and unfair practices.

Level of risk: medium**Potential Impact on BIC:**

Legal action against BIC and major consequences in terms of reputation and attractiveness.

Examples of Risk Mitigation:

To ensure respect for Human Rights at work, BIC has adopted a Code of Conduct, consisting of a set of professional and social principles derived from the standards of the International Labor Organization (ILO). The Group is committed to socially responsible behavior in all its activities. The Code of Conduct applies to BIC factories as well as contract manufacturers and its implementation is regularly monitored by BIC through audits and tools.

Moreover, BIC's reliance on contract manufacturing is relatively low. Overall, 92% of its net sales are generated by products made in its own factories. 87% of its factories are located in countries with no Human Risk, according to Freedom House.

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

More information is available in section 3.5 of Chapter 3 Our environmental, social and societal responsibility (§ 3.5.1.2 *Ensuring respect Human Rights in the workplace*).

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

Since 2007, BIC Code of Ethics has defined the fundamental ethical principles that the Group asks all of its team members 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.

Since 2017, BIC has been developing and deploying tools (training, reporting systems, etc.) to facilitate the identification, evaluation, mitigation, monitoring and quantification of the potential risks of corruption and unfair practices.

More information on the fight against corruption is available in Chapter 3, section 3.5 (§ 3.5.3 *Ethics and the fight against corruption*).

2.3. VIGILANCE PLAN

2.3.1 REGULATORY FRAMEWORK

In accordance with French law no. 2017-399 of March 27, 2017, concerning the duty of care for parent companies ("the Law"), BIC developed the following Vigilance Plan and started its implementation.

This Plan contains due diligence measures sufficient to identify risks and to help prevent infringements and damage to:

- Human Rights and fundamental freedoms;
- health and safety; and
- environment.

It targets the major risks arising from the Group activities and from the activities of its subcontractors and suppliers with whom is maintained an established business relationship when these activities are connected to this relation.

2.3.2 GOVERNANCE

Representatives of various departments, Sustainable Development, Purchasing, Legal, Risks, and Internal Control, continued working in 2019 to implement the Vigilance Plan. A member of this working group is responsible for ensuring that the steps are followed in accordance with the Law.

The Executive Committee monitors the key extra-financial performance indicators.

2.3.3 RISK MAPPING

Methodology

Two working groups carried a risk mapping to identify major risks:

- one, supervised by the Sustainable Development Department and the Legal Department, focused on BIC's activities;
- another one, supervised by the Purchasing Department, focused on BIC's supply chain, as part of *Writing The Future*, *Together* commitments program.

The working groups assessed the existing or potential major risks on our supply chain, as well as opportunities aiming at value creation for the stakeholders and for the Group.

An external service provider, specialized in corporate social responsibility and responsible purchasing, supported each working group in developing the risk mapping tools and setting up action plans. The tools included the same rating scale as the one used for the Group risk mapping (presented in Chapter 2.4 Risk management and internal control procedures implemented by the Company and Insurance).

The methodology for risk mapping was based upon many interconnected sources:

- recommendations of the main relevant standards, such as ISO 31000 which provides a methodological framework to risk management;
- external stakeholders' expectations (e.g., French Anti-Corruption Agency, NGO, clients) and internal stakeholders;
- requirements of the "Sapin 2" law and the European Directive 2014/95/EU (on non-financial performance statement) in terms of risk identification and prevention;
- recommendations issued by the United Nations and the OECD guidelines in terms of due diligence.

Both groups worked to identify the major risks and the relevant actions on the four topics covered by the Law as well as business ethics through around sixty topics intended to sharpen the analysis and to establish action plans.

This risk mapping (supply chain and the Group activities) is regularly updated.

Perimeter

"Responsible Purchasing" working group proceeded to the identification of major risks (excluding Cello Pens that will be included in 2020), by purchasing category: plastics, ink & chemicals, gas, metal, services (utilities and other services), logistics, subcontractors (licensed manufacturers, contract manufacturers), etc.

The risk identification by purchasing category, considering the products and services life cycle, allowed the understanding of the risk positioning in the supply chain, considering the various operators of the supply chain.

"BIC Activities" working group identified the major risks arising from manufacturing operations, sales, and from the administrative sites of the Group.

Stakeholders consultation

The Group involved stakeholders to the elaboration of the risk mapping:

- internal stakeholders: purchasers of the different purchasing categories, Anti-Corruption Officer, domain experts (EH&S, industrial facility, sales in different geographical areas, HR, etc.);
- external stakeholders: some suppliers (plastics).

BIC will keep associating and consulting the stakeholders to the Vigilance Plan in 2020.



2.3.4 ORGANIZATION AND MEASURES FOR THE PREVENTION OF MAJOR NON-FINANCIAL RISKS

The tables below refer to the pages of Chapter 3 of the registration document which gives a detailed presentation of the issues, the policies, the initiatives, the accomplishments of the past year and the extra-financial performance of the BIC Group.

BIC implemented a body of documents to facilitate risk management. Those that address the topics covered by Law and provide the basis for the BIC Group's Vigilance Plan are: The Code of Ethics, the BIC Group Anti-Corruption Policy, the BIC Group

Code of Conduct, Health, Safety, Environment Policy (EH&S), the BIC Charter of Diversity, the Responsible Purchasing Charter. These documents are listed in part 3.1.2. Our Policies.

Within the scope of the Law, the major risks listed below correspond to the most critical risks identified (resulting from the probability of occurrence and the significance of the potential impacts regarding the applicable risks).

A. Major risks arising from BIC Group activities^[NFPS]

Major risks	Type of risks	BIC Policies	BIC Organization	Mitigation and remediation measures/Due diligence and regular assessment processes/Results - Key extra-financial performance indicators
Plastics: plastic waste and resource depletion	Environmental risk	2025 Commitment: #1 Fostering sustainable Innovation in BIC® products	Implementation by the Categories, by the Purchasing Department, with the support of the Sustainable Development Department	See the eco-design process in section 3.2.1 <i>Our products' environmental performance</i> (pages 77 à 82).
Climate change	Environmental risks	2025 Commitment: #2 Acting against climate change	Implementation by the Sustainable Development Department EH&S Officer in each factory	See the process of fight against climate change in section 3.3.1 <i>Writing The Future, Together - #2 Acting against climate change</i> (pages 88 à 92).
Product safety and Consumer Health and Safety	Risks for people health and safety	BIC policies for product safety	Implementation by the Product Safety Department	See the product safety policy in section 3.2.2 <i>Product safety</i> (pages 82 à 84).
Health and Safety of Team members	Risks for people health and safety	2025 Commitment: #3 Committing to a safe work environment EH&S Policy	Implementation by HR and each category EH&S Officer in the factories	See the process of safety in the workplace in section 3.4.3 <i>Health/Safety in the workplace</i> (pages 98 à 100).
Non-respect of Human Rights and Fundamental Freedoms (child labor, ILO conventions)	Risks on Human Rights and Fundamental Freedoms	Code of Ethics, HR Policy Code of Conduct	Implementation by HR for team members Implementation by each Factory Director	See the measures for the respect of Human Rights in the workplace in section 3.5.2 <i>Ensuring respect for human rights in the workplace</i> (pages 109 à 111).
Unfair practices (Corruption)	Risks of active or passive corruption	BIC Group Code of Ethics and Anti-Corruption policies	Implementation by an Anti-Corruption Officer, the Legal Department, the Purchasing Department	See the anti-corruption fight process in section 3.5.3 <i>Ethics and the fight against corruption</i> (page 111).

B. Major risks arising from the supply chain

Purchasing Categories	Type of risks	BIC Policies	BIC Organization
Raw materials, Plastics, Metal, Inks, and Chemicals	<p>Environment: Plastics consumption, water pollution and soil pollution related to the extraction of raw materials</p> <p>Human Rights: Exposure of local populations to the releases from the production sites</p> <p>Exclusion of the conflict minerals</p> <p>Health and Safety: Chemicals impacts on team members' health and safety</p> <p>Products safety for the consumers</p> <p>Ethics: Regulatory compliance, Corruption</p>	Responsible Purchasing Charter 2025 Commitment: #4 Proactively Involving Suppliers	Implementation by the Purchasing Department, Industrial Departments, and Sustainable Development Department
Packaging	<p>Environment: Deforestation, overpack, water pollution resulting from the manufacturing process</p> <p>Health and safety: Environmental impact of the chemicals used (inks, adhesives)</p> <p>Ethics: Regulatory compliance, corruption, use of wood from non-sustainable exploitation</p>	Responsible Purchasing Charter BIC Group's Code of Conduct	Implementation by the Purchasing Department, Industrial Departments, and Sustainable Development Department
Transport & Logistics	<p>Environment: Greenhouse gas emissions, consumption of non-renewable energy sources</p> <p>Health and safety: Road accidents and accidents in handling</p> <p>Ethics: Corruption</p>	Responsible Purchasing Charter BIC Group's Code of Conduct	Implementation by the Purchasing Department, Industrial Departments, and sustainable development
Contract manufacturers	<p>Environment: Greenhouse gas emissions, consumption</p> <p>Societal and Human Rights: Compliance with ILO Conventions in terms of working conditions, forced labor, constrained work or child labor</p> <p>Team members Health and Safety</p> <p>Ethics: Regulatory compliance, corruption</p>	Responsible Purchasing Charter BIC Group's Code of Conduct Code of Ethics	Implementation by the Purchasing Department, Industrial Departments, and sustainable development
Indirect suppliers	<p>Environment: water and energy consumption, water pollution especially for maintenance personnel</p> <p>Societal and Human Rights: the strike by team members especially for the goodies sector</p> <p>Ethics: Corruption</p>	Responsible Purchasing Charter	Implementation by the Purchasing Department



Mitigation and remediation measures/ Due diligence process

- In 2019, BIC built a Group procurement organization to implement an integrated best practice approach worldwide. To this end, BIC Purchasing teams and Supply Chain teams have merged into a global department. One of its important objectives is to implement the Vigilance Plan with respect to the supply chain (suppliers, subcontractors, transporters) continuously and consistently.
- Moreover, BIC has completed a full audit of 15 raw materials to identify and evaluate all supply risks for the Lighters category. Results will be provided in Q1 2020 and a specific mitigation plan in this respect will be established.
- In addition, BIC has finalized the Responsible Procurement 2019 Road Map, which aims to identify value creation levers on the supply chain and assess any sustainable development risks. The execution plan provides for appropriate actions to be rolled out for each category and supplier type.
- Furthermore, BIC has implemented a new Responsible Procurement Training Program as a part of the BIC Capability Building Program. The training will be ongoing until Q3 2020.
- The Group's Responsible Purchasing Charter, which was released in 2014, will be updated in 2020 and subsequently communicated to all BIC suppliers.
- Finally, as part of the Group's third-party due diligence program, BIC acquired in 2019 an online database and risk focused due diligence tool. Its purpose is to assess the compliance of BIC's suppliers with the Law. Such evaluation shall be performed through a database background screening and documentary evaluation via an online questionnaire to be filled out by each strategic supplier. Thus, a continuous monitoring system is being put in place to ensure full compliance of BIC's suppliers.
- In parallel, and conjunction with the above, BIC has updated the list of its strategic suppliers (approximately 300) based on specific criteria.

- In 2020, BIC intends to continue enhancing mitigation and remediation measures such as incorporating into calls for tender or in the referencing process criteria on Environment and Health and Safety. Due diligence processes shall also be carried out periodically on such issues. In the event of major non-compliance, a dereferencing process will be in place. Specific measures, as presented below, may apply.

For more details on the approach of our responsibility in the value chain, the implemented measures, and the results, please refer to Section 3.5. Responsibilities related to our supply chain (pages 108 à 112).

Regular assessment process

BIC Procurement teams implement the following process to ensure the regular assessment of the risk's mitigation measures:

- monitoring of the CSR criteria in the calls for tender or in the referencing processes;
- monitoring of the suppliers' panel by the audits, document reviews, assessments, etc.;
- monitoring of the audit results, document reviews, assessments, etc.;
- monitoring of the correction action asked for;
- monitoring of the dereferencing decisions.

Results – Key extra-financial performance indicator

Key extra-financial performance indicators, such as the compliance rate of the suppliers with respect to the dedicated criteria in response to calls for tender and the implementation of external assessment of suppliers, were defined and will be implemented according to the different purchasing categories.

C. Alert hotline

The "BIC Speak-Up" hotline accessible to all BIC team members allows any violation of the Group anti-corruption Policy and Code of Ethics to be reported (see *section 3.5.3 Ethics and the fight against corruption*) and thereby offers an alert mechanism to report on risks covered by the Law. The alert hotline has been made accessible to third parties since 2019.

2.4. RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY AND INSURANCE

2.4.1 RISK MANAGEMENT AND INTERNAL CONTROL DEFINITIONS AND OBJECTIVES

2.4.1.1 Adoption of the principles of the AMF's reference framework for risk management and internal control systems

For the drafting of this section, 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* – French Financial Markets 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, which continuously adapt them to their current situation, with guidance from the Group Accounting and Controller's Manuals. The *Application Guide* has not been formally compared to the existing procedures and processes, but the Company does not expect material differences considering the similarity of the Application Guide with these two manuals.

a) Risk management

Risk management is the Company's continuously evolving dynamic system, defined and implemented under its responsibility. This system is a comprehensive and multi-tiered protocol that addresses 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 business goals, objectives and core strategy;
- the Company's ability to abide by its Values, ethics, laws, and regulations;
- the Company's personnel, assets, environment, or reputation.

Risk management is also a lever for managing the Company that helps to:

- create and preserve the Company's Value, assets, and reputation;

- secure decision-making and the Company's processes to attain its objectives;
- promote the consistency of the Company's actions with its Values;
- mobilize the Company behind a shared vision of the main risks.

b) Internal control

The adoption process also incorporates the definition of internal control as a Company system, defined and implemented under its responsibility, which aims to ensure that:

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

In general, internal control contributes to control over a company's activities, to the efficiency of its operations, and the efficient utilization of its resources.

The first objective refers to all regulations and laws in force to which the Company is subject and incorporates in its daily activities to achieve its compliance objectives.

The second addresses the guidelines given to the staff to understand what is expected from them and to be aware of the scope of freedom of action. This communication process is based on the Company's objectives, cascaded to the team members.

The third covers all operational, industrial, commercial, and financial processes. Assets are understood to be both tangible and intangible assets (know-how, image or reputation) and are used throughout the existing processes of the Company.

The last objective deals with the preparation of reliable financial statements, including full, interim, and condensed financial statements and selected financial data derived from such statements, such as net sales releases. The reliability of this information depends on the quality of the associated internal control procedures and system (see reporting procedures section 2.4.2.4 *Internal Control procedures*) that should ensure:

- the segregation of duties principle, enabling a clear distinction between recording, operational and retention duties;
- that function descriptions provide guidelines for identifying the source of the information and materials produced;
- 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.



2.4.1.2 Scope of risk management and internal control

Risk management and internal control, as defined in this report, apply to SOCIÉTÉ BIC as the parent Company of the Group and all the entities consolidated within the Group.

The internal control in place has been designed for all entities to suit the existing organization, the objectives determined by the Board of Directors, and the Executive Committee (see *section 2.4.3. Risk management and internal control participants, specific structure(s) in charge/respective roles and interactions*), and compliance with laws and regulations. Supporting principles and systems have been set up in all relevant areas and subsidiaries, considering local specificities and regulations. These principles are also known and followed by the different centralized Group departments.

The Risk Management principles are also applicable to any entity entering the Group; and, whenever possible, the Group asks its subcontractors and suppliers to comply with these principles.

For instance, SOCIÉTÉ BIC asks its suppliers to follow the safety rules for team members that are applied within the Group.

2.4.1.3 Limitations of risk management and internal control systems

Even with the most efficient organization, limitations inherent in risk management and internal control exist. Indeed, risk management and internal control systems cannot provide an absolute guarantee that the Company's objectives will be met. The major existing limitations are the evolution and the uncertainties in the outside world, the subjective nature of people's decisions, and the result of potential human failure or a simple error.

Moreover, any time a control activity is to be implemented, the comparative cost/benefit is considered, ensuring reasonable coverage of the necessary controls.

2.4.2 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.

2.4.2.1 Control environment

a) Organization

The Group has implemented a structured internal control system giving the appropriate guidelines and responsibilities to achieve the objectives set by the Board of Directors and the Executive Committee. This organization is based on the definition of responsibilities and objectives set by the Management and then shared individually with the team members.

b) Main tools

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

- Code of Ethics (see *section 2.4.3.6. Team members*);
- Group Anti-Corruption Policy (see *section 2.4.3.6. Team members*);
- Group Vision and Values (see *section 2.4.3.6. Team members*);
- Group Accounting and Controller's Manuals.

These manuals distributed in all entities and available on the Group intranet provide the guidelines respectively for bookkeeping and financial reporting activities under IFRS standards, and for the procedures to respect the internal control system in all sectors of the Company (*i.e.*, Purchasing, Treasury, Tax, Sales, etc.);

- Fraud Reporting Protocol:

The purpose of the Fraud Reporting Protocol is to ensure that all fraud suspicions or actual cases are reported in a timely, consistent, and uniform manner and to coordinate the subsequent investigations. A fraud reporting template has been shared with all BIC subsidiaries;

- hotline BIC Speak-up (see *section 2.4.3.6. team members*);
- human Resources Management Policy:

Detailed in section 3.4. Our social responsibility to our Team members, Human Resources Management participates fully 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 communicates 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 meet the following goals efficiently:

- cascading of the Company's objectives to the team members throughout the year,
- training and people development: see *section 3.4. Our social responsibility to our team members*;
- information systems:

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

Most of the BIC Group's entities use fully integrated systems (ERP) to assist them in the management of the business and report financial data using a consolidation and management software (see *section 2.4.2.4. Internal Control procedures*).

Continents and countries are in charge of implementing operational procedures to secure access, back-up, and recovery of critical system data.

2.4.2.2 Dissemination of relevant and reliable information

The Company has implemented efficient information dissemination processes and systems that allow accurate communication to the appropriate level of responsibility and authority. The formats of these tools are diverse. They range from IT (Information Technology) solutions (including the Group intranet, the financial consolidation software, the integrated system implemented per continent, etc.) to existing procedures that include information management.

These information tools aim to support the whole internal control system of the Company and to help the decision processes and follow-up for the achievement of Management's objectives.

2.4.2.3 Risk management process

Risk management, among its objectives, aims to address the existing, evolving, and emerging risks that could potentially significantly impact the Company. All risks cannot be addressed. However, when addressed, the means used include a variety of internal and external mitigation processes and/or external insurance protection.

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

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

a) Risk identification and analysis

The Risk Management Department performs risk identification and analysis.

The identification process highlights the main risks arising from both external and internal sources. The key driver for identification is the potentially significant impact on the Company's strategy, objectives, personnel, assets, environment or reputation. To allow for a fluid approach, the risk identification and analysis process consist of two complementary components: a bottom-up free approach and a top-down structured approach. This two-fold approach allows to identify overlaps and gaps.

Bottom-up approach

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

Questionnaires are addressed to the representatives of the targeted level (local General Manager/local Chief Financial Officer). They are requested to complete and return the questionnaire to Risk Management function whenever a risk must be notified.

Top-down approach

Following a recommendation of the Audit Committee and a request of the Executive Committee, in 2010, the Company initiated a project to improve the formalization of risk management.

This project enables us to obtain a synthetic overview of major risks that the BIC Group is or could be exposed to.

The approach that consisted of a risk mapping of the BIC Group can be summarized as follows:

- risk identification through a questionnaire completed by each member of the Executive Committee and an individual interview led by the project team;
- synthesis of main risk areas;
- ranking of risks according to criteria in terms of potential impact and management effectiveness.

The year following the Risk Mapping, an update reviews the status of prior risks identified. Every other year, the Risk Mapping is reviewed and reassessed with any potential new risk.

In 2017, the Top-down approach also included questionnaires sent to contributors outside of the Executive Committee. Risks listed by this approach have been considered for the internal audit schedule.

The Risk Management function 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 impact for the BIC 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 conducted for internal use.

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

b) Risk Management and Mitigation

The Executive Committee manages the major risks identified in the BIC Group risk mapping. These risks were followed and monitored during the year. Progress and status of action plans related to certain key risks have also been reviewed and discussed at Board Meetings. The other risks continue to be monitored closely.

In addition, different procedures exist (see *section 2.4.2.4 Internal Control procedures*). The Executive Committee, 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:

- the Group Treasury manages and monitors interest rate exposure and foreign exchange exposure daily;
- the Legal Department regularly monitors changes in laws/regulations and litigation in progress;
- the main industrial and environmental risks are considered by the Management and the Sustainable Development Department;
- the Executive Committee manages the significant strategic and operational risks.

A yearly review of the Insurance coverage process is also performed: see *Group Presentation - section 2.4.4 Insurance - Coverage of Risk*.

c) Risk monitoring

The Executive Committee 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.



In 2019, the Group took a fresh approach and engaged external consultants to provide an independent review of the Group's critical risks as part of a formalized enterprise risk management protocol. This process included discussions with key executives and board members to identify, verify, and prioritize key major risks, current, and potential mitigation efforts and establish a baseline for Risk Tolerance and Risk Appetite levels. The process yielded consensus of parties to provide for a revitalized framework for on-going efforts and for specific focus areas to support the Group's strategic initiatives.

2.4.2.4 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 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, under the control of their respective Finance and Operations Directors, report information to the business unit finance teams and then report to the Group.

The local External Auditors audit this reported package for the significant entities. Statutory Auditors prepare memorandums and 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 internal 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 Executive Committee 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 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 Executive Committee also reviews the consolidated data and the related analysis monthly;
- an analysis is performed between the budget, the forecasts and the strategic plan and is reviewed by the Executive Committee;
- the Group Chief Financial Officer validates the consolidated financial information. 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 yearly of the production process of financial information.

The account closing process includes the following in particular:

- the fixing and circulation of accounting rules by the Group Finance through the Group Accounting Manual;
- the preparation and sending of a calendar and instructions to the affiliates by the Consolidation Department at each monthly closing;
- the existence of a checklist with the corresponding tasks to be performed by the subsidiary for the account closing.

b) Other internal control procedures

As already mentioned, internal control within the 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 satisfactorily adopted, following adaptation, 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 commitment authorization. This initial step is the main driver for the rest of the process, from the acknowledgment of receipt of the purchased goods or service to the payment of vendors.

The Group has accordingly implemented an authorization matrix that identifies the level of responsibilities required in accordance with the amount to be committed. All authorizations are expected to be formalized in the appropriate form or through the IT systems. The delegation of authority matrix is regularly updated according to changes in the Group organization.

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 the 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 commitment and a post-acquisition audit schedule.

In terms of organization, attention is drawn to the segregation of the procurement function from 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 commitment.

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 fair value of trade receivables with procedures for bad debt reserve computation and credit note issuance.

Similarly to the relationships with suppliers, procedures deal with customers' master file management, including the creation of new accounts, the cash allocation process for the payment receipts and credit management.

Inventory management procedures

The management of inventory covers physical custody of the goods, valuation of these items, and monitoring of the related flows. Thus, the procedures in place address all these topics.

Regarding physical safeguarding, Group policies are provided in addition to local regulations. They deal with:

- the safety objectives for the team members involved in the inventory management;
- the assets' security with clear guidelines in terms of storage conditions, stock-take process, or segregation of duties.

In terms of valuation, a BIC costing procedure is established to help local controllers to follow the Group rules as well as comply with local accounting and financial standards. The Group rules are disclosed in "Note 1 of the consolidated financial statements – Main rules and accounting policies".

Cash management procedures

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

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

Centrally, the Group Treasury follows specific procedures regarding its investment portfolio and foreign exchange exposure management.

Fixed asset management procedures

As defined in the objectives for internal control, asset security is identified as a matter of priority. To achieve this, procedures have been implemented within the Group. Some of them are described above.

The existence and the validity of assets being essential; instruction is given to local sites to perform physical inventories on a regular basis for reconciliation with the financial systems.

In addition to the investment authorization process mentioned earlier, all fixed asset movements (i.e., transfers, disposal and sales) are regulated by dedicated 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 control activities.

2.4.2.5 Control activities

Each level of the Group is involved in control activities to ensure that Group rules, guidelines, and procedures are correctly applied.

Moreover, the Internal Control & Audit Department ensures through its annual audit plan that no material discrepancy with the Group procedures exists.

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

- the validity of the operations and transactions, including the authorization processes for expenditures and investments;
- completeness of transaction reporting;
- proper evaluation and recognition of operations for accurate information availability and disclosure;
- the guarantee of the Company's future.



2.4.3 RISK MANAGEMENT AND INTERNAL CONTROL PARTICIPANTS, SPECIFIC STRUCTURE(S) IN CHARGE/RESPECTIVE ROLES AND INTERACTIONS

Risk management and internal control implemented by BIC are fully integrated functions within the organization.

2.4.3.1 The Board of Directors

The Board of Directors of SOCIÉTÉ BIC, which represents the Shareholders, acts in all circumstances in the interests of the Company. It must also review and approve the Company's strategic objectives.

2.4.3.2 The Executive Committee

On February 13, 2019, BIC announced the creation of the BIC Executive Committee. This Committee consists of a team of eight leaders who meet regularly and work closely with Gonzalve BICH, Chief Executive Officer, in setting the Group's long-term ambition and strategy to drive profitable growth.

Three newly created roles are part of the Executive Committee:

- Group Insights & Innovation Officer – Thomas Brette;
- Group Supply Chain Officer – Peter Dalsberg;
- Group Commercial Officer – Benoit Marotte until January 2020, succeeded by Chester Twigg;

Also, the Executive Committee team includes the following existing roles:

- Group Lighter General Manager - François Clement-Grandcourt;
- Chief Financial Officer - James DiPietro;
- Chief Human Resources Officer - Alison James;
- Global Strategy and Business Development – Sara LaPorta;
- Chief Administrative Officer – Charles Morgan.

This new structure allows BIC to benefit from the collective experience and expertise of this group of talented leaders and realize its growth potential. To further its effectiveness, the Executive Committee will now be able to draw on the input and broader perspective of an extended Leadership Team whenever a greater depth or breadth of knowledge and expertise is required.

The Group Supply Chain Officer and the Group Insights and Innovation Officer are directly responsible for Manufacturing, New Product Development, Research, and Quality Assurance

The Executive Committee also monitors the quality of the internal control process and the implementation of risk coverage. It also ensures, with the Group Chief Financial Officer's support, that indicators are consolidated 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 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.

2.4.3.3 The Audit Committee

Supporting the CEO, the Audit Committee (see section 4.1.2.6. Committees set up by the Board of Directors), among other assignments, monitors the risk management and internal control systems on a regular basis closely. 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 every year.

2.4.3.4 The Internal Control & Audit (IC&A) Department

The Internal Control and Audit Department reports operationally to the Group Finance Department and, on request, to the Executive Committee and the Chairman of the Board.

This department reviews both financial and operational activities and expresses an independent assessment of 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 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 assists with timely and specific engagements, such as external acquisitions or internal restructuring operations.

The Internal Control and Audit Department provides assistance on fraud prevention, awareness, and also investigations on reported fraud cases within the Group.

The approach of the IC&A Department also includes Group information systems through reviews of IT (Information Technology) accesses and business continuity procedures.

Twice a year, the IC&A Department presents the audit schedule to the External Auditors, provides updates, and shares the reports resulting 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 2019

A multi-year audit rotation schedule is in place to ensure that all sites and key processes are reviewed on average every three years.

The 2019 schedule led the IC&A Department to perform six audits in manufacturing and distribution entities, combining initial and follow-up visits.

These audits were carried out in accordance with the 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 on a risk-based approach;
- 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 issue was identified further to these reviews. The recommendations issued in the audit reports highlighted improvements required to certain controls to improve their effectiveness. Local Management has shared its response to these recommendations and proposed action plans, together with the related implementation dates and the responsibility for their execution. These implementations have been checked during follow-up visits performed by the IC&A Department. Furthermore, quarterly follow-up of action plans progress contributes to efficient monitoring of the recommendations' implementation related to significant audit issues. Dashboards are communicated quarterly to the representatives of the continents and categories. Finally, best practices in terms of internal control noted while performing these reviews are communicated and shared within the Group.

If necessary, the General Manager of the subsidiary provides details of non-significant weaknesses for which corrective actions will be implemented the following year. These actions should ensure that reasonable confidence can be placed on the achievement of operational goals, the reliability of financial information reported, and compliance with relevant laws and regulations in force.

The IC&A Department collects the data provided by the subsidiaries and performs analyses to enhance the risk-based approach in the determination of the annual audit plan and the performance of audit work. The results will be shared with Group Statutory Auditors and the Audit Committee.

A summary of the work performed by the IC&A Department during the year is presented to the Executive Committee, 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 implementation progress.

b) Perspectives and Action Plan for 2020

The IC&A Department will continue to focus on processes and efficiency improvements, testing of operational effectiveness of key controls, and enhancing the overall review process.

The annual audit schedule, prepared by the IC&A Department and validated by the Audit Committee and the Executive Committee, meets the multi-year rotation principle for site and processes reviews. Finally, the IC&A Department will maintain its coordination role for the continuous improvement of Group procedures and will continue to be involved in the risk management approach.

2.4.3.5 The Risk Management function

The function of the Risk Management Department is to collect, analyze and rank the external and internal arising risks that could have an impact on the Group. It coordinates the risk monitoring in agreement with the Executive Committee.

2.4.3.6 Team members

Each team member is involved in the internal control processes in accordance with his/her respective knowledge and has access to the information used to design, operate, and monitor the internal control system. The Group Internal Control Policies including the Group Controllers' Manual, are available online for team members with access to the Group Intranet.

To reinforce the commitment of all team members to the importance of internal control in the Company, the Values of the Group are posted at all Group locations so that all team members have access to them.

Regular company-wide engagement surveys are conducted and cover multiple aspects of engagement and also assess our adherence to our Company Values. In 2018, over 11,000 team members were invited to participate, encompassing 59 countries. The response rate increased to 93% compared to 84% in 2016. Overall, employee engagement was favorably assessed at 84%, representing strong engagement at 4.5% above the market norm. Significant drivers of overall engagement focused on the favorable assessment of willingness to stay with BIC and recommending BIC as a good place to work.

A question on Diversity and Inclusion was added to the survey to gauge whether our team members believe BIC is a diverse and inclusive work environment. This question was answered favorably at 82%.

The questions on Values showed very favorable responses overall and were specifically strong with respect to the values of Responsibility and the application of Ethics. This reaffirmed the efforts taken in 2017 to reengage our team members on the importance of the principles behind the Group Code of Ethics.

The Group Code of Ethics is available for all team members on the Group Intranet. The Code of Ethics and its guide were updated in 2014. The Board of Directors has taken note of it and reaffirmed, as necessary, the importance of the action and behavior principles mentioned in this Code. The Executive Committee validated the Group Code of Ethics and related procedures and policies and distributes it throughout the Group.

A Group Anti-Corruption Policy was also made available to all team members on the Group Intranet in 2016, stating that the Group prohibits bribery and corruption in any form and upholding our reputation for integrity.

In 2017, the Group also launched its Anti-Corruption and Code of Ethics e-learning, which was completed by most team members in all BIC markets.



Since July 2017, the Group has partnered with an independent provider to manage a new phone and internet-based reporting system called BIC Speak-up, which provides an alternative channel for team members to communicate their concerns confidentially and anonymously if they so choose (and where permitted by local law). This program has been established to provide effective lines of communication from team members and empowers BIC to promote safety, security, and ethical behavior.

A Charter of Diversity, shared by all the entities, defines the BIC Group commitment to continually improving and educating team members about the importance of diversity and aims to assist in the prevention of discrimination in the workplaces.

2.4.4 INSURANCE – COVERAGE OF RISKS

2.4.4.1 Insurance

BIC Group (“Group”) utilizes insurance as a risk financing solution to transfer its major risks to the insurance marketplace through a series of insurance policies, placed with reputable insurers. The Group accomplishes this transfer on two tiers: an International Insurance Program which addresses all Group affiliated companies, except where legally prohibited, and locally placed policies to address compulsory insurance where required. Additionally, some local affiliated companies may have obtained additional insurance for special and/or specific needs.

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

BIC Group maintains the following main international insurance programs:

- liability insurance including risks related to products, which covers losses related to third-party claims of bodily injury and property damage, including operational and product liability;
- environmental Impairment Liability insurance related to gradual pollution and accidental pollution;

- property Damage and Business Interruption insurance covering risks of loss due to fire, explosion, water damage, and other natural catastrophes; As a general rule, coverage is based upon a replacement cost valuation of the insured property; however, some coverages may be capped and/or sub-limited in total amounts payable under the terms of the policy;
- Goods-in-Transit insurance covering loss or theft of goods and/or products during their shipment;
- crime insurance related to the risks of fraud, theft, and falsification;
- employment Practices Liability insurance covering alleged discrimination, wrongful termination, and sexual harassment.

In addition, BIC Group maintains other types of insurance in conformity with legal requirements within countries in which it operates.

The global cost estimate of the Group insurance programs to third-party insurers amounts to approximately 3.7 million euros.

2.4.4.2 Self-Insurance

Self-insured or retained risks are also held by BIC Group, typically in the form of insurance policy deductibles, retentions, or other uninsured exposures which may not be insurable in the traditional marketplace.

In the US, BIC Corporation maintains a wholly-owned subsidiary captive insurance company, SLS Insurance Company Limited (SLS), covering the US for specific types of risks, including:

- Commercial General Liability and Products Liability coverage covering alleged third-party bodily injury and property damage;
- DIC/DIL providing Difference in Conditions/Difference in Limits insurance to supplement certain other traditional insurance policy coverages and/or deductibles;
- Medical Stop Loss coverage related to the employee benefits health program;
- TRIA (Terrorism Risk Insurance Act) NBCR (Nuclear, Biological, Chemical, and Radiological Terrorism). The amount of provisions to cover this risk is limited to 5 million U.S. dollars which is used to extend BIC’s traditional Terrorism coverage.

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



OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

3.1. THE BIC SUSTAINABLE DEVELOPMENT PROGRAM AND NON-FINANCIAL PERFORMANCE	65
3.1.1 Writing the future together, a commitment for 2025, rooted in our history and convictions	65
3.1.2 Governance of policies and actions taken to prevent, reduce and correct the main CSR risks	75
3.2. RESPONSIBILITY CONCERNING OUR PRODUCTS	77
3.2.1 The products' environmental performance	77
3.2.2 Product safety	82
3.2.3 Products designed to meet and anticipate consumers' expectations	85
3.2.4 Optimized packaging	86
3.3. ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS	88
3.3.1 Participating in the fight against climate change	88
3.3.2 Reducing our factories and offices' other environmental impacts	92
3.4. OUR SOCIAL RESPONSIBILITY TO OUR TEAM MEMBERS	96
3.4.1 The workforce	96
3.4.2 Sharing our Values, listening to our team members	98
3.4.3 Health/Safety in the workplace	98
3.4.4 Health and well-being in the workplace	100
3.4.5 Team member development	102
3.4.6 The remuneration system	104
3.4.7 Promoting diversity	105
3.4.8 Social dialogue	107
3.5. RESPONSIBILITIES RELATED TO OUR SUPPLY CHAIN	108
3.5.1 The responsible purchasing approach	108
3.5.2 Ensuring respect for Human Rights in the workplace	109
3.5.3 Ethics and the fight against corruption	111
3.6. SOCIETAL BENEFITS RELATED TO BIC® PRODUCTS	113
3.6.1 Writing the Future, Together - #5 Improving lives through education	113
3.6.2 Philanthropic actions by BIC and its subsidiaries	114
3.6.3 Making our products affordable to all	116
3.6.4 Experimenting with innovative alternative distribution modes through a Social Business initiative	116
3.7. MILESTONES	117
3.7.1 Extra-financial ratings	117
3.7.2 Perimeter and selection of indicators	117
3.7.3 Indicators table	120
3.7.4 Report of one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement	123



How to read BIC's non-financial information and Non-Financial Performance Statement

BIC has decided to present the various elements of information required by French executive order No.2017-1265 of August 9, 2017⁽¹⁾ in different chapters of its management report in order to facilitate the reader's comprehension.

Consequently, BIC's business model is presented in the extracts from the integrated report, page 8.

The CSR risks identified under the NFPS are listed and described in paragraph 3.1.1.5, those of which are also major risks for BIC, are equally presented in chapter 2.1.

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

- in the "Challenges, risks and opportunities" sections: the key issues as identified using the materiality matrix⁽²⁾ or during the analyses of CSR risks and opportunities for the Group;
- in the "Policy, approach and measures implemented" sections: a description of the policies instituted and actions taken by the Group, including, where necessary, the due diligence procedures implemented to identify, prevent and reduce the occurrence of those risks, or to take advantage of the identified opportunities;
- in the "Progress made in 2019" and "Performance" sections: the results achieved by these policies, including key performance indicators.

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

A summary table of the Non-Financial Performance Statement is also available in section 3.1.1.5.

(1) For the application of decree No. 2017-1180 dated July 19, 2017 concerning the disclosure of non-financial information by certain large companies and corporate groups.

(2) Published in the 2017 Registration document.

3.1. THE BIC SUSTAINABLE DEVELOPMENT PROGRAM AND NON-FINANCIAL PERFORMANCE ^[NFPS]

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

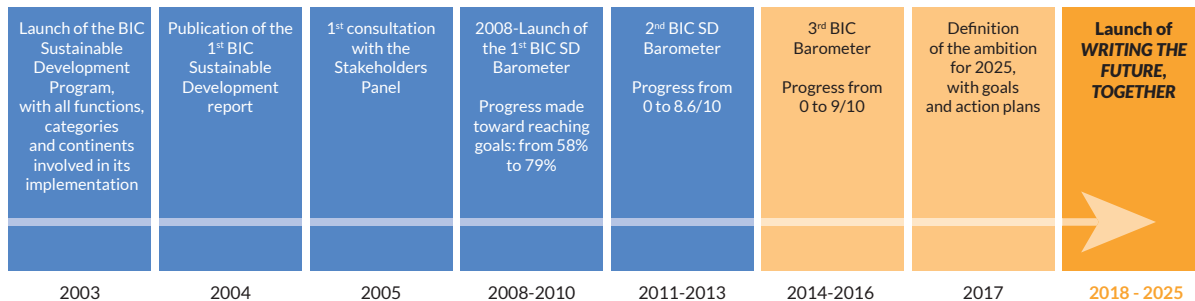
The ambition of BIC is to ensure that the Group limits its impact on the environment and society and makes a meaningful contribution to the lives of its team members and the planet over the long term.

Through its “Writing the Future, Together” program, BIC seeks to build on its longstanding involvement in sustainable development and to bolster its engagement by pledging to five commitments for the period of 2018 to 2025.



3.1.1 WRITING THE FUTURE TOGETHER, A COMMITMENT FOR 2025, ROOTED IN OUR HISTORY AND CONVICTIONS

3.1.1.1 The history of BIC’s Sustainable Development Program



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

The vision thus defined is expressed in the signature “Writing the Future, Together”, driven by BIC’s ambition for sustainability (see 3.1.1.2) and comprising five ambitious commitments. These commitments are an integral part of the Group’s strategy:

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



THE BIC SUSTAINABLE DEVELOPMENT PROGRAM

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

This exhaustive program encompasses all key sustainability issues as well as the related risks⁽¹⁾ to which BIC, in order to fulfill its corporate responsibility, must respond. A specific reporting system is used to monitor the Group's performance as part of a dynamic of ongoing improvement. Since 2018, the BIC Program has been guided by the five ambitious commitments that comprise "Writing the Future, Together".

Through its Sustainable Development Program, the Group also contributes to the global Sustainable Development Goals adopted by the UN in its successive programs (the Millennium Development Goals until 2015 and the Sustainable Development Goals since then) (see also page 70).

3.1.1.2 BIC's ambition

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

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

Our ambition is to ensure that we limit our impact on the planet and make a meaningful contribution to the lives of the people we employ and society in the long term, simply because it is the right thing to do.




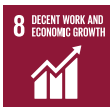



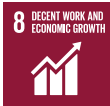



We believe that improving our environmental and societal product footprint, acting against climate change, providing our team members with a safe workplace, making our supply chain more responsible and reinforcing our commitment to education are key in shaping our business tomorrow so that we can write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

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

Gonzalve Bich – CEO

(1) The main CSR risks related to the activities and use of BIC Group's goods and services are presented in the Chapter "Risks management" on page 43.

3.1.1.3 Writing the Future, Together – Progress chart^(NFPS)

WRITING THE FUTURE, TOGETHER						
5 commitments	Progress as of Dec. 2019	Other factors: approach and performance	Pages	UN SDG ⁽¹⁾	Issues and risks addressed ⁽²⁾	
 <p>#1 Fostering sustainable innovation in BIC products</p>	<p>By 2025, the environmental and/or societal footprint of BIC® products will be improved.</p>	<p>At the end of 2019, the process and criteria for product evaluation and improvement have been defined and aligned for all BIC® product categories.</p> <p>90%⁽³⁾ of the BIC® product portfolio evaluated.</p>	<p>The product evaluation and improvement process is managed by a dedicated software program for all existing BIC® products as well as future developments.</p> <p>Other factors of the approach:</p> <ul style="list-style-type: none"> • 7.78% of all BIC® stationery products made from alternative materials; • 6% of the plastics used in the manufacturing of BIC® Stationery products are recycled plastics; • 19 BIC® products with the NF Environnement ecolabel; • At least 50% of BIC® products have environmental benefits; • At the end of 2019, more than 46 million pens collected through TerraCycle. 	80	   	<p>Quality and product safety.</p> <p>Compliance with regulations.</p> <p>Responsible products.</p> <p>Consumption and raw materials dependency.</p> <p>[NFPS Risk 3]: risks related to products safety and consumers health and safety.</p> <p>[NFPS Risk 1]: risks related to plastics.</p> <p>[NFPS Risk 2]: risks related to climate change.</p>
 <p>#2 Acting against climate change</p>	<p>By 2025, BIC will use 80% renewable electricity</p>	<p>76% of electricity is of renewable origin.</p>	<p>The use of renewable energy by BIC is part of a global approach to energy that also covers energy efficiency in operations. When it comes to using renewable energy, the approach is based on a Group roadmap and takes into account local opportunities and constraints.</p> <p>The use of certified renewable electricity is expected to help reduce BIC's GHG emissions by 50% by 2025 (market-based).</p> <p>Since 2018, all BIC® products manufactured in France are produced using renewable electricity.</p> <p>Other factors of the approach:</p> <ul style="list-style-type: none"> • In terms of energy efficiency, the Group is continuing its efforts. Thus over the last 10 years, energy consumption per ton of products has decreased by 12.5%. 	88	    	<p>Energy and climate change.</p> <p>Consumption and raw materials dependency.</p> <p>[NFPS Risk 2]: risks related to climate change.</p> <p>[NFPS Risk 1]: risks related to plastics.</p>



(1) UN Sustainable Development Goals.

(2) Issues from the materiality matrix updated in 2015 and published in the 2017 Registration document and risks identified within the framework of the NFPS.

(3) Based on 2018 sales volumes.





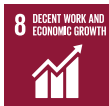




3

OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

The BIC Sustainable Development Program and non-financial performance [NFPS]

WRITING THE FUTURE, TOGETHER






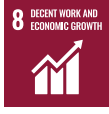

5 commitments	Progress as of Dec. 2019	Other factors: approach and performance	Pages	UN SDG ⁽¹⁾	Issues and risks addressed ⁽²⁾
 <p>By 2025, BIC aims for zero accidents across all operations.</p>	<p>At the end of 2019, BIC integrates its Health-Safety approach in the key departments of its new organization.</p>	<p>The Group belongs to "Vision 0", a program of the International Social Security Association.</p> <p>Every month, the factory Directors and their EH&S managers participate in a conference call to assess progress made and share feedback from experience.</p> <p>In 2019, a second series of Stationery factory assessments was carried out according to the internal EH&S maturity reference system.</p> <p>The behavioral observation visits program is deployed at all Stationery factories.</p> <p>167 managers have taken "Managing Safely" training.</p> <p>More than 46,000 hours of safety training have been delivered in 2019.</p>	99	 	<p>Health and Safety.</p> <p>[NFPS Risk 4]: Risks related to the health and safety of team members.</p>
 <p>By 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing</p>	<p>At the end of 2019, the strategic suppliers, risks and actions have been identified and the organization and tools implemented.</p>	<p>BIC has adopted a new organization, with a single buyer in charge of each purchasing family, developed a guide for the assessment and selection of strategic suppliers based on their CSR approaches and performance, and introduced a responsible purchasing training program as part of the global training curriculum for buyers.</p> <p>Other factors of the approach:</p> <ul style="list-style-type: none"> • ESG evaluations (EcoVadis tool) of strategic suppliers since 2011; • Program for CSR auditing of global or local contract manufacturers; • 292 strategic suppliers identified; • 10 purchasing categories evaluated; • 95 risks identified; • 31 action categories identified; • 43% of contract manufacturers audited in 2019. 	108	  	<p>Purchasing, subcontractors and suppliers.</p> <p>Consumption and raw materials dependency.</p> <p>[NFPS Risk 5]: Risks related to non-respect of Human Rights (child labor, international conventions and ILO).</p>

(1) UN Sustainable Development Goals.

(2) Issues from the materiality matrix updated in 2015 and published in the 2017 Registration document and risks identified within the framework of the NFPS.



WRITING THE FUTURE, TOGETHER

5 commitments	Progress as of Dec. 2019	Other factors: approach and performance	Pages	UN SDG ⁽¹⁾	Issues and risks addressed ⁽²⁾
 <p>By 2025, BIC will improve learning conditions for 250 million children globally.</p>	<p>Learning conditions for more than 61 million children were improved since 2018 through direct actions with children or with teachers and parents.</p>	<p>2nd BIC Global Education Week:</p> <ul style="list-style-type: none"> • 76 participating BIC sites; • 50 countries; • Nearly 4 times more children saw their learning conditions improved during this 2nd edition versus last year. <p>Other factors of the approach:</p> <ul style="list-style-type: none"> • 63% of philanthropic contributions (product or financial donations, skills) undertaken by local entities for local communities or by the BIC Corporate Foundation promote education (75% in financial value).⁽³⁾ 	113	     	<p>Communities and sponsorship.</p> <p>Local socio-economic footprint.</p> <p>Social Business.</p> <p>Customers and consumers.</p>



(1) UN Sustainable Development Goals.

(2) Issues from the materiality matrix updated in 2015 and published in the 2017 Registration document and risks identified within the framework of the NFPS.

(3) For this indicator, all philanthropic actions in favor of education, including those carried out under commitment # 5, are taken into consideration.



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



GOALS SUSTAINABLE DEVELOPMENT



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
#1 Fostering sustainable innovation in BIC® products By 2025, the environmental and/or societal footprint of BIC® products will be improved.			x			x		x				x					
#2 Acting against climate change By 2025, BIC will use 80% renewable electricity.								x	x	x			x	x			
#3 Committing to a safe work environment By 2025, BIC aims for zero accidents across all operations.			x						x								
#4 Proactively involving suppliers By 2025, BIC will work responsibly with its strategic suppliers to ensure the most secure, innovative and efficient sourcing.									x				x				x
#5 Improving lives through education By 2025, BIC will improve learning conditions for 250 million children, globally.	x			x	x	x		x									x

The table shown above charts the ways in which “Writing the Future, Together” contributes to the UN SDGs. To create it, BIC evaluated its contribution to the targets defined by the UN for its 17 major goals. The Group contributes mainly to two goals, in

particular through the products that it manufactures and markets in more than 160 countries, reflecting its vision of offering “simple, inventive and reliable choices for everyone, everywhere, every time”:



SDG 8. Decent work and economic growth. BIC contributes through the development of products and production modes that favor the efficient use of resources, including recycled materials (see pages 77 to 87 and 88 to 95).

SDG 12. Responsible consumption and production. BIC contributes through the Company's eco-design program, which provides consumers with information to help them make their purchasing choices, and through its monitoring and compliance program, which ensures that the products it markets are safe and comply with health and environmental standards (see pages 77 to 85).

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

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

3.1.1.5 The main CSR risks resulting from BIC's operations and the use of its goods and services ^[NFPS]

BIC identifies 9 non-financial risks resulting from its operations and the use of its goods and services:

- risks related to plastics: plastic waste and resource depletion *[NFPS risk 1]*;
- risks related to climate change *[NFPS risk 2]*;
- risks related to product safety and consumer health and safety *[NFPS risk 3]*;
- risks related to health and safety of team members *[NFPS risk 4]*;
- risks related to non-respect of human rights (child labor, international conventions, ILO) *[NFPS risk 5]*;
- risks related to unfair practices (corruption) *[NFPS risk 6]*;
- risks related to our operations and the environment *[NFPS risk 7]*;
- risks related to reputation and brand *[NFPS risk 8]*;
- risks related to experienced team members and skills *[NFPS risk 9]*.

Risks related to tax evasion are not identified as major CSR risks for the Group.

The method for identifying these risks and evaluating their degree of criticality is described in Chapter 2 of the present Universal Registration Document.

Below, the summary table of the Non-Financial Performance Statement summarizes the elements required by French executive order No. 2017-1265 dated August 9, 2017 (for the application of decree No. 2017-1180 dated July 19, 2017 concerning the disclosure of non-financial information by certain large companies and corporate groups).

Chapter 3 of the present Universal Registration Document presents these elements in detail, plus other elements of the CSR approach, concerning key areas that represent promising opportunities for the Group. The indications *[NFPS]* and *[NFPS risk x]* allow the reader to identify elements of the Group's regulatory responses within the overall presentation of its sustainable development approach.



SUMMARY TABLE OF THE NON-FINANCIAL PERFORMANCE STATEMENT

Non-financial risks	Description of the risks	Opportunities	Policies and actions taken	Results/Indicators	
R1	Risks related to plastics: plastic waste and resource depletion.	<p>On the one hand, plastics risk is incurred upstream, with the use of this material in BIC® products, contributing to the depletion of a non-renewable resource, and therefore subject to rarefaction and price volatility, and on the other hand, it occurs downstream with the growing problems of pollution related to plastic waste. In addition to these issues, there is also the growing regulatory environment regarding the use of plastics and the perception of consumers and citizens.</p>	<p>To establish circular economy loops involving the collection of used products for recycling and reuse.</p> <p>Based on the feedback from this experience, to establish well-adapted, appropriate systems for each product and country, while improving the products and their use.</p> <p>To stand out on its markets through BIC® products that offer environmental and social benefits.</p>	<p>BIC's policies</p> <p>Writing the Future, Together: #1 Fostering sustainable innovation in BIC® products.</p> <p>Writing the Future, Together: #2 Acting against climate change.</p> <p>BIC's approaches</p> <p>Eco-design approach.</p> <p>Developing an innovative circular economy model.</p> <p>Partnerships for innovation approach.</p>	<ul style="list-style-type: none"> 7.78% of BIC® stationery products are made from alternative materials 6% of the plastics used in the manufacturing of BIC® Stationery products are recycled plastics 19 BIC® products have earned the NF Environnement label At least, 50% of BIC® products offer environmental benefits At the end of 2019, more than 46 million pens collected through TerraCycle 194 alternative materials tested
R2	Risks related to climate change.	<p>Major risks related to Climate Change are:</p> <ul style="list-style-type: none"> increasing global regulation of carbon and energy directly or indirectly impacting BIC's operations or those of its suppliers and contract manufacturers; disruption or interruption of production activities due to extreme weather conditions or availability of natural resources (water, energy, etc.) directly impacting BIC's factories or those of its suppliers and sub-contractors; development of new regulations and standards regarding product environmental impact assessment and communication (including carbon impact) as well as consumer behavior changes impacting the Group's sales. 	<p>To develop production centers closer to the Group's markets, supporting local economic development and know-how in the countries where the Group has operations, while at the same time limiting the products' environmental footprint and the physical risks linked to climate change.</p> <p>To stand out on its markets by offering BIC® products with a reduced carbon footprint.</p> <p>To innovate in order to make the Group's materials and products more responsible.</p> <p>To optimize production costs by limiting the use of energy resources.</p>	<p>BIC's policies</p> <p>Writing the Future, Together: #1 Fostering sustainable innovation in BIC® products.</p> <p>Writing the Future, Together: #2 Acting against climate change.</p> <p>Environment, Health & Safety Policy.</p> <p>BIC's approaches</p> <p>Purchasing electricity from renewable sources.</p> <p>Eco-design approach.</p> <p>Action plan with measures to mitigate climate-related risks at the sites.</p> <p>Environmental management systems at the sites.</p> <p>Energy efficiency approach.</p>	<ul style="list-style-type: none"> 12.59 Ratio of annual energy consumption normalized to production – BIC Group – in gigajoules/ton 76% Share of renewable energy – as % of total consumption – BIC Group 97,710 (location-based) 45,827 (market-based) Annual direct and indirect greenhouse gas emissions (scopes 1 and 2, location-based and market-based) – in teqCO₂ – BIC Group 1.07 Ratio of annual direct and indirect greenhouse gas emissions (scopes 1 and 2) normalized to production – in teqCO₂/ton – BIC Group Breakdown of tonnages shipped by mode of transport – as % of total: Road: 43.08%; Air: 0.66%; Sea: 56.26% Breakdown of GHG emissions by mode of transport – as % of total: Road: 23.61%; Air: 51.18%; Sea: 25.21% 0.75% Share of air freight (in tons/kilometers) – as % of total



Non-financial risks	Description of the risks	Opportunities	Policies and actions taken	Results/Indicators	
R3	Risks related to product safety and consumer health and safety.	The risk related to product safety and consumer health and safety is a risk of placing non-compliant or unsafe products on the market.	<p>To establish BIC as a brand of reference in terms of the quality and safety of its products, meeting or surpassing the regulatory requirements on each market.</p> <p>To develop expertise in the evaluation of materials, especially for recycled and alternative materials.</p>	<p>BIC's policies</p> <p>Writing the Future, Together: #1 Fostering sustainable innovation in BIC® products.</p> <p>Product Safety Policy.</p> <p>The seven BIC commitments to ensure the quality and safety of its lighters.</p> <p>BIC's approaches</p> <p>Regulatory watch and compliance.</p> <p>Process for marketing safe products that comply with health and environmental standards.</p> <p>Process for evaluating recycled materials.</p> <p>Systematic testing and evaluation programs.</p>	<ul style="list-style-type: none"> 306 products have been tested by independent laboratories
R4	Risks related to health and safety of team members.	BIC's operations, both industrial and commercial, expose its workers to various professional risks (physical, chemical, psychosocial, biological, ergonomic) that differ from function to function (headquarters, factories, sales force). For the Group, workplace safety means ensuring its team members' physical and mental well-being by preventing accidents and occupational diseases.	<p>To position the Group as a desirable employer through an ambitious health and safety policy.</p>	<p>BIC's policies</p> <p>Environment, Health and Safety (EH&S) Policy.</p> <p>Writing the Future, Together: #3 Committing to a safe work environment.</p> <p>BIC's approaches</p> <p>Deployment of the EH&S Suite platform.</p> <p>Health-Safety reporting.</p> <p>Environment-Health-Safety guidelines.</p> <p>Safety watch.</p> <p>Safety certification (OHSAS 18001) for four Stationery factories.</p> <p>"Quality of Life at Work" program.</p>	<ul style="list-style-type: none"> 1.87 On-site accident incidence rate – BIC team members and temporary employees 0.06 Severity rate of on-site accidents – per thousand hours worked – BIC team members
R5	Risks related to non-respect of human rights (child labor, international conventions, ILO).	Non-compliance with fundamental human rights such as child labor, discrimination or forced labor may result in legal action against the Group and major consequences in terms of reputation and attractiveness.	<p>To highlight the culture of control over quality, costs and production conditions that BIC has pursued since its founding (92% of BIC products are manufactured in its own factories).</p> <p>To strengthen relations with the Group's strategic suppliers.</p>	<p>BIC's policies</p> <p>BIC Group Code of Conduct.</p> <p>Responsible Purchasing Charter.</p> <p>Writing the Future, Together: #4 Proactively involving suppliers.</p> <p>BIC's approaches</p> <p>Social audit program.</p> <p>EcoVadis evaluation.</p> <p>Guide explaining BIC Code of Conduct for Brazilian transport carriers.</p>	<ul style="list-style-type: none"> Permanent workforce by category of country in relation to human rights risk – BIC Group: Free countries: 87%; Partly free countries: 11%; Not free countries: 2% Number of contract manufacturers by country in relation to human rights risk – BIC Group: Free countries 33%; Partially free countries 8.5%; Non-free countries 58.5% (source: Freedom House)



3

OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

The BIC Sustainable Development Program and non-financial performance [NFPS]

Non-financial risks	Description of the risks	Opportunities	Policies and actions taken	Results/Indicators
R6	Risks related to unfair practices (corruption). The risk of corruption and unfair practices can lead to legal action against the Group and major consequences in terms of reputation and attractiveness.	To further develop BIC's culture of ethics within the Group.	<p>BIC's policies</p> <p>BIC Group Code of Ethics. BIC Group anti-corruption policy.</p> <p>BIC's approaches</p> <p>Anti-corruption training. Deployment of the Group's Code of Ethics.</p>	<ul style="list-style-type: none"> 32% of BIC sales generated in countries considered to have a high or very high risk of corruption (Brazil, Mexico, India, Italy, Argentina)
R7	Risks related to our operations and the environment. The nature of BIC's manufacturing operations, primarily the molding and assembly of plastic products and printing of products, has a local environmental impact that remains relatively low compared with other manufacturing sectors.	<p>To optimize production costs by limiting the consumption of resources (water, energy, etc.) and the production of factory waste.</p> <p>To facilitate the factories' integration in their local surroundings by reducing their environmental footprint, adopting exemplary practices and initiating outreach actions to benefit the local populations.</p>	<p>BIC's policies</p> <p>Environment, Health & Safety (EH&S) Policy.</p> <p>BIC's approaches</p> <p>Environmental management systems at the sites. ISO 14001, ISO 50001, European Water Stewardship Gold, BREEAM and LEED certifications for the factories. Water consumption reduction approach. Waste reduction approach. See also Risk 2.</p>	<ul style="list-style-type: none"> 4.87 Ratio of annual water consumption normalized to production – BIC Group – in m³/ton Ratio of annual industrial waste production normalized to production – tons per ton – BIC Group: Hazardous waste: 0.039; Non-hazardous waste: 0.181 Breakdown of hazardous industrial waste by treatment method – % of total expressed in tons – BIC Group: Recycled: 21%; Incinerated with energy recovery: 32%; Incinerated without energy recovery: 21%; Sent to land disposal: 5%; Sent to other form of treatment disposal: 21% Breakdown of non-hazardous industrial waste by treatment method – % of total expressed in tons – BIC Group: Recycled: 74%/Incinerated with energy recovery: 13%/Incinerated without energy recovery: 2%/Sent to land disposal: 10%/Sent to other form of treatment disposal: 1%



Non-financial risks	Description of the risks	Opportunities	Policies and actions taken	Results/Indicators	
R8	Risks related to reputation and brand.	In the context of increasing environmental awareness, the brand image could be associated with disposable products, leading to customer disaffection for BIC® products.	To position BIC as a brand that delivers quality and safety and as a responsible brand, emphasizing its long-term commitment and ambitious programs. To launch innovative products that counter BIC®'s image as a maker of disposable products: multi-use products designed to use minimum materials and last a long time. To stand out on the Group's markets through BIC® products that offer environmental and social benefits.	BIC's policies Writing the Future, Together: #1 Fostering sustainable innovation in BIC® products Responsible Communication Charter. BIC's approaches Eco-design approach.	BIC® products' performance in use: <ul style="list-style-type: none"> • more than 2-km of writing for a ballpoint pen • up to 3,000 flames for a lighter • 17 shaves for a triple-blade shaver • 19 BIC® products have earned the <i>NF Environnement</i> ecolabel • 100% of the environmental claims for BIC® products on packaging, in catalogs and on websites are validated by the Legal Department
R9	Risks related to experienced team members and skills.	BIC has specific skills thanks to its experienced team members, especially in manufacturing processes and business practices. The loss of experienced team members could slow down the implementation of the Group's development plans. It could also result in the inability to implement the Group's strategy.	To develop programs that favor the employability of our team members in the Company and outside the Company.	BIC's approaches Succession Plans. Team members training.	<ul style="list-style-type: none"> • 59% Rate of promotion of managers within the Company (levels 3, 4, 5 and 6) – BIC Group • 16,629 Number of training days – permanent and temporary employees • Number of training hours (per subject) – BIC Group – permanent and temporary employees: technical training: 100,725; Health and well-being training: 5,607; BIC Culture: 11,814; Leadership skills: 14,889.



3.1.2 GOVERNANCE OF POLICIES AND ACTIONS TAKEN TO PREVENT, REDUCE AND CORRECT THE MAIN CSR RISKS ^[NFPS]

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

The issues of sustainable development are considered in the Company's decision-making process from the perspective of risks to be controlled and opportunities to be seized. A Sustainable Development Steering Committee was formed in 2019, including the Group Supply Chain Officer, Group Insights and Innovation Officer, General Manager Lighters, Group Commercial Officer and Group Sustainable Development Director. It met three times during 2019 with the following agenda: alignment with the short- and long-term sustainable development strategy, progress review of the "Writing the Future, Together" program and other Sustainable Development Programs (responsible communication, responsible products, emerging issues, etc.), information on topics related to

plastics and the circular economy, and the sharing of strategic orientations.

The BIC Sustainable Development Program's goals and progress are presented at least once a year to the Board of Directors and at the Annual Shareholders' Meeting. In addition, the Audit Committee is kept abreast of the policies and programs implemented by the Group.

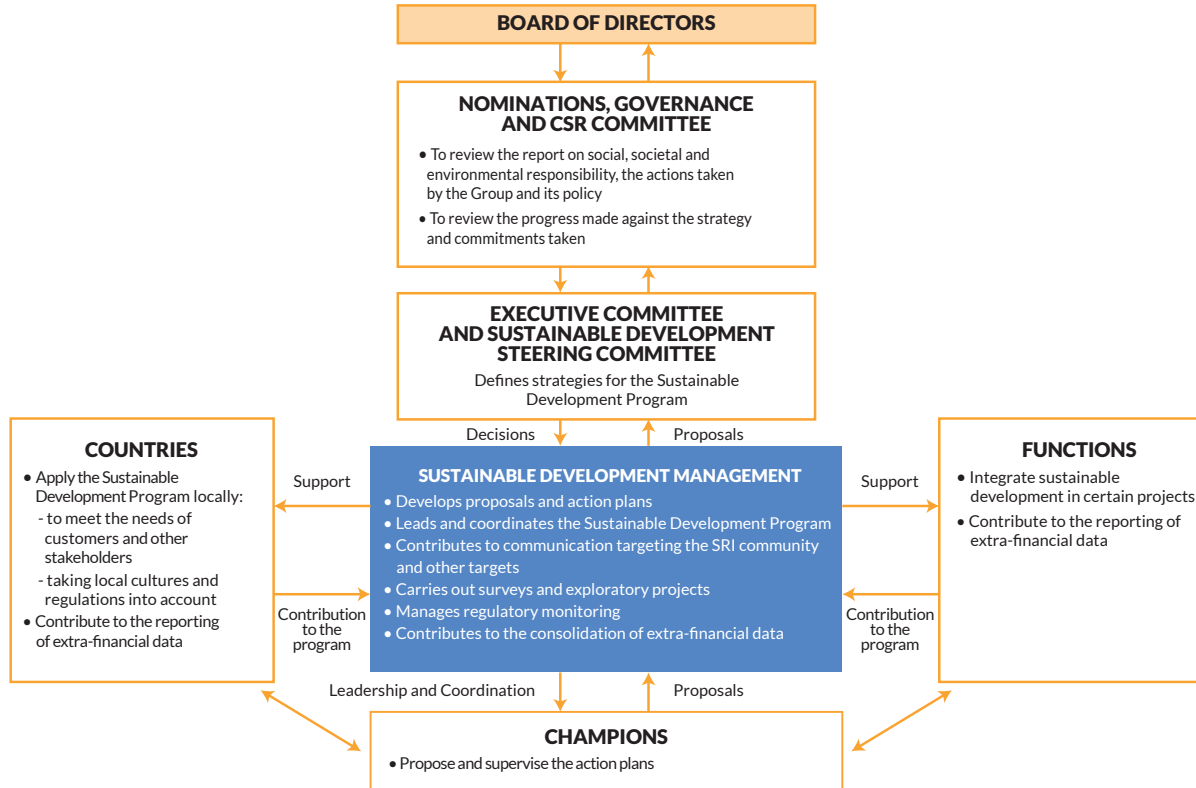
Since 2017, the Nominations, Governance and Corporate Social Responsibility (CSR) Committee reviews the actions taken by the Group as part of its Sustainable Development Program and monitors the deployment of the "Writing the Future, Together" strategy.



3.1.2.2 Our operational structure

Managing sustainable development at BIC is based on a continuous improvement approach that has been deployed across the entire Group since 2003. The risk-based approach, as it is understood in particular for the presentation of regulatory information, is systematically combined with a strategic approach geared toward seizing opportunities related to environmental and social challenges.

For the definition of the "Writing the Future, Together" program, "Champions" were designated for each topic in order to coordinate the tasks of defining the commitments, implementing the roadmaps and achieving the goals set for 2025. Relying on the "Champions" as well as the active involvement of Management, this new organization reflects the "integrated" approach that the Group seeks to adopt in order to fulfill its commitments.



As part of BIC's transformation plan, "BIC 2022 - Invent the Future", the Sustainable Development Department is now integrated into the Group Insights & Innovation division, focusing on products and innovation. This gives the Sustainable Development Teams closer involvement with Stationery and Shavers product design, allowing them to maximize their leverage to improve the products' environmental and/or societal footprint. The Sustainable Development Department provides support for operations and for the Lighters category, whose commitments correspond to the specific challenges of that type of product and are aligned with those of the Group.

3.1.2.3 Highlighting non-financial performance to Shareholders and investors

As part of its ongoing dialogue with the financial community, BIC strives to provide 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. The progress of the "Writing the Future, Together" program was presented to the Shareholders at the Annual Shareholders' Meeting on May 22, 2019.

3.2. RESPONSIBILITY CONCERNING OUR PRODUCTS ^[NFPS]

BIC produces and markets consumer products that are lightweight, have a long performance life, and are affordable by everyone. Right from the start, BIC® products have been designed and made with just what's necessary in terms of raw materials, leaving out anything that is superfluous. To attain this goal, the Group has always pursued an approach that is based on innovation and emphasizes economy of materials. Through its "Writing the Future, Together" program, BIC is reinforcing its commitment with the creation of a "Sustainable Scorecard", conceived to improve the environmental, social and societal performance of all BIC® products.

BIC also contributes to the emergence of the circular economy by initiating partnerships for the supply of secondary raw materials, and participating in the creation of a pilot recycling program for writing products. BIC® products are designed to meet and anticipate the expectations of all consumers in developed as well as developing countries. In addition, the Group takes all necessary measures to uphold its brand image and preserve its reputation.

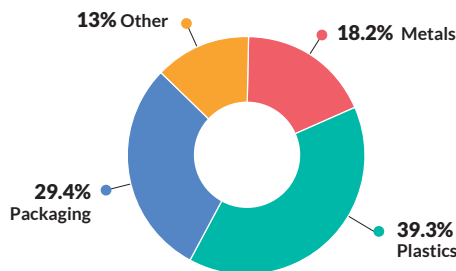


3.2.1 THE PRODUCTS' ENVIRONMENTAL PERFORMANCE ^[NFPS]

3.2.1.1 Challenges, risks and opportunities related to the products' environmental performance ^[NFPS]

To manufacture its products, BIC uses raw materials (plastics, inks, packaging and metals, etc.) and resources (water and energy), and generates waste.

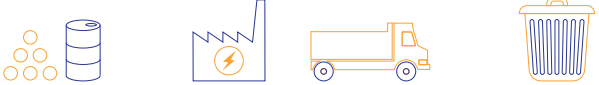
Breakdown of raw material purchases in 2019



Analysis of product environmental performance (LCA) shows that a product's weight/performance life ratio is a pertinent indicator for environmental performance. In fact, the more lightweight a product is and the longer it lasts, the better its environmental performance.

Life cycle studies of its products confirm that the environmental impact of a product is mainly due to raw material usage in its manufacturing. The challenge for BIC is to minimize its products' primary environmental impact, namely the use of these raw materials. Starting in 1994, when BIC conducted its first life cycle studies, the Group defined its founding principle of "just what's necessary"⁽¹⁾ in order to offer fairly priced products with less environmental impact.

ENVIRONMENTAL PERFORMANCE MEASUREMENTS FOR THREE MAIN BIC® PRODUCTS⁽²⁾

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

[NFPS risk 1] BIC identifies risks related to plastics – plastic waste and resource depletion – among the major RSE risks resulting from its operations. On the one hand, plastics risk is incurred upstream, with the use of this material in BIC® products, contributing to the depletion of a non-renewable resource, and therefore subject to rarefaction and price volatility, and on the other hand, it occurs downstream with the growing problems of pollution related to

plastic waste. In addition to these issues, there is also the growing regulatory environment regarding the use of plastics and the perception of consumers and citizens.

[NFPS risk 2] Through its approach for minimizing the use of raw materials, BIC also responds to the risks related to climate change insofar as they concern BIC® products (see also section 3.3.1.1).

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

(2) BIC analysis



For many years, long before the current growing concern about plastic pollution, the Group has been committed to combating this form of pollution:

- by minimizing the quantity of plastic materials it uses and offering products with long-lasting performance (see page 79);
- by using alternative materials (recycled and bio-sourced plastics) (see page 79).

For BIC, the challenges related to plastic waste and resource depletion also offer opportunities, such as:

- differentiation on the markets by offering products with environmental benefits;
- innovation in materials and products, backed up by the close monitoring of technical and regulatory developments concerning plastics;
- the implementation of a recycling channel, paving the way toward the circular economy, and making use of feedback on this experience to initiate other similar systems adapted to each country;

- communication to inform customers and consumers of the products' environmental benefits in order to help them make more responsible choices.

3.2.1.2 Policies: BIC's three eco-design solutions ^[NFPS]

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

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

→ TOOLS TO FACILITATE THE ECO-DESIGN PROCESS

Measuring products' environmental performance

Starting in 1994, BIC launched product life cycle studies in order to determine how its products impact the environment and to implement an effective policy to limit their impact.

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

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

LCA

The practice of measuring the products' environmental performance has been extended by the Life Cycle Analysis (LCA) approach, a method for assessing a product's total environmental impact in each successive phase in its life. BIC 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. From the very beginning of its Sustainable Development Program, BIC Group has been committed to the life cycle approach to verify that it is making steady progress in all pertinent areas.

The product design teams are equipped with an array of tools (software, design interfaces, product environmental profiles, eco-design and LCA guides) that allow them to carry out comprehensive, detailed environmental assessments as well as rapid analyses to facilitate decision-making during the design process.

Economy of materials

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

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

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

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

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

Integrating alternative materials

Research & Development

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

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

Integrating alternative or recycled materials into Stationery products

Since 2014, BIC has been conducting a research program to maximize the use of recycled and alternative materials in BIC® products. To achieve this, the research teams have identified all BIC® products whose design could be modified or adapted for production using alternative/recycled materials without sacrificing quality. The challenge is, first of all, to ensure a perennial source of such materials that meet the specifications and are available on the market, and secondly, to convert any products that lend themselves

to this adaptation. Exemplifying this approach, the BIC® Ecolutions® range is a complete stationery line that consists of products manufactured using recycled materials (at least 50%) in compliance with the standard ISO 14021. The BIC® Matic Ecolutions® mechanical pencil, for example, contains 65% recycled materials. All stationery lines now include at least one product made with alternative (in particular recycled) materials.

BIC at the heart of an innovation community

Over the years, BIC has cultivated more than 100 strategic partnerships in research and development with startups, companies at the forefront of innovation, universities, research institutes and external laboratories, playing a leading role in a community with which it pursues long-term prospective and development programs. For example, the Group works closely with a number of French startups, like Pilibio and Inofib, specializing respectively in the production of inks from microorganisms and in natural cellulose fibers. Since 2012, the Group has also been a member of *Matériaux Chimie, Chimie Verte* (formerly called MAUD), a competitiveness cluster based in Villeneuve-d'Ascq that backs innovative projects in materials, chemistry, green chemistry and sustainable development. The projects sponsored by the cluster concern multifunctional, eco-designed and bio-sourced materials, high-efficiency processes and clean technologies.

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

Developing refillable and hybrid products

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

In the Stationery category, BIC continues to offer refillable pens. For example, the BIC® Gel-ocity® line of refillable gel ink pens, the 4-Color™ and 4-Color™ 3+1, which combine three ink colors and a mechanical pencil, are all refillable. On the U.S. market, pen refills are available on a dedicated website: www.shopbic.com. They are also available on the website www.bicworld.com, which links to a European e-commerce site offering the BIC® refill range.

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



3.2.1.3 Policies: Writing the Future, Together – #1 Fostering sustainable innovation in BIC® products ^[NFPS]

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

BIC has created a “Sustainable Scorecard” defining the process and criteria for the evaluation and improvement of its products. Conceived to stimulate and facilitate sustainable innovation within the Group, it unites all of the R&D work conducted at BIC for the purpose of product improvement. The criteria defined in the Sustainable Scorecard will be applied to all products (both new and updated existing products) and to all the steps in the product development process. To evaluate the products’ environmental and societal footprint, the performance of eight criteria (light and long lasting, recycled plastic, ability to be recycled at end-of-life, green chemistry, responsible chemistry, efficient manufacturing, affordability, benefits for society) is evaluated. This tool makes the eco-design approach developed the the Group many years ago

(described below) the focal point of product development at BIC, establishing its guidelines as unconditional principles.

This Sustainable Scorecard was developed in 2018 by transversal working groups uniting the different Group departments (Innovation, Marketing, Sustainable Development, etc.) and BIC® product categories (Stationery, Lighters, Shavers).

In 2019 a special computer tool was developed to facilitate product evaluation, directly connected to the existing eco-design tools (e-DEA and SimaPro). An initial evaluation of 90%⁽¹⁾ of the BIC® product portfolio has been completed (see page 118 for detail of the scope of this indicator).

The roll-out of improvement plans in all three BIC® product categories is scheduled for 2020. Progress will be assessed according to an indicator showing the percentage of BIC® products improved in comparison with the year of reference, 2019.

➔ BIC JOINS THE CIRCULAR ECONOMY 100 INITIATIVE

In 2019, BIC became a partner in the Circular Economy 100 initiative of the Ellen MacArthur Foundation. Its various programs will enable BIC’s teams to expand their knowledge, develop their skills, build a network and collaborate with key organizations on topics related to the circular economy.

3.2.1.4 BIC’s eco-design approach: actions taken and results ^[NFPS]

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

90%⁽¹⁾ of the BIC® product portfolio have been evaluated using the Sustainable Scorecard.

Eco-design approach

Since 2015, 100% of the new Stationery products have undergone eco-measurement. In 2019, at least 50% of the products sold by each of the three BIC® product categories offered at least one environmental benefit.

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

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

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

Economy of materials and the circular economy

BIC has signed a partnership with LOOP, the circular economy e-commerce platform created by Terracycle, the world leader in the recycling of wastes that are considered difficult to recycle. LOOP offers a practical, affordable circular economy e-commerce solution based on sustainable and refillable products and containers. It reduces dependency on packaging through home delivery, returnable packaging and supply based on actual consumption. Three BIC® products are carried by LOOP, all three listed as approved school supplies: the BIC® Gel-city® Illusion™ erasable gel pen and its cartridges, the BIC® Criterium™ refillable mechanical pencil and its six-lead refill case, and a box of 10 woodless colored pencils, for which consumers can reorder single pencils of a specific color.

Integration of alternative materials

The Velleda whiteboard, containing 50% pencil production residue, was launched in France at the start of the school year last fall.

194 alternative materials tested including: 66 recycled plastics; 47 hybrid materials; 81 materials from renewable resources.

Stationery: 6% of the plastics used in the stationery manufacturing are recycled plastics.

(1) Based on 2018 sales volumes.

Development of refillable and hybrid products

Shavers

- Two launches in North America: the BIC® Flex 2 Hybrid in a pack containing one handle and ten heads, and the BIC® Soleil Click 5, a five-blade women's shaver sold as a handle and three heads;
- One launch in the United States: in partnership with a major e-tailer, the "Made For You" brand of refillable five-blade shavers, sold online only;
- One launch in Europe (Italy): the BIC® Soleil Click, a three-blade women's shaver sold as a lightweight hollow handle and six heads;
- Two launches in Latin America: the BIC® Soleil Click, a three-blade women's shaver sold as a lightweight hollow handle and six heads, and the BIC® Flex 3 Hybrid, sold as a handle and five heads;
- Two launches in the Middle East-Africa zone: the BIC® Flex 3 Hybrid, a three-blade shaver sold with four heads, and the BIC® Flex 5 Hybrid, a five-blade shaver sold with four heads.

3.2.1.5 Perspectives: BIC's eco-design approach

Building on the momentum of recent years, BIC plans to expand the distribution of its men's and women's hybrid shavers in 2020, with:

- the launch of the new BIC® Soleil Click Sensitive and the deployment of the BIC® Flex 2 Hybrid in Europe;
- expansion of the distribution of the BIC® Flex 3 Hybrid and BIC® Flex 5 Hybrid systems in Eastern Europe, the Middle East and Africa;
- expansion of the distribution of the BIC® Flex 3 Hybrid and BIC® Soleil 3 Click systems in Latin America.

3.2.1.6 Opportunities: BIC's innovative contribution to the circular economy

› Challenges

Understanding the end of life of products by exploring the recyclability or otherwise and by experimenting with new recycling channels is one of the major challenges of the 21st century. It means bringing about a real circular economy, decoupling economic growth and waste production.

› Approach

BIC has always been committed to the preservation of resources, offering high-quality products with a long service life. Putting this commitment into action through its eco-design approach, the Group is constantly renewing its goal of always using a minimum of materials and experimenting with alternatives, in particular recycled materials.

Since 2011, BIC has been exploring the development of channels for the recycling of its products, thus becoming active in the field of waste management, a completely new activity for the Group in relation to its core business. Taking part in a collaborative effort with different stakeholders, BIC is the initiator of an independent recycling industry, which offers a circular economy model unique in France. This circular economy sector relies on two major partnerships:

BIC's partnership with TerraCycle for the collection of used writing instruments: since 2011, the BIC-TerraCycle program has been offering the collection and recycling of used writing instruments in Europe. A pioneer in this field, the program allows users of these products to organize at their consumption sites the collection of all types of writing instruments, whether BIC® branded or not, to be recycled. For each instrument collected, one euro cent is donated to a charity or non-profit association of the organizer's choice or, in the case of schools, directly to the school to finance an educational project. As of the end of 2019, more than 46 million pens had been collected and 615,000 euros in donations made. This program, funded entirely by BIC, enables the Group to gain a better understanding of the mechanisms of selective collection and to promote the habit of waste sorting at the site of consumption.

A partnership with Govaplast and Plas Eco for the design, manufacture and distribution of "Ubicity™", the 'write' kind of bench™ furniture. Used pens are collected, sorted and shredded by a recycler. The plastic materials are shipped to Govaplast, which converts them into recycled plastic boards. The boards are in turn used by Plas Eco, which designs, manufactures, distributes and markets the products in the Ubicity™ line. This range comprises seven models. Made entirely from recycled plastic, these products are themselves recyclable, resistant to rot, ultraviolet radiation and graffiti as well as very durable (guaranteed 10 years). Long-lasting and easy to maintain – qualities in keeping with the Values of BIC® products – they have a smaller environmental footprint than outdoor furniture made from farmed wood.

BIC wishes to develop this pioneering recycling sector with its partners by seeking to finance the extension of the collection program for used pens and long-term solutions for financing collection. This innovative sector provides solutions that meet citizens' expectations by showing them the outcome and the practical usefulness of their sorting gesture: by collecting used pens, they participate in their transformation into outdoor furniture to equip local authorities and schoolyards. Through this experiment, BIC and its partners are accelerating the process of recycling post-consumer waste and are working to remove the technological obstacles to plastic recycling.

› Progress made in 2019 and results

In 2019, building on the positive response to the TerraCycle program, BIC launched an action plan to expand the network of collection points to include public spaces, thus covering the territory more completely and effectively. An interactive map of the collection points has been created in order to make each collection point as user-friendly as possible.

In February 2019, the Ubicity™ product range won the Students' Special Mention award in the fourth edition of the ESSEC business school's Grand Prix for Responsible Consumer Goods.

In August 2019, the BIC TerraCycle program for the collection and recycling of writing instruments expanded to Australia and New Zealand, with the goal of collecting writing products at consumption sites, primarily schools and businesses.

At the end of 2019, Ubicity™ posted good sales results in France (more than 450 pieces of outdoor furniture in two years), reflecting steady growth for the past two years. Following up on the success of Ubicity™, Plas Eco and BIC developed a new line of products for kindergartens in 2019, to be launched in 2020. Educational, fun and constructive, these products provide the basic function of seating while developing the children's imagination (pirate ship).



› Perspectives

The positive reaction of BtoB customers to the concept of sorting and to the "Ubiquity™, the 'write' kind of bench™" product range has now been confirmed. BIC hopes that this product line and the circular economy channel that spawned it will grow rapidly in the years to come, as exemplified by the program's extension to

Australia and New Zealand in 2019. The priority today is to overcome the economic obstacles to the collection of post-consumer waste and the technological obstacles encountered in its recycling.

3.2.2 PRODUCT SAFETY ^[NFPS]

3.2.2.1 Challenges, risks and opportunities related to product safety and consumer health and safety ^[NFPS]

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

[NFPS risk 3] Product safety and consumer health-safety risks are one of the major CSR risks identified by BIC, i.e. the risk of placing non-compliant or unsafe products on the market.

The various actions taken to ensure the products' safety and the protection of consumers' health and safety constitute an opportunity for the Group to establish itself as a reference brand in terms of the quality and safety of its products, meeting or surpassing the regulatory requirements on each market.

3.2.2.2 BIC Group policies for product safety ^[NFPS]

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

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

- a systematic program of pre-market product qualification testing;
- a global approach, resulting in products that often exceed the safety requirements of local markets;
- expecting BIC suppliers to comply with safety standards;
- incorporating safety considerations from the earliest stages of product design, including toxicological evaluations and tests to assess potential physical and chemical hazards;
- the anticipation of product safety requirements through active regulatory monitoring at national and international levels, in close cooperation with industry associations that share their members' expertise with the appropriate authorities;
- the integration of innovations in product safety processes;
- building awareness among all stakeholders about safety and the appropriate use of BIC® products;
- carefully reviewing all incidents involving the safety of BIC® products;
- appropriate measures for product recall in the case of an incident;
- the implementation of this Policy by a Product Safety Department.

[NFPS – the well-being of animals] In its position on animal testing, BIC specifies that it strives systematically not to resort to animal testing as a first solution. However, such tests can be necessary if:

- the alternatives cannot provide sufficient guarantees that a new product is harmless for the consumer;
- the alternatives to animal testing are not recognized by regulations.

More specifically, BIC is also developing seven commitments to ensure the quality and safety of lighters (see the box on the following page).

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

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



3.2.2.3 Actions taken ^[NFPS]

Regulatory monitoring and compliance

BIC has a comprehensive monitoring system based on formalized regulatory watch procedures in addition to internal and external resources – in particular, the product safety teams' specific knowledge of BIC® products, their components and the materials used. In 2018, a BIC Watch List was created to extend the Group's monitoring system to include non-official lists defined by NGOs, future regulations and controversial substances that are not already banned. The Group always strives to anticipate the substitution of regulated substances. By its very nature open-ended, this Watch List will be expanded to include requirements and controversies reported from outside of Europe. In 2019, the BIC Watch List was made more operational for the work teams and more precise, targeting risks related to BIC® products and the Group's customers. During the large-scale product evaluation campaign conducted in 2019 as part of commitment #1 of "Writing the Future, Together," the BIC Watch List was used to establish an overview of the current situation, identifying directions for improvement concerning

substances to be restricted or replaced in BIC® products by 2025. The evaluation involved 249 product ranges, 443 formulas and 45 specific tests.

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

In order to keep pace with future regulatory challenges, in 2019 the Product Safety teams participated in various events in Europe and around the world on themes concerning the safety of cosmetics, chemicals and consumer goods, in particular: *Congrès Parfums et Cosmétiques*, Chemsec, REACH Conference DII, The International Consumer Product Health and Safety Organization.

To comply with the CLP regulation, BIC began preparing for the EU *toxicovigilance* statements and the adoption of the UFI (Unique Formula Identifier) number on the packaging of its products covered by the regulation.

➔ COMPLIANCE WITH THE REACH REGULATION

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

To address these requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At Group level, an expert was appointed who, with the support of specialized firms, monitors the regulation, evaluates the impacts for the Group and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has preregistered 168 substances for six of its legal entities. In compliance with the law, registration has been completed for all substances that needed to be registered. After the deadline of 2018 for products representing 1 to 100 tons per year, the authorities are now evaluating the compliance of the registration files received. BIC remains on the lookout for potential impacts on the files submitted.

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



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

To guarantee consumer safety, the Group Insights & Innovation Officer, the Group Supply Chain Officer and the Group Lighter General Manager are responsible for marketing safe products that comply with regulations. To this end, they rely on:

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

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

In 2019, in parallel with the launch of the Bodymark™ by BIC® temporary tattoo marker, the Group developed a process for the qualification of cosmetic products.

The Product Safety teams have also developed a process for approving the use of recycled plastic raw materials in the production of BIC® products. These materials are recuperated from a very wide range of consumer products, making it impossible to provide traceability for the substances they contain. This new process allows the Group to qualify each batch of recycled material before it is used in BIC® products, helping ensure consumer safety.

Systematic testing and evaluation programs

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

BIC faces competition from several low-cost lighters that too often do not comply with international safety standards. According to tests conducted by independent accredited laboratories, more than three-quarters of the lighter models in the European market fail to meet standards. The Group has initiated actions to raise awareness among the various parties involved.

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

In April 2019, the *Association des Brûlés de France* (French burn victims' association) participated in a hearing with the European Parliament after petitioning the European Commission regarding the lack of progress in the regulatory compliance of lighters in Europe. In July, BIC lodged a complaint with the European Ombudsman concerning the European Commission's misadministration of the infringement proceedings initiated in 2010 against the Netherlands. The Ombudsman deemed the complaint admissible and has begun an investigation to determine whether the Commission has taken an undue amount of time to address the case.

3.2.2.4 Results of the product safety approach ^[NFPS]

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

Assessment according to the Sustainable Scorecard:

- 249 product ranges;
- 443 formulas;
- 45 specific tests.

Systematic testing

306 products have been tested by independent laboratories.

3.2.2.5 Perspectives: The product safety approach

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

In 2020, as part of the Group's transformation plan, training will be offered on regulatory obligations and product safety. Training will continue on an international scale, at the industrial sites in South Africa and Tunisia (Bizerte) and in China at the sales office in Shanghai.

3.2.3 PRODUCTS DESIGNED TO MEET AND ANTICIPATE CONSUMERS' EXPECTATIONS ^[NFPS]

3.2.3.1 Challenges, risks and opportunities related to consumers' expectations ^[NFPS]

BIC is a maker of mass-market consumer goods. Since its founding, the Group has believed that its products should satisfy and anticipate the expectations of all of its consumers, in both developed countries and developing countries.

BIC distinguishes its "customers" (i.e. companies, public administrations and office supply distributors, as well as major mass-market retailers) from its "consumers", the end users of its products. Customers are becoming increasingly demanding in terms of the environmental and social performance of the products they buy, as well as the evaluation of their suppliers' Sustainable Development Policies. They submit many questionnaires addressing increasingly specific and diversified topics. Retailers and wholesalers also want their collaborators in the distribution chain to

show how they are helping to reduce the global environmental and societal impact of their operations, and impose increasingly strict requirements on the packaging of the products that they carry.

[NFPS risk 8] Among its main CSR risks, BIC has identified risks related to reputation and brand. In the context of increasing environmental awareness, the brand image could be associated with disposable single-use products, leading to customer disaffection for BIC® products. In addition, BIC seeks to improve its communication operations, in particular concerning its products' environmental and social performance, to ensure that they allow the Group to retain the confidence of its stakeholders.

Meeting consumer expectations is also a source of opportunities for BIC, such as:

- positioning BIC as a responsible brand that delivers quality and safety through its long-term commitment and ambitious programs;
- highlighting its products' environmental and social benefits, standing out on the brand's markets and overcoming the disposable/sustainable contradiction;
- innovating in order to make BIC® products affordable to all.



➔ OVERCOMING THE DISPOSABLE/SUSTAINABLE CONTRADICTION

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

3.2.3.2 Policies and actions taken to meet customer and consumer expectations ^[NFPS]

Since its founding, BIC has strive to develop and offer simple, affordable products, leaving out anything superfluous, that meet consumers' expectations, especially in terms of environmental and social performance. To that end, the Group develops various programs and policies:

- Writing the Future, Together #1: Fostering sustainable innovation in BIC® products (see page 80);
- the product eco-design approach (see page 78);
- communication on the products' environmental benefits in order to encourage more responsible consumption (see below);
- defined in 2013, the Responsible Communication Charter formalizes BIC Group's integration of the Value of Responsibility in its communication. This Charter expresses BIC's intention to share reliable information and release clear, accurate messages; it applies to all communication undertaken by the Group around the world towards all of its stakeholders;
- BIC participates in Walmart's Sustainability Index (for shavers and writing instruments), which assesses suppliers' sustainability performance according to indicators established by the Sustainability Consortium. BIC also carries out specific reporting for Walmart every year through the CDP Supply Chain;

- in addition to responding to its customers' specific questionnaires on its CSR approach, BIC discusses all pertinent topics with them, including sustainable development issues, as part of its commercial relations. In certain cases these relations can take the form of partnerships. All the professional functions involved (marketing, communication, sales) are equipped with the tools they need to explain BIC's Sustainable Development Program;
- BIC strives to make its products affordable to all.

Encouraging consumers to adopt more responsible consumption habits

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





In 2019, BIC in North America became a member of How2Recycle, an organization that promotes the use of clear, concise and consistent recycling labels. A program to introduce “H2R” labels on BIC’s product packaging for the North American market will begin in 2020.

➔ BIC® WRITING PRODUCTS EARN THE NF ENVIRONNEMENT ÉCOLABEL

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

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

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

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

3.2.3.3 Results and perspectives ^[NFPS]

- 100% of the environmental claims that appear on the packaging, in the catalogs and on the websites for BIC® products are approved by the Legal Department.
- 19 BIC® writing instruments received the French ecolabel *NF Environnement* (NF 400).

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

3.2.4 OPTIMIZED PACKAGING

› Challenges

Packaging is needed at several stages in the life cycle of BIC® products: for their protection, shipping, storage and sale, and for promotional support. BIC’s packaging consists primarily of boxes and cases made of plastic, paper and cardboard. This packaging has an environmental impact during its manufacturing and shipping, and at its end of life.

› Approach and progress made in 2019

Historically, BIC promotes selling products without consumer packaging or in value packs. In Europe, 69% of writing products are packaged in boxes, trays or pouches of at least 10 products (79% in North America), 79% of lighters are sold in trays of at least 50 (71% in North America) and 67% of shavers are marketed in pouches of five, 10 or more (49% in North America).

BIC Group Packaging Community

The “Packaging Community” was formed to promote a packaging approach that takes sustainable development into account and demonstrates its utility for the Group, by pursuing shared goals and by defining a strategy for the Group in response to major trends. To that end, it unites a network of packaging experts from around the world. In 2019, the Packaging Community focused its efforts on the following: completing the transition of the last 1% of PVC still used in Europe and the United States; joining the How2Recycle organization for the Group’s operations in the United States; introducing sorting logos on BIC packaging; increasing the share of recycled materials in the Group’s primary packaging; and monitoring the key indicators for packaging optimization.

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

Three priorities for reducing the impact of our packaging

Priority #1: Selecting responsible packaging materials

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

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

Certified and/or recycled sourcing for cardboard packaging

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

As of January 2014, the Group has reached its previously defined goal of having 90% of its packaging come from certified sources and/or containing more than 50% recycled fibers. At the end of 2019, the Group’s rate was 95.7% overall. This result reflects the efforts made on several continents and in the concerned factories to select suppliers that are engaged in a long-term responsible approach.

In 2019, BIC in North America launched a program to transition the materials used in its primary packaging toward more recycled materials.

PVC-free plastic packaging

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

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

BIC takes advantage of every opportunity to replace plastic packaging by cardboard in its products. A few examples of progress made in 2019 exemplify the Group’s learning curve in this area:

In Europe:

- the BIC® 4-Color™ gift packs sold as a limited edition on BIC.com and e-tail sites are made of 100% FSC certified cardboard;
- the new display unit for the BIC® Intensity Medium felt-tip pen is 100% cardboard;
- the new permanent display unit for lighters is made of 100% FSC certified wood.

In Brazil:

- lighters became the first category to achieve 100% PVC-free packaging;
- a project was launched to replace the plastic packaging of the BIC® 4-Color™ Fine and BIC® 4-Color™ Metallic with cardboard while increasing the number of pens per box. The production of this new packaging will begin in 2020, for an estimated savings of about 1.2 tons of plastic.

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

BIC Group actively seeks to reduce the weight and volume of its packaging through multiple targeted actions around the world in accordance with local distribution models.

In Europe, 14 tons of cardboard were saved by the introduction of large cardboard sheets that can be reused as many as ten times, replacing small, single-use sheets.

Priority #3: Reducing packaging waste

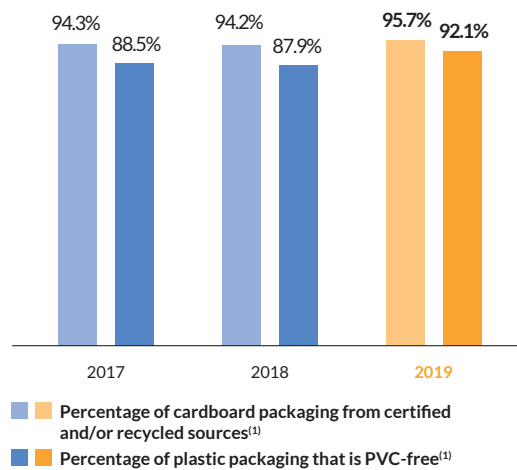
The Group is taking action to increase the recycling rate of packaging production waste in the packaging center facilities. The Charlotte site in the U.S. has already reached the program’s goal of 100% waste recycling. The site is now focusing on the reduction of waste due to packaging obsolescence.

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

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



Performance



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

Perspectives

BIC intends to pursue its programs to promote the use of packaging materials with reduced environmental footprints (paper or recycled PET for blister packs), reduce the packaging for its products and reduce packaging waste in its factories.

(1) Cello Pens excluded



3.3. ENVIRONMENTAL RESPONSIBILITY CONCERNING OUR OPERATIONS ^[NFPS]

As an industrial leader in the manufacture of consumer products, BIC is committed to ensuring that its sites, including both factories and offices, operate in an environmentally responsible way. BIC Group strives to reduce the impact of its manufacturing operations and optimize the shipping of its products.

BIC exerts good environmental control over its entire manufacturing chain, in particular due to two factors. First, it favors in-house production over contract manufacturing: 92% of the Group's net sales are generated by products manufactured in its own factories. Secondly, 81% of its products sold in Europe are also manufactured there.

3.3.1 PARTICIPATING IN THE FIGHT AGAINST CLIMATE CHANGE ^[NFPS]

3.3.1.1 Challenges, risks and opportunities ^[NFPS]

[NFPS risk 2] Among its main CSR risks, BIC has identified the following risks related to climate change:

- increasing regulation on carbon or energy directly impacting the Group's operations or those of its suppliers and contract manufacturers;
- the disruption or interruption of production activities due to extreme weather conditions or availability of natural resources (water, energy, etc.) directly impacting the Group's factories or those of its suppliers and contract manufacturers;
- the development of new regulations and standards regarding product environmental impact assessment and communication (including carbon impact) as well as consumer behavior changes impacting the Group's sales.

➔ EVALUATING THE PHYSICAL RISKS FOR BIC REGARDING CLIMATE CHANGE

In 2018, using an analysis model based on risk statistics and the geographic locations of the sites, the physical risks linked to climate change (risks resulting from high temperatures, flooding, storms and typhoons, hydric stress and rising sea levels) were evaluated for each BIC site and for certain subcontractors and major suppliers. For the sites most at risk, the Group plans to define an appropriate action plan, incorporating any measures already implemented to counter the risk.

The challenge related to global warming is also a source of opportunities for BIC, such as:

- innovating in terms of energy supply, in particular through "Writing the Future Together" commitment #2: Acting against climate change, and by streamlining energy costs;
- improving the products' environmental performance, in particular through "Writing the Future Together" commitment #1: Fostering sustainable innovation in BIC® products;
- standing out on the markets by offering products with a reduced carbon footprint.

3.3.1.2 Policies: Writing the Future, Together – #2 Acting against climate change ^[NFPS]

Fighting climate change has always been an integral part of BIC's Sustainable Development Program. In 2019, BIC renewed its signing of the French Business Pledge, joining 98 other French companies in a pledge to fight climate change.

BIC codifies this ambition in the following commitment: by 2025, BIC will use 80% renewable electricity.

Building on the experience acquired in recent years at certain of its sites, BIC defined a roadmap for its goal of 80% renewable energy by 2025, as part of a long-term vision of achieving 100% renewable electricity. This roadmap reflects a strategy in which each country or site examines its opportunities for sourcing renewable electricity, taking their regulatory and operational constraints into account. It serves as a guide for the countries and sites, which must also keep pace with the frequent market and regulatory evolutions that affect this business sector. To bring about a far-reaching change in its purchasing process for electricity, BIC is putting the focus on renewable energy certificates ⁽¹⁾, green contracts and long-term Power Purchase Agreements, and is investigating the production potential of certain sites.

In addition to the use of renewable electricity, BIC is pursuing its investments and actions to improve its sites' energy efficiency and strives to limit its GHG emissions from other significant sources (scope 3), in particular by optimizing its transportation activities (see section 3.3.1.6 Our transportation activities).

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

3.3.1.3 Actions taken to reduce our operations' contribution to climate change (scopes 1 and 2) ^[NFPS]

Using renewable energy

- 80% of the electricity that BIC uses will be from renewable sources by 2025, as a step toward its long-term vision of achieving 100% renewable electricity. This commitment is a key part of the Group's strategy as part of its "Writing the Future, Together" program.
- As of 2019, BIC's percentage of renewable electricity stood at 76%, a significant proportion that reflects the Group's commitment to fighting climate change.
- BIC estimates that its use of renewable energy will allow it to reduce its GHG emissions by nearly 50% by 2025 in comparison with 2015. This will enable BIC to promote the development of renewable energy sources in the countries where it has operations, and to reduce its indirect, so-called "market-based" (scope 2) emissions.

In 2019:

- with the adoption of a renewable electricity supply by the BIC (Nantong) Plastic Products factory in China, 100% of the Group's lighters factories are now powered by "green" energy;
- in the United States, the purchase of renewable wind energy certificates (U.S. RECs), which has covered the energy needs of the Shelton head office and the Milford factory since 2012, was expanded to 6 sites, bringing the coverage to 100% for BIC's American factories.

In addition, BIC has continued using renewable energy sources adopted in recent years:

- in Brazil, the Manaus site has been using wind energy since 2018 through the purchase of iREC certificates. This factory produces about 1 billion products per year for the South American market, covering all three BIC® product categories;
- in Spain, the BIC Iberia and BIC Graphic Europe sites have been using renewable electricity through the purchase of certificates (GoO) since 2018;
- in France, BIC buys renewable electricity certificates (Guarantees of Origin, or GoO) for all of its factories plus the Clichy headquarters. This means that the BIC® products manufactured in France are produced using renewable electricity;
- in Greece, the purchase of GoO certificates has covered all of the BIC Viorex site's electrical consumption since 2016;
- in India, the roof of one of BIC's eight factories is equipped with photovoltaic solar panels (15 kW).

Optimizing energy consumption

+3.8% energy consumption per ton of production between 2019 and 2018.

This increase is sometimes due to machine maintenance or other requirements such as heating. Some factories also have molding machines which consume energy. Some sites also use diesel during power cuts, or activity transfers.

Energy efficiency programs at Group sites also included the installation of more efficient production machinery, the optimization of lighting towards more efficient solutions and the awareness-raising among team members. For the past several years the Group has been pursuing a program to replace its hydraulic injection machines with more energy-efficient electrical machines.

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

- the virtualization of the Group's internal and external servers has now reached the optimal level of about 80%. In 2019, the number of physical servers at the Clichy site was further reduced by 25%;
- the specifications for the renewal of the workstations incorporate two sustainable development guidelines: the quality of the suppliers' sustainable development approach and the energy efficiency of the equipment. The difference in energy consumption between the old and new workstations is estimated at approximately 20%;
- since 2019, the Group has been reconditioning and reselling its replaced equipment. Obsolete equipment that cannot be reconditioned is destroyed, according to accepted practice, by an expert service provider, which ensures the proper processing of each material;
- since 2013, in the Europe and Middle East-Africa zones, 100% of the team members who use a computer (some 6,800 in all) have been equipped with Skype for business, a set of solutions for remote collaboration. In 2019, BIC logged nearly 3,000 routine meetings via Skype.

3.3.1.4 Measuring the effect on climate change of other significant sources of GHG emissions

BIC has been responding to the Carbon Disclosure Project (CDP) for more than ten years. In line with the good performance of previous years, in 2019, BIC received an A- rating in the Climate questionnaire and was awarded "Leadership Level", which recognizes companies that are leaders in the effort to fight climate change. BIC also received an A- rating in the "Supplier Engagement Rating" for its supply chain actions.

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

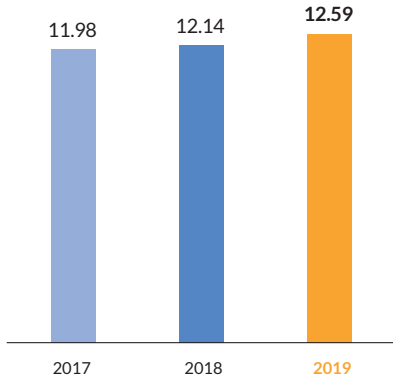


3.3.1.5 Results of actions to reduce the contribution to climate change ^[NFPS]

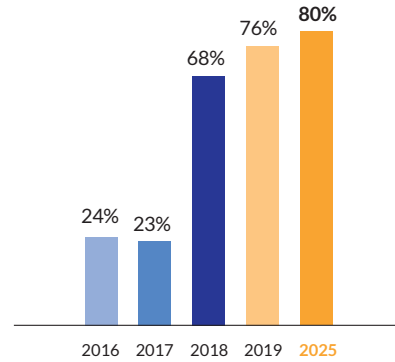
Between 2018 and 2019, within the perimeter of its industrial sites and main offices, the Group's performance regarding GHG emissions, both direct and indirect (scopes 1 and 2) as well as from the purchase of materials and transport (scope 3), was as follows:

- a 5.44% decrease in direct (scope 1) GHG emissions from the reduction of combustion of fossil fuels, mostly natural gas and fuel oil used primarily for heating buildings;
- a 0.04% drop in indirect (scope 2) GHG emissions from the production of electricity consumed by the Group's industrial sites;
- a 0.58% drop in the total quantity of direct and indirect (scopes 1 and 2) GHG emissions, in particular due to variations in national emission factors (scope 2), which fell for certain countries;
- a 22% drop in market-based emissions due to the Group's increased use of renewable electricity;
- a 10% increase in GHG emissions related to purchases of raw materials due to an increase in purchases of certain metals and/or an update of the emission factors related to the production of certain raw materials;
- a 7.6% decrease in emissions related to intra-company transport due to update of emission factors related to each type of transport, but also to reduction of air freight distances

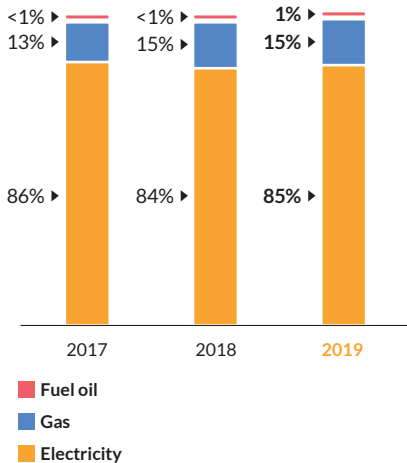
ANNUAL ENERGY CONSUMPTION NORMALIZED TO BIC GROUP PRODUCTION - IN GIGAJOULES/TON



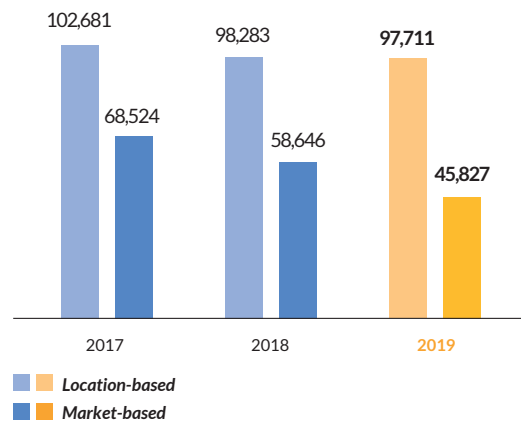
SHARE OF RENEWABLE ENERGY - AS % OF TOTAL CONSUMPTION - BIC GROUP



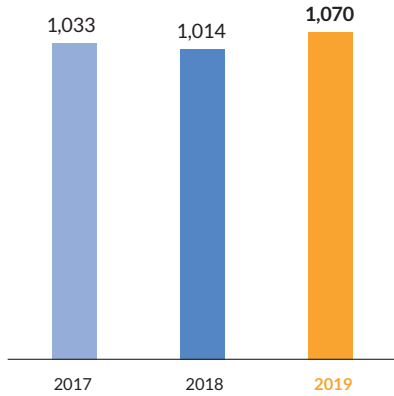
BREAKDOWN OF BIC GROUP ENERGY CONSUMPTION



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



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



3.3.1.6 Reducing the carbon footprint of our transportation activities

› Challenges

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

BIC engages in two types of transport for its products:

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

Due to the environmental and financial impact of air freight, the key challenge for the Group is to use this form of shipping as little as possible. Even though it accounts for only 0.66% of the total tonnage shipped, air freight is the transport method that generates the most GHG: in 2019 it represented 51% of the Group’s total emissions from transport.

› Approach and progress made in 2019

BIC Group has factories all over the world, which tends to limit the need for shipping its products. For example, 81% of the products sold in Europe are manufactured on that continent.

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

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

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

BIC pays close attention to the proportion of this type of transport, with the goal of continuing to keep it below 2.3% for intra-company transport. In 2019, the share of air freight, in tons/kilometer, was 0.75%.

Raising awareness and measuring emissions

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

Since 2014, the “Transport Community” has been working closely with the categories (Stationery, Lighters, Shavers) and a steering working group tasked with identifying solutions to achieve significant and long-term reductions in air freight. In 2019, the Transport Community continued to consult with experts and work in cooperation with customers. Transport companies that are committed to sustainable development are also regularly consulted.

The specific monitoring of air transport was introduced in 2014, with quarterly reports to the management teams in each zone. With this regular monitoring, the Transport Community is focused on this issue at the highest levels. A detailed analysis of these reports has allowed the Transport Community to identify worldwide flows and to define three key actions for their optimization. Cost and flow optimization and the promotion of initiatives to foster sustainable development are included in the criteria for choosing transport service providers in new calls for tenders.



Optimizing shipments and routes

In shipping, the main leverage points for decreasing emissions are the reduction of the distances traveled, the choice of transportation mode and load optimization. BIC’s logistical teams work on all three points in cooperation with other departments within the Group, such as Production and Sales, and service providers. Following the completion of a project to map all intra-Group flows, a study is being conducted to pool shipments on a Group-wide scale. Certain flows were optimized in 2019, and the Group’s new organization should make it possible to expand this optimization considerably.

Selecting responsible carriers

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

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

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

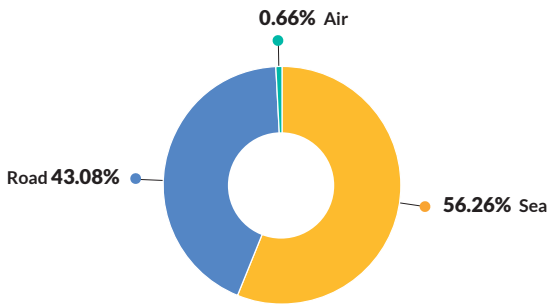
Lastly, to foster its carriers’ commitment to corporate responsibility, BIC extended its Code of Conduct to logistics service providers. The amended Code was made available to all the Group’s transport teams worldwide, to be put into practice with their service providers. To support their carriers’ efforts,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



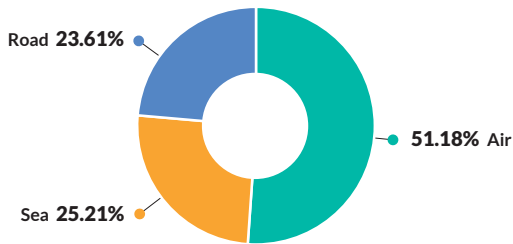
“ In 100% of the new Group's calls for transport tenders, sustainable development is a criterion for selection. ”

> Performance

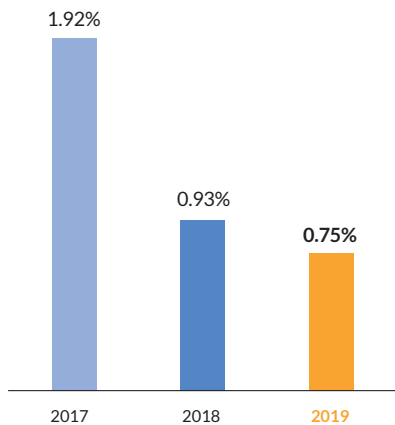
BREAKDOWN OF TONNAGE SHIPPED BY MODE OF TRANSPORT - AS% OF TOTAL



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



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



> Perspectives

Starting in 2020, the Group's new organization will make it possible to expand and pool the logistics teams' actions and to carry out more Group-wide transversal actions to further reduce the environmental footprint of BIC's transport operations.

3.3.2 REDUCING OUR FACTORIES AND OFFICES' OTHER ENVIRONMENTAL IMPACTS ^[NFPS]

3.3.2.1 Challenges, risks and opportunities related to our operations ^[NFPS]

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

[NFPS risk 7] Among its main CSR risks, BIC has identified risks related to its operations and the environment: the nature of the Group's manufacturing operations, primarily the molding and assembly of plastic products and printing of products, has a local environmental impact that remains relatively low compared with other manufacturing sectors.

Reducing its factories' environmental footprint is also a source of opportunities for BIC, such as:

- optimizing production costs by limiting the consumption of resources (water, energy, etc.) and the production of factory waste;
- facilitating the factories' integration in their local surroundings by reducing their environmental footprint, adopting exemplary practices and initiating outreach actions to benefit the local communities.

3.3.2.2 Policies: management systems, certifications and external audits ^[NFPS]

The **Environment, Health & Safety (EH&S) Policy**, defined in 2005 and signed by the Chairman and CEO, codifies the Group's commitment to minimizing the environmental and safety impacts that result from our operations, from production to distribution, in order to better protect the environment. The Policy specifies BIC's dedication to:

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

Since 2010, the EH&S Policy is deployed at all BIC Group industrial sites. BIC maintains a formal procedure to review the BIC EH&S Policy to ensure that it remains pertinent and appropriate to the business. This procedure describes a periodic assessment and revision of the Policy to ensure that it is still appropriate for any changes in the Group's activities and products, including acquisitions and changing stakeholder expectations.

In addition, since 2018, all BIC sites (factories, packaging or distribution centers, head offices and other offices and installations) have been equipped with a system for documenting and managing safety incidents, as part of the implementation of commitment #3 Writing the Future, Together: Committing to a safe work environment (see page 99).

At the industrial sites

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

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

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

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

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

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

In 2019, the implementation rate for BIC management systems at BIC industrial sites was 80% complete for the environment and 86% complete for health and safety. These rates for management system implementation vary every year as plants join or leave the scope and others make progress, but rates remain consistently high.

Certifications

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

- 2019: BIC Iberia (Spain): the Stationery factory was granted Imprim’Vert eco-certification.

- 2018: BIC Violex (Greece) was granted BREEAM (Building Research Establishment Environmental Assessment Method) certification for one of its buildings.
- 2018: BIC Shavers Mexico obtained ISO 14001 certification and nine other sites renewed their certification, giving BIC a total of 12 industrial sites that have met the criteria of this environmental standard.

In the offices

For the sake of exemplarity, the BIC sustainable development approach covers all of its operations, including office activities, even though they represent a non-significant part of the Group’s environmental impact. The environmental performances of the Group’s three main offices (Clichy in France, Shelton in the U.S. and Cajamar in Brazil), which have been monitored for the past five years, are presented in consolidated form with the performances of the Group’s industrial sites.

Initiatives have been undertaken at these sites to reduce their environmental footprint. The Shelton (U.S.) offices were granted LEED (Leadership in Energy and Environmental Design) certification in 2009 and are powered by electricity from renewable sources. The Clichy site (France) also purchases electricity from renewable sources.

In the supply chain

Beyond the accounting of its own environmental impacts, BIC Group also considers the impacts of its supply chain. Since 2014, the Workplace Conditions Assessment (WCA) platform for auditing subcontractors’ working conditions (see page 109) has included a comprehensive questionnaire on environmental performance, accounting for 6% of the total number of questions posed. Of the 35 suppliers who were active and audited in 2019, 10 suppliers had deficiencies relating to the environment. A total of 17 deficiencies were identified, 65% of which were minor and 35% moderate.

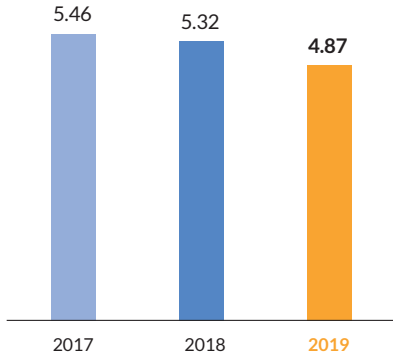
3.3.2.3 Reducing water consumption and assessing the scarcity of the resource: results ^[NFPS]

BIC consumed 444,840 m³ of water worldwide in 2019. In addition to the volumes consumed, it is essential to consider where this consumption takes place. It can occur in so-called “water stress” zones where water is a scarce resource. The uneven distribution of water across the planet, and limited access to it, may give rise to severe political and social tensions.

- An 8.4% drop in water consumption per ton of production between 2018 and 2019. Over this same period, BIC’s total water consumption dropped by 14% while production dropped by 5.8%, in particular due to the implementation of programs to optimize the Group’s industrial processes and equipment.
- Eight sites show a moderate risk of water stress (in Europe, the United States, India, Africa, Mexico and Brazil) according to a global risk assessment on water and its future availability conducted by BIC in 2018. The Group will continue striving to improve its water consumption ratios, taking the scarcity of this resource into account in order to prioritize its action plans for the reduction of water consumption.



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

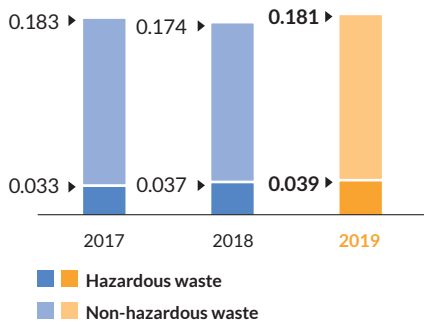


3.3.2.4 Reducing waste production: results [NFPS]

Hazardous and non-hazardous Industrial waste

- A 3.7% increase in the quantity of waste generated per ton of production between 2018 and 2019, resulting from an increase (+4%) in the ratio of non-hazardous waste generated per ton of production, which represents 82% of the Group's waste, and an increase (+3.65%) in the ratio of hazardous waste.

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

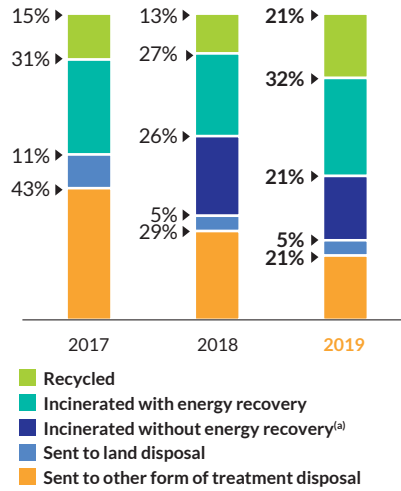


Hazardous industrial waste

- A 3.65% increase in the quantity of hazardous waste per ton of production between 2018 and 2019, often resulting from the disposal of large quantities of obsolete stock.

Some factories are equipped with wastewater treatment plants to treat hazardous waste, such as that from the surface treatment workshops, transforming it into metal hydroxide sludge that can be processed to eliminate almost all risk to the environment.

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

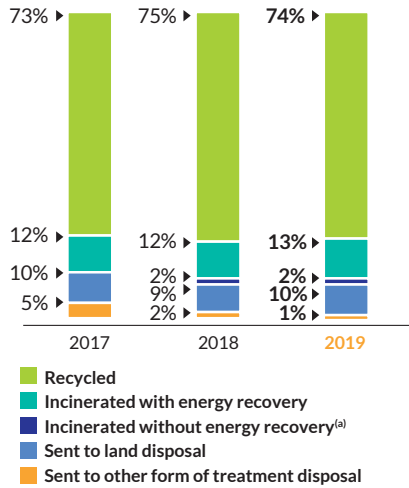


(a) The category "Incinerated without energy recovery" was created in 2018. In 2017 this waste was reported under the "Sent to other form of treatment or disposal" category.

Non-hazardous industrial waste

- A 4% increase in the quantity of non-hazardous industrial waste per ton of production.
- In the main offices, waste production reached 176 tons, an increase of 37% in comparison with 2018 in particular due to the rise in paper waste at the Clichy site.

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



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

- The percentage of recovered waste (recycled or incinerated with energy recuperation) at 81% increased between 2018 and 2019. The increase of 3% is due to an increase in recycled non-hazardous waste.
- The percentage of recycled industrial waste remained stable at 64.7% between 2018 and 2019. The slight increase of less than 1% is due to the industrial sites which have continued to take action to promote recycling, in particular through awareness-raising and improved internal waste monitoring.
- Eight sites reported zero waste to landfill in 2019. In addition, efforts continue to determine the reasons for the landfill disposal of certain types of waste at the Group's sites. In particular, these reasons can include regulatory obligations or the lack of waste processing channels in remote areas.



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



3.4. OUR SOCIAL RESPONSIBILITY TO OUR TEAM MEMBERS ^[NFPS]

The women and men who make up BIC Group have been the key to its success from the very beginning. With factories all around the world, distribution teams in 57 countries and with approximately 4 million sales outlets spanning the globe, BIC thrives on a shared corporate culture, enriched by local specificities. The challenge for its Human Resources is to continue to nurture this common culture, founded on BIC's Values and philosophy, across geographic, professional and organizational borders. Shared protocols, based on the Group's history and built to serve its industrial and commercial goals both present and future, are deployed to develop the skills and strengthen the commitment of everyone in the Company, while protecting and improving their health, safety and well-being. Working with its social partners, BIC strives to create a favorable environment for the long-term development of its team members, and of the Group as a whole.

3.4.1 THE WORKFORCE

For the year ending December 31, 2019, BIC Group had 12,777 permanent team members and 4,017 temporary staff.

The following sections describe BIC's workforce in 2019 and the evolution.

3.4.1.1 Breakdown of the workforce by region and activity

Changes in staff numbers by region are shown below:

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

Workforce by region	December 2017	December 2018	December 2019	Variation 2019/2018
Europe	4,014	4,061	3,935	-3.1%
North America	805	740	746	+0.8%
Developing markets	10,117	8,863	8,554	-3.5%
TOTAL PERMANENT STAFF	14,936	13,664	12,777	-6.5%
Temporary staff	3,912	3,291	4,017	+22.1%
TOTAL	18,848	16,955	16,794	-1.0%

In 2019, permanent team members decreased by 6.5% (887 team members).

This reflects the decrease of headcount in Cello Pens in India (859 fewer team members between December 2018 (5,665 team members) and December 2019 (4,806 team members)). This decrease in permanent headcount is linked to productivity improvements in the factories and a move to a more flexible workforce in order to address changing business demands. The increase in temporary workers in India, (377 more than in 2018 for a total of 2,400), is indicative of this flexible workforce. In all other BIC subsidiaries, the permanent workforce remained broadly constant.

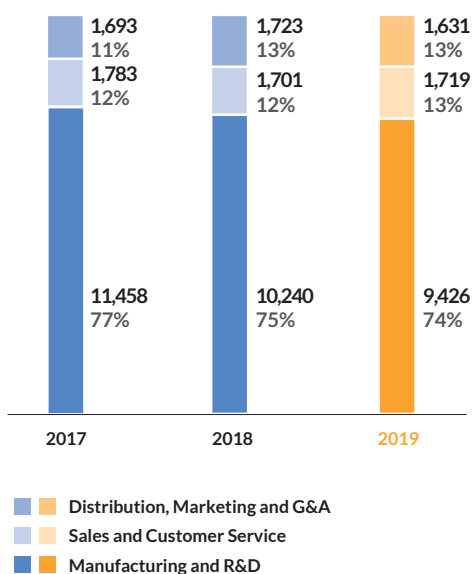
Permanent team members (with a permanent employment contract) accounted for 76% of the Group's total workforce. Temporary workers accounted for 24% of the Group's total workforce; split across temporary staff, fixed-period contracts, and university interns.

As of December 31, 2019, the number of temporary workers was higher than December 31, 2018 by 726 (4,017 versus 3,291). In addition to the India increase mentioned previously, Mexico also saw an increase in temporary workers by 209.

BIC grew in Africa through acquisitions in Kenya (206 team members plus 98 temporary team members) and Nigeria (18 permanent team members).

Temporary workers are employed primarily in manufacturing plus some in sales support, distribution, and administration. The use of temporary workers is essentially due to the highly seasonal nature of BIC's activities.

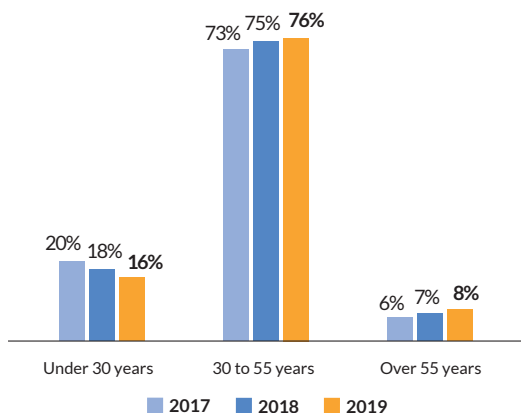
PERMANENT TEAM MEMBERS BY ACTIVITY - BIC GROUP



3.4.1.2 Breakdown of the workforce by age

All ages are represented in BIC

BREAKDOWN OF THE WORKFORCE BY AGE GROUP



3.4.1.3 Breakdown of the workforce by category

PERMANENT HEADCOUNT BY CATEGORY

	December 2018	December 2019	Variation 2019/2018
Managers	2,787 (20%)	2,814 (22%)	+1.0%
Non-managers	10,877 (80%)	9,963 (78%)	-8.4%

Managers accounted for 22% of permanent BIC Group team members in 2019. For BIC Group, the main characteristic of a manager is that he/she coordinates a range of resources for which he/she is responsible, with a degree of autonomy and responsibility necessary for the achievement of objectives on at least an annual basis. Management might refer to a team, a project, a process, a technique, or a customer or supplier portfolio.

3.4.1.4 Recruitment and terminations

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

The Group recruited 1,680 external candidates (an increase of 8% versus 1,563 in 2018), including 381 for management positions. The external recruitment rate was 13% versus 11% in 2018 (the rate was 14% for managers).

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

Voluntary departures were 1,784, 13% of total permanent headcount versus 2,044 (14%) in 2018. There were 789 involuntary departures versus 791 in 2018, (6% of permanent headcount in each year).

The rate of voluntary departures continues to be highest in APAC at 19% and India at 25%. In Middle East/Africa and North America, voluntary turnover saw a decline. Middle East/Africa dropped from 10% to 8% and North America saw a decline from 11% to 9%. Although Europe continues to have a lower voluntary turnover rate, there was a slight increase in 2019 from 5.6% to 6%. Latin America turnover in 2019 was 10%.

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



3.4.2 SHARING OUR VALUES, LISTENING TO OUR TEAM MEMBERS

› 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 team members 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 team members who have built the BIC® brand.

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

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

› Approach

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

› Performance

The Engagement and Adherence to Values Survey

The Engagement and Adherence to Values Survey in 2018 covered 11,053 team members (permanent and temporary team members under contract) with a participation rate of 93%.

2018 saw an 84.3% overall engagement index versus 83% in 2016 (+1.3 point).

Special tools were developed, and coaching was offered to help managers define local action plans in response to the survey results.

› Perspectives

BIC will continue its program of in-house surveys, with the goal of being attentive to its team members and implementing plans for improvement.

3.4.3 HEALTH/SAFETY IN THE WORKPLACE ^[NFPS]

3.4.3.1 Challenges, risks and opportunities related to team members health and safety ^[NFPS]

For the Group, workplace safety means ensuring its team members' physical and mental well-being by preventing accidents and occupational diseases.

[NFPS Risk 4] BIC has identified the "health/safety in the workplace" risk as one of the major CSR risks resulting from its operations. BIC's operations, both industrial and commercial, expose its workers to various professional risks (physical, chemical, psychosocial, biological, ergonomic) that differ from function to function (headquarters, factories, sales force).

For the Group, a commitment to improving safety in the workplace is a key factor for team members engagement, helping build loyalty among the work teams.

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

→ TEAM MEMBERS SECURITY RELATED TO GEOPOLITICAL RISKS

Since 2018, BIC Middle East has launched Travel Tracker, a service provided in partnership with International SOS. This service offers team members comprehensive information and support before and during travel, automatically linked to their travel booking. It prepares them for their visit by providing information on any potential health, security, political or climate risks. It also includes emergency services through which BIC can be notified in case an unforeseen event occurs while an employee is traveling.

Team members can also seek help if they find themselves in danger, have questions or need medical support during their trip. This initiative is part of a proactive strategy to mitigate risk by keeping safety and security top of mind.

3.4.3.2 Writing the Future, Together – #3 Committing to a safe work environment ^[NFPS]

Safety in the workplace is a fundamental priority for BIC.

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

The Group deploys all useful means: health and safety management, ongoing improvement of working environments and the organization of working hours, and actions to raise team members' awareness of safety issues.

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

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

In 2018, building on the approach already adopted over the past several years in the Stationery category, BIC began extending and adapting that category's health-safety roadmap to the other categories and continents. In 2019, this roadmap was presented to all continents and the Country Directors General and global actions will continue in 2020.

3.4.3.3 BIC Group's Environment, Health & Safety Policy ^[NFPS]

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

The Group deploys safety management systems at its production sites. Each site has an EH&S manager in charge of the deployment of the EH&S Policy and follow-up of programs for reducing the team members' health and safety risks, under the responsibility of the Industrial Directors.

The Group's health-safety program is based on a number of tools that evolve to keep pace with the organization's needs:

- the **"e-EHS Suite" platform**, which monitors and manages workers' accidents (evaluating risks, recording and documenting accidents, defining corrective action plans), allowing each entity in the organization to define an effective action plan;

- **safety reporting** extended to all BIC sites (factories and headquarters);
- an **Environment, Health & Safety reference system**, also called the EH&S maturity reference system;
- **safety watches** (behavioral observation visits) are conducted in the Stationery factories. Carried out with the team members, these visits consist of questioning unexpected behavior in a spirit of ongoing improvement and dialogue;
- **Global Safety Call**, a monthly teleconference bringing together the factory Directors, their EH&S managers and the Global Supply Chain management team.

In the Shavers category, since 2011 three of the four factories have earned triple certification for their development and deployment of the EH&S Policy: Safety (OHSAS 18001), Quality (ISO 9001) and Environment (ISO 14001). This year, the Manaus and Violex factories obtained ISO 45001 certification, which replaces OHSAS 18001.

3.4.3.4 Actions taken and results ^[NFPS]

The transformation to zero accidents continues in 2019 with concrete achievements:

- the first global EH&S meeting was held at BIC Violex in Greece in April 2019;
- safety orientation was introduced for all newly hired office staff;
- the sharing of good practices was expanded with a Group-wide "Best In Class" communication campaign;
- the Stationery factories underwent a second series of evaluations based on the internal EH&S maturity reference system;
- certain actions implemented by the Stationery category in 2018 were duplicated in the Shavers category, including training for managers in "Managing Safely", "safety talks", and self-evaluations based on the Environment, Health & Safety reference system;
- managers at the headquarters were given awareness training on psycho-social risks, and prevention committees for this type of risk were formed at the two factories in Mexico.

In 2019, health and safety management systems were operational at 86% of BIC's sites.

In all BIC sites, accidents resulting in lost work time for BIC team members are mainly caused by the handling of materials and machines. The frequency rate decreased in 2019 from 2.09 to 1.85. The development and implementation of actions plans will continue in 2019 and should lead to an increased safety culture and a decrease of this rate. The severity rate decreased to 0.06. In addition, 55 sites reported no accidents with lost work time in 2019, including 10 factories.

Over the full organization in 2019, there were 68 accidents involving BIC Group team members and 6 for external temporary workers. The incident rate for BIC team members and temporary workers reached 1.87 in 2019.

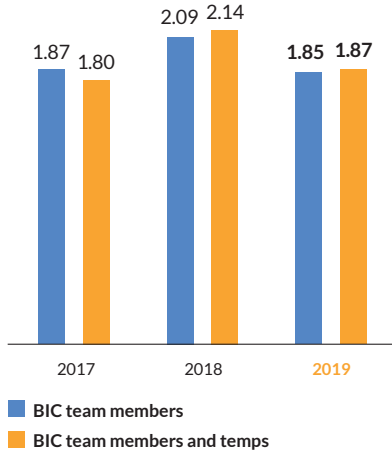
Most of the occupational diseases, which so far have only been monitored in France, are related to musculoskeletal disorders.



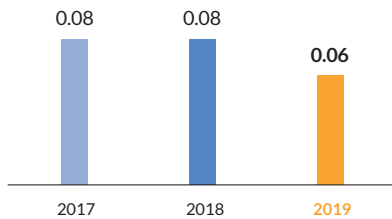
(1) The International Social Security Association (ISSA) is an international organization uniting social security administrations and institutions around the world.



INCIDENT RATE: NUMBER OF ACCIDENTS LEADING TO LOSS OF WORK TIME - PER MILLION HOURS WORKED - BIC WORKFORCE AND TEMPORARY WORKERS



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



3.4.3.5 Perspectives

In 2020, the roll-out of the safety culture and implementation of the health-safety roadmaps will resume, in particular including:

- the introduction of safety relays at the Group's largest factories;
- the establishment of a centralized health-safety management system;
- the development of skills in the EH&S network, with increased discussion and interaction within the network;
- the updating of the EH&S maturity reference system.

3.4.4 HEALTH AND WELL-BEING IN THE WORKPLACE

› Challenges

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

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

› Approach

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

The efforts focus on four main areas:

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

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

› Progress made in 2019: health and well-being

Prevention/awareness campaigns in all of the Group's geographic zones

Prevention, screening and awareness campaigns are carried out in all of the countries where BIC has operations:

- in South Africa, the program to combat HIV/AIDS has continued every year since it was launched in 2000, including a dedicated dispensary and educators, coverage of treatments for seropositive team members who request it, vaccination against hepatitis B, and the hosting of a presentation each year on World AIDS Day. The dispensary continues to provide primary health care and screening for all of the site's team members;
- in Argentina, 64% of all BIC team members participated in screening operations. In all, 34% of the team members in Argentina and Uruguay received flu vaccinations;

- in Australia and New Zealand, team members benefit from skin cancer screening and prevention operations. One Australian warehouse also organized a campaign on the prevention of occupational accidents and risks related to manual materials handling;
- in Brazil, weekly exercise sessions help prevent stress and musculoskeletal disorders;
- in the United States, the Group is pursuing its partnership with OneExchange, a private healthcare company offering a broad range of services in compliance with US healthcare reform. In 2019, 80% of BIC's American team members subscribed to OneExchange. Events were held on site in Shelton, Connecticut, in Charlotte, North Carolina, and in Gaffney, South Carolina, highlighting preventive measures such as flu vaccinations and biometric screening. The latter gives team members an overview of their current state of health, enabling them to identify potential opportunities for improving their health and well-being. A newly launched benefits portal allows team members to log in and access their health and well-being benefits, using either a computer or a smartphone for maximum convenience;
- in Morocco, following up on the good results achieved in the past three years, the "Joy Ministers" continue to conduct workplace well-being programs, including yoga, running, fitness sessions and outdoor activities for team members and their families;
- in Mexico, two sites proposed screening programs (with 70% team members participation) and flu vaccinations (50% of team members vaccinated).

› **Progress made in 2019: the role of the manager**

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

All people managers are trained on the Performance Evaluation and Development Module, which consists of:

- explanation of the performance model;
- how to give and receive feedback;
- writing a development plan; and
- how to successfully evaluate team members, encompassing not only the accomplishment of business goals but also how each team member demonstrates BIC's Core Values, Core Competencies and Functional Competencies.

In 2019, BIC University participated in the launch of the "Invent the Future" transformation plan by offering training in organizational transition management, specifically designed to help managers and team members facilitate the transformation process for themselves and their teams. Customized workshops, that included leadership assimilations, team formation and goal setting initiatives, helped the newly formed teams in quickly forming strong collaborative relationships.

› **Progress made in 2019: team member services**

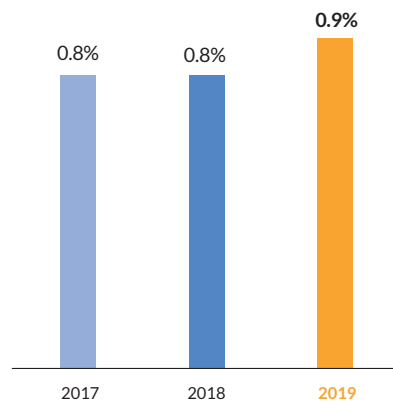
An Employee Assistance Program (EAP) has been in operation for several years in the United States (at BIC CORPORATION), in France (the PASS program), in the Asia-Pacific zone and in Latin America. Set up for the benefit of BIC team members and their families, this service offers a 24-hour helpline plus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

› **Performance**

In 2019, 3 occupational diseases were declared in France and 2 in Mexico.



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



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

Absenteeism (including on-site accidents and maternity) was 1.5% in 2019



3.4.5 TEAM MEMBER DEVELOPMENT ^[NFPS]

3.4.5.1 Challenges, risks and opportunities related to team member development ^[NFPS]

In 2019, with the launch of the "Invent the Future" transformation plan, 140 managers from across the Group worked to identify the types of behavior needed for the plan to succeed:

1. **A clear vision of transformation:** crafting and developing a vivid and compelling vision of the future and describing how to get there.
2. **Consumer-centricity:** instilling the conviction that the consumer and end user must be the focal point of all business discussions and actions.
3. **Innovation:** BIC University is currently partnering with the business in identifying best practices to develop training with a focus on innovation and change management which will transform the way people learn, manage change and solve complex problems.
4. **Business and people performance:** achieving high performance through systematic performance management, skill building and flexible career paths based on performance and potential.

[NFPS risk 9] In addition, among its primary CSR risks, BIC identifies risks related to experienced team members and their skills: BIC relies on the specific skills of its experienced team members, in particular in industrial operations and the execution of professional functions. The loss of experienced team members could slow the deployment of the Group's development plans and prevent the Group from implementing its strategy.

3.4.5.2 Policy: the 70/20/10 development principle ^[NFPS]

The priority for 2020 is not only the dissemination of skills and sharing of core values, but also team member development in these aspects of behavioral change.

To that end, the Group will continue to apply the 70/20/10 principle and to promote team member development based on the BIC University training programs.

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

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

- **learning from new professional experiences** (70%): BIC offers opportunities for team members to work in multi-functional teams or individual stretch assignments;

- **learning from others** (20%): developing a feedback culture, every team member has opportunities to receive and offer further feedback, either to build on a strong point or to strengthen a developmental point;
- **learning from training** (10%): by increasing access to the BIC University programs, as well as locally developed training programs.

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

BIC Group's competencies framework specifies the Core Competencies that all team members around the world must cultivate to ensure BIC's success: "Displays Strategic Agility", "Drives for Results", "Champions MPD" (Method, Precision, Discipline), "Engages Others", "Acts with Courage" and "Develops Self and Others". These Core Competencies are embedded in all BIC University training programs and are included in the pre-employment testing process.

3.4.5.3 Actions taken to promote team member development ^[NFPS]

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

Learning from new professional experiences ("70")

New Performance Review Model rollout

Operational performance and improvement are two pillars of Group's success. The process for evaluating each team member's performance is essential for enabling the Group to achieve its development goals.

2019 was the first full year of implementation for the new BIC performance review model. The results show:

- good roll-out of the culture of recognizing team members for outstanding performance;
- better balanced evaluations;
- more constructive and beneficial discussions between managers and their team members.

In 2019, 191 managers and human resource team members were asked to evaluate the new performance review model. It was rated very highly, with 89% of the respondents expressing their satisfaction.

Also, in 2019, the Executive Development Program was once again a success, offering the designated high-potential exposure to the Executive Committee and Extended Leadership Team members who provided a structured approach in their developing leadership skills.

Mobility and succession plans

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

Learning from others ("20")

Given the success of the Executive Mentoring Program, BIC University launched Mentoring@BIC, a global program that offers team members the experience of being mentored by leaders at BIC. Mentors and Mentees participate in a one-year journey that provides support (coaching and training) to both groups ensuring developmental needs are met. Mid-way through the program, 273 hours of mentor-mentee training was tracked. BIC's Core Competency of Develops Self & Others was the most often discussed. The overall satisfaction rate for the mentoring program was 4.1 out of 5. Relationship satisfaction from both mentors and mentees was 4.7 out of 5 and 4.5 out of 5 respectfully. The program has been a great success and BIC University will launch a 2nd cohort in 2020.

Learning from training ("10")

The programs developed by BIC University

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

With plants and sales teams in 57 countries, it is critical for BIC to make training accessible to everyone, everywhere in the world. In order to achieve this challenge, BIC University has a team of five dedicated people based in France and North America as well as a network of 12 BIC University Ambassadors all over the world. The community of Ambassadors promotes, leverages and delivers BIC University solutions. In addition, BIC University relies on an internal network of more than 71 trainers, experts in their fields with a genuine passion for sharing BIC's culture and the BIC experience. Gradually, BIC University is expanding its presence, most notably in 2019 to the countries of the Asia-Pacific zone, including Japan, South Korea and China.

In 2019, BIC University's catalogue was once again expanded and continued to receive above-average evaluations, with an 82% positive impact rate and 82% overall satisfaction. The catalogue was made available to all team members on the Group's website. This portal also hosts all of the Group's compliance training (BIC Group Code of Ethics and Anti-Corruption Policy).

Among the notable achievements of 2019:

- more than 150 managers of different nationalities were trained in skill management and leadership;
- 50 team members participated in a training program on BIC Fundamentals.

Technical/functional training

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

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

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

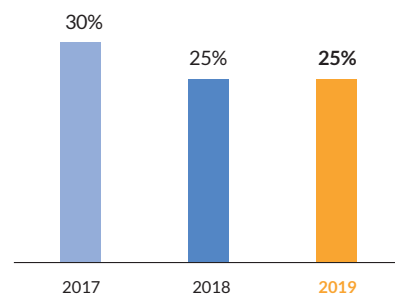
In Manaus (Brazil), BIC University enables team members to receive training and earn certification. In addition, the Manufacturing School has been relaunched with the objective of developing technical skills and competencies for team members in technical careers. The main changes were: a new training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



3.4.5.4 Results [NFPS]

Learning from new professional experiences ("70")

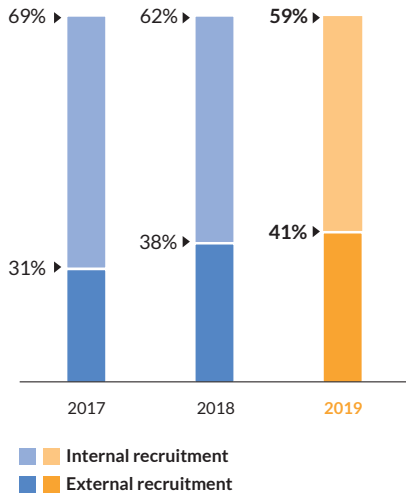
INTERNAL DEVELOPMENT MOVES AND PROMOTION RATE - BIC GROUP



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



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

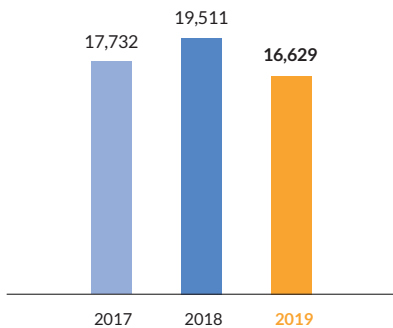


In 2019, the number of movements in the four top manager levels was 140 versus 126 in 2018. 41% were via external recruitments versus 38% in 2018.

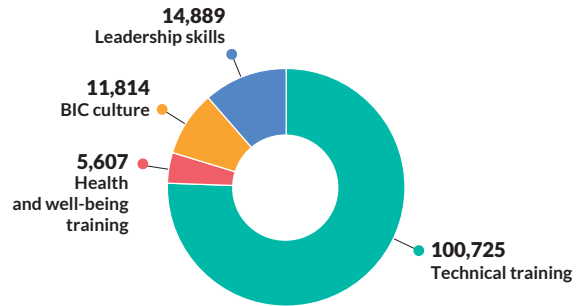
Learning from training (“10”)

In 2019, 10,002 team members received training (60% of headcount present on December 31, 2019).

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



NUMBER OF TRAINING HOURS (PER THEME) – BIC GROUP -2019 – PERMANENT AND TEMPORARY WORKFORCE



3.4.6 THE REMUNERATION SYSTEM

Challenges and approach

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

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

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

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

In 2019, variable remuneration relating to performance represented an average of 14% of fixed remuneration for Group team members.

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

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

› Performance

The average annual cost (including payroll taxes) of each team member totaled: 36,512 euros in 2019, increasing by 8% versus 2018, at actual exchange rates.

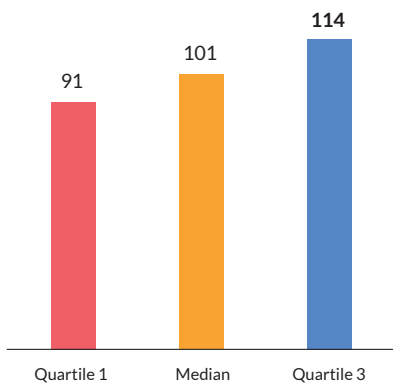
Analysis using constant exchange rates shows an increase of 9% compared with 2018. Overall, this variance in the average annual cost of each team member is due to:

- a 6% increase in average fixed remuneration;
- an 11% increase in variable remuneration;
- a 1% decrease in payroll taxes and other benefits.

Information on Senior Management remuneration is provided on page 150.

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

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



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

3.4.7 PROMOTING DIVERSITY

› Challenges

In keeping with the Group's vision of offering "simple, inventive and reliable choices for everyone, everywhere, every time", its goal is to represent the communities in which it operates and the consumers whose everyday lives it seeks to improve. This ambition entails:

- taking action to ensure that its teams reflect as closely as possible the diversity of the Group's customers and consumers around the world;
- welcoming its team members and giving them a sense of responsibility through a culture of inclusion founded on practices of responsible leadership and management;
- encouraging the diversity and dynamism of its teams as drivers for innovation and a key factor for its success.

› Approach

The new BIC Diversity & Inclusion Credo, which was signed by the CEO and the CHRO in May 2019, reinforces BIC's commitment to Diversity and Inclusion by appreciating that the blending of different backgrounds, experiences and perspective in a collaborative environment which values open perspectives, will make the organization stronger and better prepared for the challenges ahead. It is shared by all of the Group's entities worldwide and has been translated into the main languages spoken in the Group.

› Progress made in 2019 and performance

Celebrating diversity

As part of its Diversity & Inclusion strategy, BIC conducted a campaign entitled "Celebrate Diversity" throughout the year, with special diversity days, weeks and months. The campaign was launched to:

- reinforce the organization's commitment to Diversity and Inclusion and create an environment that values open participation from diverse viewpoints and where everyone can unlock their true potential
- build goodwill with team members and make BIC an attractive place to work for candidates;
- enhance BIC's reputation on a topic that companies are increasingly becoming vocal about.

Launched on March 8, 2019, to coincide with International Women's Day, the program encouraged all team members to show their support for gender equality. On May 21, 2019, World Day for Cultural Diversity, BIC launched an LGBTQ pride month. On the same day, Gonzalve Bich announced the Group's endorsement of the UN global Standards of Conduct for Business, conceived to combat discrimination against LGBTI people in the workplace.

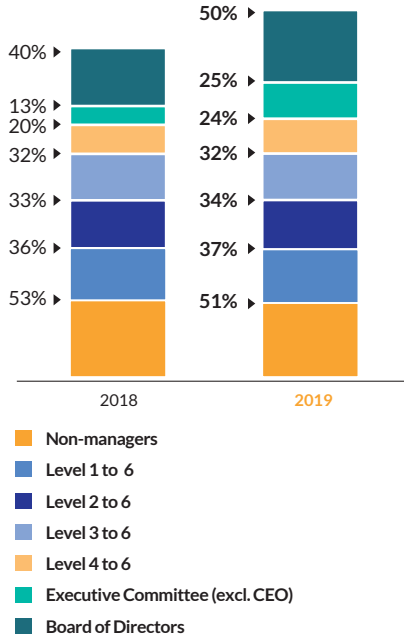
Unconscious bias training

In June 2019, 50 of BIC's senior executives met for a leadership summit. One of the many items on the agenda was an interactive training exercise on unconscious bias, which enabled the team to gain better self-awareness and understand how past experience shapes each person's mindset and personality, and how that can impact the effectiveness of their leadership behaviors.



Male/Female equality

PERCENTAGE OF WOMEN IN THE PERMANENT WORKFORCE BY LEVEL - BIC GROUP



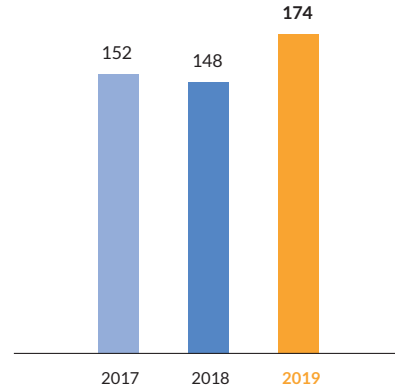
In 2019, women accounted for 48% of permanent team members in the Group: 36% in Europe, 42% in North America, 48% in Latin America and Asia, 39% in Middle East/Africa, 41% in Asia-Pacific/Oceania, and 60% in India.

Compared with 2018, the proportion of women in the headcount remains globally stable.

Disabled team members

BIC Group is committed to promoting employment for the disabled. Its entities conduct short-term and long-term initiatives in this direction at the local level, reflected in particular by training and employment assistance programs for disabled workers.

NUMBER OF DISABLED WORKERS ON THE PERMANENT AND TEMPORARY WORKFORCE - BIC GROUP



In 2019, disabled workers at the Group’s largest sites totaled 174 (excluding indirect jobs associated with outsourcing). They numbered 56 in Europe, 24 in North America, 71 in Latin America and 23 in the rest of world (Middle East, Africa, India, Oceania, and Asia).

Intergenerational equity

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

In this context, BIC seeks to promote:

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



3.4.8 SOCIAL DIALOGUE

› Challenges

BIC strives to use all the means available to engage in dialog with its team members. In this spirit, it sets up the initiatives on listening to team members as mentioned on page 98. To maintain its team members' engagement and remain attentive to their expectations, the Group strives to cultivate a high-quality social dialog, either directly with the management or with the team members themselves, their representatives, or labor union representatives at unionized sites.

› Approach

In every country where the Group has operations, it complies with all applicable collective agreements. In addition, each subsidiary

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

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

› Progress made in 2019

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

The following table gives a few examples of such agreements.



Perimeter	Topics
France, all entities	In compliance with new French legislation, in 2019 a single staff representative body was designated for each legal entity concerned. Called the Social and Economic Committee ("CSE" in French), it combines all of the previous committees - including the works council ("CE"), the workplace health, safety and working conditions committee ("CHSCT") and staff delegates ("DP") - and unites all of their missions and prerogatives. The negotiations with social partners for effecting this change, as well as the elections for choosing representatives, took place throughout the year in the different companies within the Group.
France	Research and innovation are increasingly important challenges for BIC. In order to foster innovation, the compensation policy for researchers was reviewed in order to simplify it, make it clearer and fairer, and ensure that it effectively encourages inventiveness and creativity. A five-year agreement signed with all union organizations representing BIC team members in all French entities has enabled the Group to achieve this key goal.
Clichy (France)	As a result of the <i>Invent the Future</i> project and the impact of the related reorganizations on the BIC Services teams, a majority collective agreement was signed in 2019 concerning the implementation of the economic redundancy plan. The labor unions and BIC signed an agreement on the conditions for supporting team members affected by the reorganization.
Australia (Consumer Products)	For the sake of collective performance and individual development, while ensuring consistency across the Company, BIC decided to extend the new Performance Evaluation process to team members covered by the BIC Australia Pty. Ltd. Enterprise Agreement. BIC Australia has presented the process to the National Unions of Workers and held discussions with them on a question/answer mode for implementing it.
Mexico (Stationery)	In order to meet production needs, it was necessary to modify the working time agreement in force with the aim of having around 200 team members work on different shift patterns. After lengthy discussions, an agreement was reached to meet the Group's needs, while guaranteeing progress for the team members concerned.

› Performance

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

Team members in Manaus (Brazil) can make their observations and expectations known through the "HR & You" program. This new communication channel allows team members to dialog with human resources staff via a questionnaire focusing on leadership effectiveness, communication, remuneration and engagement. The Leadership members are also questioned in order to highlight any convergences or gaps that might arise between the two groups. Action plans are then defined to address the critical points thus identified.

› Perspectives

This culture of remaining attentive to its personnel and taking collective requests into consideration is vital for the Group and will be maintained in the years to come through contacts with both labor unions and employee representatives. In 2020, the Group plans to:

- renegotiate the three-year agreements now in force for BIC Iberia (Spain) and Milford (United States);
- following the reorganization of BIC Services, continue negotiations on important issues such as the quality of life at work, gender equality, etc.;
- open negotiations for a new profit-sharing agreement for DAPE74, the previous agreement having expired on December 31, 2019.

Lastly, the Group also intends to review and update the staff representation systems in all of its entities.



3.5. RESPONSIBILITIES RELATED TO OUR SUPPLY CHAIN ^[NFPS]

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

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

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

3.5.1 THE RESPONSIBLE PURCHASING APPROACH

3.5.1.1 Challenges and opportunities related to responsible purchasing

In the course of its operations, BIC works with more than 15,000 suppliers and subcontractors. For the Group, being a responsible company means maintaining control over the entire value chain. The Purchasing Departments analyze all risks: stock levels, diversification of suppliers and sourcing zones, risks associated with the country and the rarity of the resource.

3.5.1.2 The Responsible Purchasing Charter

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

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

3.5.1.3 Writing the Future, Together - #4 Proactively involving suppliers

› Approach

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

The ambition of the purchasing strategy is to maximize purchasing's contribution to the creation of value for BIC, its suppliers and subcontractors by:

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

A complete review of the supplier database was carried out in 2019 in order to identify suppliers that are considered strategic for BIC based on four criteria:

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

As a result of this review, the Group has identified 292 strategic suppliers among the 15,000 suppliers in its database.

› Progress made in 2019

In 2019, BIC Purchasing department reached the second benchmark in fulfilling commitment #4 of "Writing the Future, Together", proactively involving suppliers, with the following measures:

- **a new organization** that designates a single buyer for each purchasing family in charge of supervising all phases of supplier relations;
- the introduction of **a guide for assessing and selecting strategic suppliers based on their approach and CSR performance**. For each purchasing family, this guide lists the CSR challenges, the stipulations to include in the specifications and the criteria for evaluating the supplier's response. Each supplier is given a "CSR rating", which is used to select the suppliers who make the strongest contribution to the Group's purchasing strategy;

- a responsible purchasing training program integrated into the global buyers training curriculum. This program, which is mandatory for all members of the purchasing teams, is available to all team members in the BIC University catalogue. Its rollout began in late 2019 and all purchasing team members will have completed the program by the end of 2020.

The CSR-based suppliers assessment and selection guide comes on top of the three main tools that BIC uses to ensure compliance with its Responsible Purchasing Charter:

- compliance with the Code of Conduct (see page 110);
- audit programs (see page 110);
- ESG evaluations by EcoVadis.

› Perspectives

In order to monitor progress toward goal #4, proactively involving suppliers, the purchasing teams intend to implement an indicator specifying the percentage of strategic suppliers involved in at least one responsible purchasing action. To that end, in 2020 they plan to define pertinent “responsible purchasing actions” for each purchasing family in relation to the goal of ensuring “the most secure, innovative and efficient sourcing”. These responsible purchasing actions can be already underway (buyer training, assessment and selection of suppliers based on CSR performance, etc.) or in development, such as innovation for the substitution of plastics in packaging, supplier awareness of BIC’s responsible purchasing approach, etc. The groundwork undertaken in 2019 will be used to define a roadmap and establish goals for each buyer in each product family.

3.5.2 ENSURING RESPECT FOR HUMAN RIGHTS IN THE WORKPLACE [NFPS]

3.5.2.1 Challenges, risks and opportunities related to non-respect of human rights in the workplace [NFPS]

[NFPS risk 5] Among its main CSR risks, BIC has identified risks related to the non-respect of human rights (child labor, international conventions, ILO): non-compliance with fundamental human rights such as child labor, discrimination or forced labor may result in legal action against BIC and major consequences in terms of reputation and attractiveness.

Controlling its value chain is also a source of opportunities for BIC, such as:

- controlling quality, cost and production conditions by manufacturing most (92%) of the Group’s products in its own factories;
- strengthening relations with strategic suppliers in order to ensure the most secure, innovative and efficient sourcing;
- identifying opportunities for partnerships in order to meet the environmental and product development challenges of tomorrow.

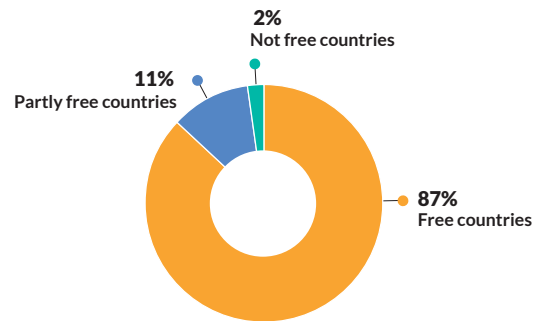
3.5.2.2 BIC’s human rights in the workplace policy [NFPS]

Limiting contract manufacturing

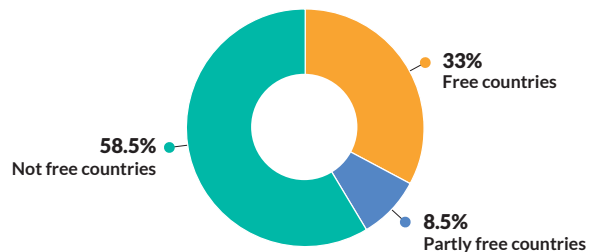
BIC’s reliance on contract manufacturing is relatively low. Overall, 92% of the Group’s net sales are generated by products made in its own factories. 83% of these factories are located in countries with no Human Rights risk according to Freedom House ⁽¹⁾.

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

PERMANENT WORKFORCE BY CATEGORY OF COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2019 – BIC GROUP



CONTRACT MANUFACTURERS BY CATEGORY OF COUNTRY IN RELATION TO HUMAN RIGHTS RISK ⁽¹⁾ IN 2019 – BIC GROUP



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



An approach guided by the BIC Code of Conduct

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

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

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

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

3.5.2.3 Actions taken: the social audit program ^[NFPS]

Compliance with the Code of Conduct is verified by an audit program covering all the factories where BIC® products are manufactured. BIC has had a specific audit program in place for

more than 15 years to ensure compliance with its Code of Conduct by contract manufacturers. The program applies to both global contract manufacturers and contract manufacturers under local contracts producing BIC® products for local markets for BIC Consumer Products and BIC Graphic (Advertising and Promotional Products). Regular audits are conducted every two years to verify that standards are maintained at a satisfactory level.

Audits are carried out by third party Auditors. In 2014, BIC Group introduced the Workplace Condition Assessment (WCA) platform. This assessment tool is based on national laws, integrating ILO standards and existing best practices, and is consistent with the Group Code of Conduct. The WCA comprises more than 180 evaluation criteria covering a range of topics: child labor, forced labor, discrimination, harassment, freedom of association, working hours, salaries, employment contracts, health and safety and environmental responsibility. Contract manufacturers are audited and rated on each criterion and then given an overall score. This platform allows the Group to closely monitor a contract manufacturer's performance in relation to each indicator. Deficiencies in each evaluation criterion are rated as major, moderate or minor, thus allowing the implementation of targeted corrective action plans where needed. It also includes global benchmarks for each country and each Group business sector. All contract manufacturers producing BIC® products are audited over a two-year cycle, during which improvement programs will be implemented based on deficiencies identified during the assessment. BIC sees social responsibility as a partnership that requires shared values. In this spirit, BIC favors a common commitment to improvement rather than breaking off relations with a partner. The box below explains the main steps in the evaluation of contract manufacturers.

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

THE SIX STEPS FOR EVALUATING CONTRACT MANUFACTURERS

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

3.5.2.4 Results of the social audit program and perspectives ^[NFPS]

In 2019, 35 contract manufacturers (for Consumer Products or BIC Graphic) were audited, representing 43% of our active contract manufacturers at year end. The audits directly requested and managed by BIC, revealed, 34 major, 189 moderate and 166 minor deficiencies, and 34 corrective action plans were implemented. The four biggest areas of deficiency were found in management systems, health & safety and wages & hours:

- the facility has comprehensive working hour and wages management processes and procedures in a written manual

that support adherence to social compliance requirements but they are not all being properly implemented: 5%;

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

› Perspectives

In the years to come, BIC plans to pursue its social audit program, which will be incorporated in the BIC strategy “Writing the Future, Together” and its commitment #4, Proactively involving suppliers.

3.5.3 ETHICS AND THE FIGHT AGAINST CORRUPTION ^[NFPS]

3.5.3.1 Challenges and risks related to ethics and the fight against corruption ^[NFPS]

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

[NFPS risk 6] Among its main CSR risks, BIC has identified risks related to corruption: the risk of corruption and unfair practices can lead to legal actions against the Group and major consequences in terms of reputation and attractiveness.

3.5.3.2 Ethics and anti-corruption policies ^[NFPS]

BIC Code of Ethics

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

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

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

BIC Anti-Corruption Policy

Since 2016, the Group Anti-Corruption Policy has defined the appropriate conduct mandatory for all BIC personnel, including team members, managers or Directors, and for all parties acting on the Group's behalf: subsidiaries, affiliate companies, partners under

contract, wholesalers, or consultants. The Policy describes how business must be conducted with third parties to protect against corrupt practices and avoid their occurrence. BIC Group does not tolerate any kind of corruption or bribery and has made a commitment to fight corruption in all of its forms. The Anti-Corruption Policy covers the following topics:

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

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

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

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

Additionally, as part of BIC's continuing efforts to ensure compliance with the Group Anti-Corruption Policy, the Group Code of Ethics and other legal and ethical policies, the alert hotline became accessible to third parties in 2019.

The alert hotline is featured on the home page of the BIC Intranet, the central hub of information for all team members worldwide. It is now being improved and updated for easier accessibility.

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

It is the responsibility of the entities' CFOs or equivalent Officers to assess the entities' tax positions and manage all tax filings. The Group Tax Department provides broader support to all entities. In 2019, the internal control procedures did not detect any case of tax evasion linked to the activities of the Group.

3.5.3.3 Actions taken and perspectives ^[NFPS]

In 2019, BIC continued to expand its mandatory training programs on ethics and the fight against corruption. An e-learning module is online and live training sessions are offered for team members in Latin America, Africa, the Middle East and the Asia Pacific Zone.

In the years to come, BIC will continue to enhance its third-party risk management, relying on the supplier risk management mechanisms already in place and extending its due diligence, risk assessments and risk mitigation measures for key customers. Additionally, new training programs will be introduced by BIC to cover other aspects of compliance, in particular duty of care, the fight against anti-competitive practices and data privacy.



3.5.3.4 Responsible lobbying and participation in sector working groups

› Challenges

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

› Approach

Participation in sector dialogue

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

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

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

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

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

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

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

Clearly identified lobbying responsibilities

At the highest level within the Group, CEO Gonzalve Bich and the members of the Executive Committee are responsible for steering and monitoring all lobbying actions on a regular basis.

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

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

Team members awareness

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

› Progress made in 2019

In 2019, BIC focused its lobbying activity on the monitoring of pending regulations and standards concerning stationery products (EU directives and regulations: REACH, CLP, Toy Safety), lighters (safety standards and market surveillance, CLP, e-commerce), and lighters and shavers (legislation in Spain's autonomous communities concerning product typologies and end-of-life management).

3.6. SOCIETAL BENEFITS RELATED TO BIC® PRODUCTS

3.6.1 WRITING THE FUTURE, TOGETHER – #5 IMPROVING LIVES THROUGH EDUCATION

› Challenges and opportunities

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

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

› Approach

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

The Group acts through three channels:

- actions undertaken by the BIC Corporate Foundation;
- philanthropic actions (donations of products, funding and skills) undertaken by local entities for the benefit of their communities (detailed in section 3.6.2);
- actions to help improve learning conditions, including awareness of the benefits of writing by hand in the learning and memorization processes.

At the end 2019, BIC estimated the number of children whose learning conditions have been improved through direct actions with children or through actions with teachers and parents at 61 million.

3.6.1.1 The BIC Corporate Foundation

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

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

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

Supporting a total of 26 projects in 15 countries, the BIC Corporate Foundation reached its annual engagement goal in 2019. It also renewed its annual call for projects for the third time and developed communication tools to raise awareness of its actions both within and outside the Group. Upon their request, the Foundation also contributes its expertise to help BIC teams that want to enter into partnerships to promote educational causes, in particular helping them choose appropriate, reliable partners (NGOs, non-profit organizations, etc.).

Examples of projects backed by the BIC Corporate Foundation in each of its main fields of action:

Reducing the school dropout rate

In France, AFEV (*Association de la Fondation Étudiante pour la Ville*) seeks to combat inequality, in particular among children and young people who are experiencing social or scholastic difficulties. The BIC Corporate Foundation supports programs in three cities:

- in Brest, extension of the individual tutoring program for children and young people who need scholastic help and/or who recently arrived in France;
- in Bordeaux, improvement of the individual tutoring program by developing new courses and educational tools and expanding to a new neighborhood;
- in Reims, development of an individual tutoring program in two new underprivileged neighborhoods.

A program in a fourth city, Rennes, will be added for the 2020-2022 period.



(1) Unesco Institute for Statistics.



Educational opportunities for girls and women

Laboratoria (Latin America) aims to give women from underprivileged areas access to careers in computer technology. By targeting women, Laboratoria also seeks to promote gender equality in a largely male-dominated sector. In March 2019, the NGO celebrated its 1,000th graduate with an international “hackathon” called #hackinginequality. In April 2019, Laboratoria opened its new training center in Mexico City. The BIC Corporate Foundation provides support for the further development of a six-month training program in computer coding that includes participation in projects carried out directly in the workplace, leading to recruitment by partner companies.

Environmental education

Nébédáy (Senegal). In Senegal, a country where the current deforestation rate is the equivalent of 300 football fields every day, the association Nébédáy seeks to promote the participative management of natural resources by and for the local communities through education and the responsible development of income-generating activities. The project backed by the BIC Corporate Foundation aims to improve environmental education in schools and raise awareness among children through a reforestation campaign. The project will be implemented in Fatick, a coastal region that is vulnerable to soil erosion and desertification.

3.6.1.2 Awareness and coaching actions

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

- initiatives in schools in a number of countries (Côte d’Ivoire, Ghana, Morocco, South Africa, Cameroon, Egypt, Spain, India, Morocco, Nigeria, the Philippines, etc.) such as: building awareness of the importance of education and writing, the production of written materials or workshops to offer teachers resources that they can use in class;
- for the second time in 2019, a special week was dedicated to education. Called “BIC Global Education Week” (November 5-8), the event offered all BIC team members the opportunity to donate a day of their time to improving learning conditions in their local community;
- BIC Group inaugurated its first ever BIC Cello vocational training center in Karembeli, India. After 500 hours of training and an official exam, students were awarded a certificate. Two cohorts graduated during 2019 and all of them found jobs, at BIC or elsewhere. The third cohort is currently undergoing training. The course delivers a state-recognized diploma and is approved by Center for Entrepreneur Development, Gujarat Govt.

› Perspectives

In 2020, BIC will pursue its efforts, continuing to work with key people to promote successful education, as well as pupils and students, teachers and parents.

3.6.2 PHILANTHROPIC ACTIONS BY BIC AND ITS SUBSIDIARIES

› Challenges and opportunities

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

› Approach

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

In Morocco, BIC launched its second BiblioBIC in 2019 as part of an initiative to renovate libraries in order to give schoolchildren and older students spaces conducive to studying, learning and knowledge expansion.

In keeping with its commitment to promote education, BIC East Africa worked in Kenya with the association Carolina for Kibera to donate BIC® pens and BIC® Evolution Red pencils to 171 schools, for the benefit of more than 59,000 underprivileged students in Kibera, Nairobi’s largest shantytown.

In 2019, BIC South Africa renewed its large-scale “Buy a Pen, Donate a Pen” charity products campaign. South Africa is a country that faces enormous educational challenges: more than 2 million of its citizens are illiterate and its unemployment rate exceeds 27%. For this campaign, for each product purchased, BIC South Africa donates one pen to the NGO READ Educational Trust, which distributes them to underprivileged children. As in previous years, the operation was a huge success, with 1.5 million pens once again donated, bringing the overall total to 10 million pens in seven years.

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

In India, BIC Cello launched in September 2018, ‘Cello Write-to-Win’, a school initiative aimed at promoting a healthy attitude towards learning and education. The stress and fear of school failure can often adversely affect children’s social, emotional and academic success. The ‘Cello Write-to-Win’ program has been designed to train students to use handwriting as a tool to learn more efficiently and help them manage the stress levels that come with exams. Since its launch last year, the program has impacted almost 4 million students across India.

The program includes two workshops that were developed by a team comprised of certified handwriting analysts and experts from the field of education training. The first workshop, 'Secret to handwriting', engages students from the 4th to the 6th grade. The session teaches them the techniques they need to develop and enhance their handwriting skills, helping them manage the transition from pencil to pen.

The second workshop, "Making Exams Stress Free", targets older students from the 7th to the 9th grade. The session teaches students four cognitive techniques that help them to enhance their learning and memorization skills and enable them to prepare better for their exams. The workshop also trains students on writing with speed while maintaining precision.

BIC also continues to support various sponsorship actions in the fields of health, emergency aid and in favor of sports.

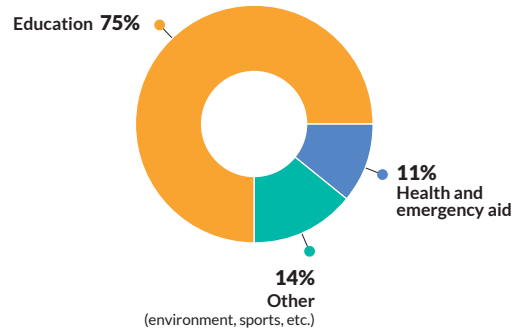
› Performance

In 2019, product donations and financial aid worldwide represented 2 million euros (internal valuation), primarily in education⁽¹⁾, health and emergency aid. These two sectors represent 84% of BIC's community activities in number and 86% in financial value.

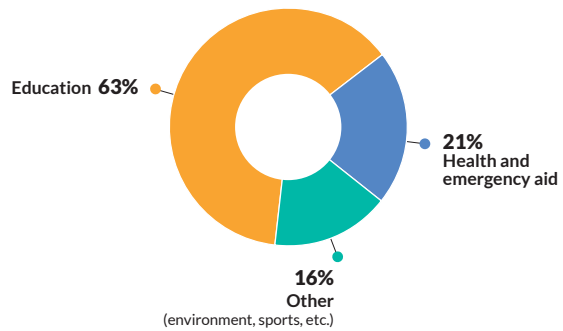
“ **Group objective achieved: the contribution toward communities is more than 0.70% of pretax profit.** ”

“ **208 philanthropic projects involving volunteer work, product donations and financial aid carried out worldwide in 2019 (all fields combined).** ”

FINANCIAL BREAKDOWN OF ACTIONS - BIC GROUP - 2019



BREAKDOWN OF ACTIONS BY NUMBER - BIC GROUP - 2019



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



3.6.3 MAKING OUR PRODUCTS AFFORDABLE TO ALL

› Challenges and opportunities

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

In 2019, 32% of the Group’s turnover came from these growth markets.

› Approach and progress made in 2019

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

- building close relations between its production units and their distribution markets. In 2019, BIC strengthened its position in Africa with the acquisition of a 100% share in Lucky Stationery Nigeria Ltd, Nigeria’s leading manufacturer of writing instruments. With this acquisition, BIC is bolstering its presence on the Tanzanian, Ethiopian and Ugandan markets;
- creating products for growth markets;
- adapting BIC® products to the buying power of emerging countries;
- completely rethinking the packaging, in order to market products in packs of only one or two items;
- offering the best functionality at the best price, setting an optimal fair price for BIC® products in collaboration with local retailers, in consideration of local consumption trends and selling price thresholds;
- developing innovative distribution models, relying on local retailers to develop appropriate distribution channels, such as individual kiosks, micro-shops or service outlets near schools.

3.6.4 EXPERIMENTING WITH INNOVATIVE ALTERNATIVE DISTRIBUTION MODES THROUGH A SOCIAL BUSINESS INITIATIVE

› Challenges and opportunities

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

› Approach

An internal qualitative study conducted in 2018 showed that, apart from a few niches, BIC® products are mostly well-suited for the widest possible public, and that BIC team members are convinced that inclusive distribution is a useful leverage point for meeting the needs of consumers at the bottom of the pyramid. The Group’s approach is based on the launch of nine financially viable inclusive distribution projects, with the aim of identifying three to be maintained over the long term.

To that end, BIC is focusing on the development of partnerships with major companies that have established their own distribution modes.

› Progress made in 2019

In 2019, BIC initiated the creation of an application that will record sales in real time for each point of sale.

In Madagascar, BIC has developed a project for a network of itinerant vendors. The project in Senegal was improved in preparation for the deployment of the real-time sales monitoring application, and other projects are ongoing in Ghana, Cameroon and Morocco.

3.7. MILESTONES ^[NFPS]

3.7.1 EXTRA-FINANCIAL RATINGS

In 2019, BIC was listed on the following socially responsible investment indexes:

- CDP Climat 2019: Leadership Level A- (see page 89);
- CDP Supplier Engagement Rating 2019: Leadership Level A-;
- The FTSE4Good Index;
- The Ethibel Pioneer and Ethibel Excellence Investment Registers;
- The Ethibel Sustainability Index (ESI) Excellence Europe;
- The STOXX Global ESG Leaders Index.

3.7.2 PERIMETER AND SELECTION OF INDICATORS

The reporting period covered by the present report is from January 1 to December 31, 2019.

3.7.2.1 Information not included in the Non-Financial Performance Statement

In compliance with article L. 225-102-1 of the French Commercial Code, BIC does not include the following topics in its Non-Financial Performance Statement, because they do not represent major challenges, risks or opportunities for the Group.

Impact on biodiversity

The Group's effect on biodiversity takes place primarily through its land use (industrial, logistical and administrative sites). To evaluate this impact, BIC relies on a "site approach". A cartographic analysis of the physical surroundings of each BIC⁽¹⁾ factory was carried out in 2011. The majority of BIC's factories are in non-sensitive (in most cases industrial) zones, and neither their land use, nor their operations, pose any evident risk to their surroundings. In places where there are specific obligations, the management systems address the problem and enable follow-up.

Air, water and soil release that seriously affect the environment

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

Conditions for use of soil

In Europe and the United States, where most of the Group's sites are located, whenever an industrial site is closed, BIC ensures that plant decommissioning is performed in accordance with local laws

and best environmental practices. When appropriate or when required by law, BIC carries out studies of the soil and subsoil, although most sites are not subject to compulsory examination. Studies of pollution at European plants that had been in operation for many years demonstrate that the Group's activities do not have a significant impact on soil and subsoil. For French plants subject to specific regulatory requirements, the policy for preventing the risk of soil pollution is an integral part of the operating plan.

Noise and odor impact

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

Concerning noise impact, measures are taken within the property limits in order to fulfill administrative requirements according to local regulations. If any noise pollution is brought to the Group's attention in the future, studies will be conducted and any appropriate corrective actions implemented.

Fighting against food waste, combating food insecurity and promoting responsible, fair trade, sustainable food

Although these are not key issues for BIC, the Group holds regular awareness events for team members in its company restaurants, especially in Brazil and France.

3.7.2.2 Reporting perimeter of indicators

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

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

In 2019, the Cello Karambeli stationery factory was added to the perimeter.

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

In 2019, two Cello sites, Cello Plastic Products and Cello Stationery Division, were removed from the environment-health-safety perimeter, and in China, the China Test Lab-STL Team office was closed. The Cello Karambeli site was added to the reporting perimeter.

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



(1) The study perimeter does not include Cello Pens.



3.7.2.3 Indicators

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

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

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

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

The environmental indicators are normalized to production so that their measurements are less affected by variations in production volumes. However, it should be noted that these indicators also include elements that are not correlated to production, such as energy consumption for the heating and lighting of buildings, which correlates more closely to climatic conditions.

In addition, for BIC, the term "water consumption" is understood to mean total water withdrawal, regardless of any subsequent treatment or emissions of wastewater.

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

Concerning the reporting of greenhouse gases emissions, the conversion factors for scope 1 are from the French Environment and Energy Management Agency (ADEME) carbon database (version 2.20.0). Conversion factors for scope 2 "location based" emissions are those proposed annually by the International Energy Agency (IEA). Unless otherwise indicated, the indirect emissions correspond to scope 2 emissions using a location-based approach.

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

Greenhouse gas emissions related to purchase of raw materials

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

Percentage of BIC® products with at least one environmental benefit

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

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

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

Share of the BIC® product portfolio assessed using the Sustainable Scorcard

In 2019, the perimeter of application for this indicator is as follows:

- Stationery: all writing, marking, coloring and correction products excluding: Cello® products, Sheaffer® products, products under license, unbranded writing instruments, sticky notes, certain specific writing products (Stypen Easy Clic, Fountain Xpen, Gilbert products, Velleda® whiteboards), some coloring products (paints, gouache, glitter pens);
- Shavers: one-piece products, hybrid products excluding products in the System family;
- Lighters: pocket lighters, and excluding products from the Utility family.

Percentage of responsible materials for packaging

This indicator includes all packaged BIC® products delivered to the Group's customers all over the world (except pallets): consumer packaging (pouch, blister, cardboard box), outer/inner, shrink-wrap, lighter displays, etc. It is calculated on material weight and concerns the products of the three main categories (excluding PIMACO, BIC Ecuador, BIC Nantong and Cello Pens activities).

Percentage of air freight

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

Emission factors were updated in 2019: The emission factors used are taken from the French Environment and Energy Management Agency (ADEME) carbon database (version 2.20.0).

Percentage of contract manufacturers audited

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

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

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

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

In 2019, the methodology for estimating the number of children affected by an action through teachers changed: 1 teacher directly impacted is reported as 90 children (indirect impact).

This corresponds to the impact of the action on a teacher for at least 3 years and to the worldwide average of a class of 30 children ($3 \times 30 = 90$ children per teacher).

As a result, the 2018 impact figure was also revised and increased to 30.6 million children impacted

The present report follows the methodological recommendations of the Global Reporting Initiative (GRI). The GRI indicators used in the report are referenced in the cross-reference table for environmental and social indicators (page 324).



3.7.3 INDICATORS TABLE

Environmental indicators	Unit	2017	2018	2019
Management systems of factories				
Factories with environmental and health & safety management systems (or with implementation under way)	%	84.0	83.0	83.0
Energy consumption				
Annual energy consumption	Gigajoules	1,190,167	1,176,465	1,149,930
Share of electricity of renewable origin	%	23	68	76
Annual energy consumption normalized to production	Gigajoules per ton	11.98	12.14	12.59
Greenhouse Gas (GHG) emissions				
Total amount of annual GHG emissions (<i>location based</i>)	tCO ₂ eq	102,681	98,283	97,711
• Direct GHG emissions (Scope 1) (<i>location based</i>)	tCO ₂ eq	8,637	9,813	9,278
• Indirect GHG emissions (Scope 2) (<i>location based</i>)	tCO ₂ eq	94,043	88,470	88,432
Total amount of annual GHG emissions GES (market based)	tCO ₂ eq	68,524	58,646	45,827
• Indirect GHG emissions (Scope 2) market-based	tCO ₂ eq	59,887	48,829	36,549
Total ratio of annual GHG emissions to production	tCO ₂ eq/ton	1.033	1.014	1.070
GHG emissions related to raw material purchase	tCO ₂ eq	276,000	316,000	347,000
GHG emissions related to intra-company transport ⁽¹⁾	tCO ₂ eq	67,000	37,000	34,000
Water consumption				
Annual water consumption	m ³	542,290	515,296	444,840
Ratio of annual water consumption to production	m ³ per ton	5.46	5.32	4.87
Waste production				
Annual waste production	Tons	21,430	20,515	20,049
• Non-hazardous industrial waste	Tons	18,171	16,908	16,526
• Hazardous industrial waste	Tons	3,259	3,607	3,522
Ratio of annual production of industrial waste to production	Tons/tons	0.216	0.212	0.220
Recycled waste	%	64	64	65
Recovered waste (recycled or incinerated with energy recovery)	%	79	78	81
Transportation				
GHG emissions related to intra-company transport ⁽¹⁾	tCO ₂ eq/ton	0.536	0.345	0.291
Intra-company transport operated without air freight	%	98.08	99.07	99.25
Products				
Number of products certified with the French <i>NF Environnement</i> ecolabel		19	19	19
Number of products that have at least one environmental benefit ⁽²⁾	%	>50.0	>50.0	>50.0
Packaging				
BIC cardboard packaging from a certified and/or recycled source	%	94.34	94.16	95.7
BIC plastic packaging PVC free	%	88.46	87.90	92.1
Other Indicators				
Provisions and guarantees for environmental risks ⁽³⁾	Million euros	-	-	-
Compensation paid during the fiscal year under court order	Million euros	-	-	-

(1) Not taking into account transport by road in sea and air travels.

(2) Excluding Cello Pens.

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

Social indicators	Unit	2017	2018	2019
Group workforce				
Total workforce (full-time equivalent)		18,848	16,955	16,794
• Permanent employees		14,936	13,664	12,777
• Temporary workers		3,912	3,291	4,017
Voluntary turnover	%	8	14	13
Permanent workforce by region				
Percentage of permanent workforce by region				
• Europe	%	26.9	30.0	31.0
• North America	%	5.4	5.0	6.0
• Developing countries	%	67.7	65.0	63.0
Permanent workforce by activity				
Percentage of permanent workforce by activity				
• Manufacturing and R&D	%	77	75	74
• Distribution, marketing et G&A	%	11	13	13
• Sales force and customer service	%	12	12	13
Training, career management and engagement				
Percentage of employees that have received training	%	75 ⁽¹⁾	68	60
Number of training days	Days	17,732 ⁽¹⁾	19,511	16,629
Number of training days per employee	Days	2.2 ⁽¹⁾	2.0	2.2
Number of training hours per theme	Hours	141,859 ⁽¹⁾	220,042 ⁽¹⁾	133,035
• Technical training	Hours	91,189 ⁽¹⁾	154,564 ⁽¹⁾	100,725
• Leadership skills	Hours	16,985 ⁽¹⁾	27,827 ⁽¹⁾	5,607
• BIC culture	Hours	27,110 ⁽¹⁾	23,738 ⁽¹⁾	11,814
• Health & Wellbeing	Hours	6,575 ⁽¹⁾	13,905 ⁽¹⁾	14,889
Internal promotion rate among managers (highest levels: 3 to 6)				
• External recruitment	%	31	38	41
• Internal recruitment	%	69	62	59
Participation rate in surveys	%	NA	93	NA
Internal development moves and promotion rate	%	30	25	25
Diversity				
Percentage of women in management and workforce				
• Board of Directors	%	40 ⁽¹⁾	49	48
• Executive Committee	%	13 ⁽¹⁾	14	25
• Managers (highest levels: 3 to 6)	%	29 ⁽¹⁾	32	32
Safety				
Incidence rate of workers' accidents – BIC workforce (accidents with temporary or permanent incapacity)	Number/million hours worked	1.87	2.09	1.85
Incidence rate of workers' accidents – BIC workforce and temporary workers (accidents with temporary or permanent incapacity)	Number/million hours worked	1.80	2.14	1.87
Severity rate of workers' accidents – BIC workforce (days of temporary incapacity)	Number/thousand hours worked	0.08	0.08	0.06
Absenteeism				
Absenteeism rate (excluding on-site accidents and maternity)	%	0.8	0.8	0.9

3

(1) Excluding Cello Pens.



3

OUR ENVIRONMENTAL, SOCIAL, AND SOCIETAL RESPONSIBILITY

Milestones [NFPS]

Societal indicators	Unit	2017	2018	2019
Respect for Human Right in the workplace				
Net sales from BIC® products manufactured in its own factories	%	90	92	92
BIC permanent employees working in countries with no Human Rights risk ⁽¹⁾	%	80	87	87
BIC factories located in countries with no Human Rights risk ⁽¹⁾	%	91	87	83
Contract manufacturers located in countries with no Human Rights risk ⁽¹⁾	%	36	32	33
Net sales in countries with no Human Rights risk ⁽¹⁾	%	84.9	84.0	83.0
Sponsorship				
Contribution to communities (percentage of the Group's pretax profit)	%	>0.5	>0.5	>0.7

(1) Source: Freedom House



3.7.4 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

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 readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Société BIC

Société Anonyme

14, rue Jeanne d'Asnières

92611 Clichy Cedex

However, it is not our responsibility to provide any conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

For the year ended December 31, 2019

To the Shareholders,

In our capacity as Statutory Auditor of BIC SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2019 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on request from its headquarters.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (Code de déontologie). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirement of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R.225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

Nature and scope of procedures

We performed our work in accordance with Articles A. 225 1 et seq. of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- we familiarized ourselves with the Group's business activity and the description of the principal risks associated.
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- we verified that the Statement covers each category of information stipulated in section III of Article L. 225 102 1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion.
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code.
- we verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.
- we referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and



- corroborate the qualitative information (measures and outcomes) that we considered to be the most important⁽¹⁾; concerning the information related to the risk of corruption and non-respect of human rights, and for the other qualitative information, our work was carried out on the consolidating entity;
- we verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information.
- we carried out, for the key performance indicators and other quantitative outcomes⁽²⁾ that in our judgment were of most significance:
 - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto,
 - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities⁽³⁾ and covered between 26% and all the consolidated data for the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

One of the Statutory Auditors,
Deloitte & Associés

Jean-Pierre Agazzi
Partner, Audit

Julien Rivals
Partner, Sustainability Services

Means and resources

Our work engaged the skills of six people between September 2019 and March 2020.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around a dozen of interviews with people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comments

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comment:

- as mentioned in the methodological milestones of the non-financial statement, the reporting perimeter is limited for some indicators (including those related to packaging, to the products that have at least one environmental benefit and to the audits of contract manufacturers that do not cover Cello Pens).

Paris-La Défense, March 23, 2020

(1) **Progress of the Writing the Future, Together program in 2019:** Evaluation of the environmental and/or societal footprint of products (commitment #1), Responsible sourcing involving strategic suppliers (commitment #4)

Other qualitative information: Evaluation of indirect greenhouse gas emissions (scope 3) and approach to limit these emissions, Measures for team member development, Ethics and anti-corruption approach

(2) **Progress of the Writing the Future, Together program in 2019:** Share of electricity of renewable origin (commitment #2), Incidence rates of workers' accidents for BIC workforce and temporary workers (commitment #3), Estimated number of children whose learning conditions have been improved (commitment #5);

Other quantitative information:

Products and packaging: Percentage of BIC® products with at least one environmental benefit, Percentage of recycled plastics used in the manufacturing of Stationery products, Percentage of cardboard packaging from a certified and/or recycled source, Percentage of plastic packaging PVC free;

Environment: Annual energy consumption normalized to production, Percentage of intra-company transport operated without air freight, Direct (scope 1) and indirect (scope 2) GHG emissions (location-based and market-based), GHG emissions related to intra-company transport (scope 3), GHG emissions related to raw materials purchase (scope 3), Ratio of annual production of non-hazardous and hazardous industrial waste to production, Percentage of recovered waste (recycled or incinerated with energy recovery);

Safety: Severity rate of workers' accidents for BIC workforce;

Human resources: Workforce as of December 31st, Percentage of women managers, Number of recruitments and terminations, Percentage of employees that have received training, Absenteeism rate

(3) BJ75 Redon (France), BIC Stationery Mexico (Mexico), BIC Shavers Mexico (Mexico), Toreo office (Mexico), BIC South Africa (South Africa), Cello Pens (India)



CORPORATE GOVERNANCE

4.1. ADMINISTRATIVE AND MANAGEMENT BODIES	126
4.1.1 Composition and functioning of administrative and management bodies	126
4.1.2 Functioning of the Board of Directors	144
4.2. CORPORATE OFFICERS' COMPENSATION	150
4.2.1 Compensation policy for the Chairman, Chief Executive Officer and Executive Vice-Presidents of SOCIÉTÉ BIC for 2020	150
4.2.2 Compensation and Benefits	154



This chapter, prepared with the support of the Remuneration Committee, Nominations, Governance and CSR Committee and Audit Committee, for the parts specific to them, includes the Corporate Governance report referred to in Article L. 225-37 of the French Commercial Code. It was approved by the Board of Directors held on February 11, 2020.

The cross-reference table for Corporate Governance indicates the sections of the Universal Registration Document corresponding to the sections of the Corporate Governance report, which do not appear in this chapter.

The Company refers to the AFEP-MEDEF's Corporate Governance Code for listed corporations (version dated January 2020 available on the website www.medef.fr). The Company complies with this Code except when indicated in this report (section 4.1.2.7).

4.1. ADMINISTRATIVE AND MANAGEMENT BODIES

4.1.1 COMPOSITION AND FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

4.1.1.1 Governance structure

Since its creation, the Company has been a public limited company (*société anonyme*) with a Board of Directors.

Our philosophy

The history of our Group is deeply rooted in an entrepreneurial spirit that led to inventive expansion into new categories and aggressive expansion into new geographies. We consider entrepreneurship to be in our DNA. It is vitally important for the Board and the Chief Executive Officer to foster that spirit and keep it alive in our culture for future generations.

The Board works with the Chief Executive Officer at building a vision and a set of expectations and guidelines. What are our growth aspirations, what businesses should we be in, what are our margin expectations, how acquisitive should we be in pursuit of our goals, etc. The Chief Executive Officer constructs the long-term strategy and annual plans designed to achieve these goals. In turn the Board reviews these plans, challenges where needed and ultimately approves. Upon approval, the Board joins with the Chief Executive Officer as accountable parties for our Company's long-term strategy.

The Board also carries the responsibility of monitoring the performance of the business. Establishing expectations and perimeters is one of the most important functions of the Board, and it is the Chief Executive Officer's responsibility to provide the necessary information, analysis and insight so that the Board may effectively discharge its duties. The information includes, but is not limited to, macro-economic trends, competitive landscapes, new technologies, acquisition possibilities, SWOT analyses, ROI projections and post-analyses, etc.

Last, it must be said that we always conduct ourselves consistently with the Values and DNA that has come to differentiate BIC: responsibility, simplicity, agility, entrepreneurship, anti-bureaucratic spirit, quick decision-making, long-term thinking, measured risk taking, respect of the strong family heritage and the Company's Code of Conduct, belief in the Brand, product-focus, manufacturing excellence, low production costs, consistently high quality, solid balance sheet.

Method of performance of General Management

Following the Shareholders' Meeting held on May 16, 2018, the Board decided the separation of duties of Chairman and Chief Executive Officer. Gonzalve Bich was appointed as Chief Executive Officer and Pierre Vareille as Chairman of the Board.

The Chairman of the Board is responsible for the leadership, governance and overall functioning of the Board and its Committees, while the Chief Executive Officer is responsible for the operations, reporting to the Board of Directors. The missions of the Board of Directors, of the Chairman and of the Chief Executive Officer are described in more detail in section 4.1.2.1. - *Remits of the Board of Directors and Chairman.*

The Executive Committee (which includes the Executive Vice-President) reports to the Chief Executive Officer. A complete chart of the Executive Committee is presented in section 2.4.3.2. - *The Executive Committee.*

Evolution of Administrative and Management Bodies occurred up to the Universal Registration Document's date of publication

	Departure	Appointment	Reappointment
Board of Directors	Resignation of Marie-Henriette Poinot as Director May 22, 2019	Appointment of Marie-Aimée Bich-Dufour as Director, replacing Marie-Henriette Poinot, resigning May 22, 2019	Renewal of Elizabeth Bastoni as Director May 22, 2019
	End of Mario Guevara's mandate as Director May 22, 2019	Appointment of Maëlys Castella as Director May 22, 2019	Renewal of Gonzalve Bich as Director May 22, 2019
	Resignation of François Bich's mandate as Director December 3, 2019	Co-optation of Timothée Bich as Director, replacing François Bich, resigning December 10, 2019	
		Appointment of Maëlys Castella as member of the Audit Committee May 22, 2019	
Audit Committee			
Remuneration Committee	Resignation of Marie-Henriette Poinot as member of the Remuneration Committee May 22, 2019	Appointment of Maëlys Castella as member of the Remuneration Committee May 22, 2019	
Nominations, Governance and CSR Committee	Resignation of Marie-Henriette Poinot as member of the Nominations, Governance and CSR Committee May 22, 2019	Appointment of Marie-Aimée Bich-Dufour as member of the Nominations, Governance and CSR Committee May 22, 2019	

4

4.1.1.2 Composition of the Board of Directors

The Board of Directors is chaired by Pierre Vareille. The Directors are appointed by the Shareholders' Meeting. The term of their office is three years except when shorter in order to favor a smoother replacement of Directors.

According to the Articles of incorporation, the Board of Directors must comprise between three and twelve members.

Diversity policy applicable to the Board composition

Supported by the Nominations, Governance and CSR Committee, the Board strives for a balanced composition adapted to the challenges that the Group faces. The Board is thus composed of women and men, all with high level management experience and/or with expertise in a particular field (such as finance, manufacturing and human resources). Moreover, the Board of Directors endeavors to be composed of at least one-third Independent Directors.

Information on how the Company is seeking gender balance on the Executive Committee and on the results in terms of gender equality among the 10% top positions is available in section 3.4.7. - *Promoting Diversity*.

Among the eleven members of the Board of Directors of SOCIÉTÉ BIC are:

- five women: Elizabeth Bastoni, Marie-Aimée Bich-Dufour, Maëlys Castella, Marie-Pauline Chandon-Moët and Candace Matthews, giving 50% female Directors ⁽¹⁾ since May 2019;
- one Director representing the employees: Vincent Bedhome;
- three different nationalities, helping the Group to benefit from an international vision;
- five Independent Directors within the definition of the AFEP-MEDEF's Corporate Governance Code: Elizabeth Bastoni, Maëlys Castella, John Glen, Candace Matthews and Pierre Vareille, giving 50% Independent Directors ⁽¹⁾.

(1) Excluding the Director representing the employees.



	Personal information				Experience			Position in the Board			Participation in Board committees
	Main position	Age	Gender	Nationality	Number of shares	Number of directorships in listed corporations ^(a)	Independence	Initial date of appointment	Term of office	Length of service on the Board	
Company Officers											
Pierre Vareille (non-Executive)	Co-President, Founder of The Vareille Foundation	62	M	FR	6,000	3	√	2009	2021	11 years	
Gonzalve Bich (Executive)	Chief Executive Officer	41	M	FR U.S.	^(b)	0		2018	2022	2 years	
Directors											
Elizabeth Bastoni	Chair of the Board of Directors and of the Nominations and Remuneration Committee of Limeade Inc.	54	F	U.S.	500	3	√	2013	2022	7 years	Remuneration Committee (Chair) Nom., Gov. and CSR Committee (Chair)
Timothée Bich	Portfolio Manager	34	M	FR	^(b)	0		2019	2020	<1 year	
Marie-Aimée Bich-Dufour	President of the Corporate Foundation BIC for Education	61	F	FR	^(b)	0		2019	2021	1 year	Nom., Gov. and CSR Committee
Maëlys Castella	Director of SOCIÉTÉ BIC	53	F	FR	500	0	√	2019	2022	1 year	Audit Committee Remuneration Committee
Marie-Pauline Chandon-Moët	President of Château de Ferrand SAS	53	F	FR	^(b)	0		2003	2020	17 years	
John Glen	Director of SOCIÉTÉ BIC	60	M	UK	500	0	√	2008	2021	11 years	Audit Committee (Chair)
Candace Matthews	Region President of The Americas – Anway	61	F	U.S.	500	1	√	2017	2020	3 years	Audit Committee, Nom., Gov. and CSR Committee
SOCIÉTÉ M.B.D. (Édouard Bich)	Managing Director of SOCIÉTÉ M.B.D.	55	M	FR	12,840,000	0		2006	2021	14 years	Audit Committee
Director representing employees											
Vincent Bedhome	Stationery Project Manager	54	M	FR	23	0		2017	2020	3 years	Remuneration Committee

(a) Number of directorships held by the Director in listed companies outside of the Group, including foreign companies, assessed in accordance with the recommendations of the AFEP-MEDEF Code.

(b) Holds directly more than 100,000 BIC shares and indirectly BIC shares through the family holding, SOCIÉTÉ M.B.D. On December 31, 2019, the holding held 12,840,000 shares, i.e. 28.20% of SOCIÉTÉ BIC share capital and 38.11% of the voting rights.

Independence of Directors

Based on the recommendations of the Nominations, Governance and CSR Committee, the Board of Directors reviewed the qualification as Independent Director at its meeting of February 11, 2020, in the light of the criteria set out in the AFEP-MEDEF Corporate Governance Code (§ 8):

Criterion 1	Not to be and not to have been within the previous five years: <ul style="list-style-type: none"> • an employee or executive officer of the Company; • an employee, executive officer or director of a company consolidated within the corporation; • an employee, executive officer or director of the Company's parent company or a company consolidated within this parent company.
Criterion 2	Not to be an executive officer of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the Corporation (currently in office or having held such office within the last five years) holds a directorship.
Criterion 3	Not to be a customer, supplier, commercial banker, investment banker or consultant: <ul style="list-style-type: none"> • that is significant to the corporation or its Group; • or for which the corporation or its Group represents a significant portion of its activity. <p>The evaluation of the significance or otherwise of the relationship with the Company or its Group must be debated by the Board and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the annual report.</p>
Criterion 4	Not to be related by close family ties to a company officer.
Criterion 5	Not to have been an auditor of the corporation within the previous 5 years.
Criterion 6	Not to have been a director of the Corporation for more than 12 years. Loss of the status of Independent Director occurs on the date of the 12 th anniversary.
Criterion 7	A non-executive officer cannot be considered independent if he or she receives variable compensation in cash or in the form of securities or any compensation linked to the performance of the corporation or group.
Criterion 8	Directors representing major shareholders of the corporation or its parent company may be considered independent, provided these shareholders do not take part in the control of the corporation. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the nominations committee, should systematically review the qualification as independent in the light of the make-up of the corporation's capital and the existence of a potential conflict of interest.

4

Criteria	Pierre Varelle	Gonzalve Bich	Elizabeth Bastoni	Vincent Bedhome	Timothée Bich	M-A. Bich-Dufour	Maëlys Castella	M-P. Chandon-Moët	John Glen	Candace Matthews	SOCIÉTÉ M.B.D. (E. Bich)
1: Not an employee or corporate officer within the past 5 years	✓		✓		✓		✓	✓	✓	✓	
2: No cross-directorships	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
3: No significant business relationships	✓		✓		✓	✓	✓		✓	✓	
4: No family ties	✓		✓	✓			✓		✓	✓	
5: Not an auditor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6: Period of office not exceeding 12 years	✓	✓	✓	✓	✓	✓	✓		✓	✓	
7: No compensation linked to the Company's or Group's performance	✓		✓	✓	✓		✓	✓	✓	✓	✓
8: Not representing a major shareholder	✓		✓	✓			✓		✓	✓	



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. In 2019, the sole relationships between a Director and BIC Group involved Directors qualified as non-independent. On the recommendations of the Nominations, Governance and CSR Committee, these relationships have been reviewed by the Board of Directors at the February 11, 2020 meeting and considered as non-significant in view of the commitments, the amount of the transactions they represent for each of the interested companies (they represent less than 0.05% of the commercial flows of each) and their normal conditions.

According to the Internal Rules and Procedures, Directors qualified as independent strive to maintain this quality. However, if a Director believes that he/she can no longer or will shortly no longer be qualified as independent under the AFEP-MEDEF's Corporate Governance Code, such Director must immediately notify the Chairman, who will place this item on the agenda of the next meeting of the Board of Directors.

Training of the Directors

Each Director is provided, if he or she considers it to be necessary, with supplementary training relating to the Company's specific features, its businesses, its business sector and its social and environmental responsibility aspects.

4.1.1.3 Evolution of the Board of Directors following the Shareholders' Meeting of May 20, 2020

Marie-Pauline Chandon-Moët and Candace Matthews, whose mandates are up for renewal, will be proposed for reelection for three years at the Shareholders' Meeting of May 20, 2020.

It will also be proposed to the Shareholders' Meeting the ratification of the cooptation of Mr. Timothée Bich as Director and the renewal of this mandate, as well as the appointment of Mr. Jake Schwartz as new Director.

Subject to the approval of the Shareholders' Meeting, the Board will be composed as follows:

- Pierre Vareille – Chairman;
- Gonzalve Bich – Director and Chief Executive Officer;
- Elizabeth Bastoni – Director;
- Vincent Bedhome – Director representing the employees;
- Timothée Bich – Director;
- Marie-Aimée Bich-Dufour – Director;
- Maëlys Castella – Director;
- Marie-Pauline Chandon-Moët – Director;
- John Glen – Director;
- Candace Matthews – Director;
- SOCIÉTÉ M.B.D. (Édouard Bich) – Director;
- Jake Schwartz – Director.

4.1.1.4 Mandates and duties of the Corporate Officers and Directors as of December 31, 2019

PIERRE VAREILLE

Chairman of the Board of Directors



62 years old

Nationality:
FrenchNumber of BIC shares held:
6,000**Basis of the appointment**

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2021, for fiscal year 2020

Member of a committee

No

Professional address

BERNOSADVISORS – Schwerzelrain 2 - 6315 Oberaegeri – Switzerland

Main position

- Co-President, Founder of “The Vareille Foundation” – Switzerland

Other current mandates or functions

- Director – Verallia – France
- Director – Outokumpu Oyj – Finland (listed company)

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

- Director – Etex SA – Belgium (listed company)
- Director – Ferroglobe plc – United Kingdom (listed company)
- Chief Executive Officer – Constellium NV – Netherlands
- Chairman of the Board of Directors – Constellium Switzerland AG – Switzerland
- President – Constellium France Holdco – France
- Director – Vectra – U.S.A.

Biography

Pierre Vareille has been Chairman of the Board of Directors of SOCIÉTÉ BIC since May 16, 2018 and an Independent Director since 2009. He was Vice-President of the Board and Lead Director from 2016 to May 2018.

Pierre Vareille started his career in 1982 with Vallourec, holding various positions in manufacturing, financial control, sales and strategy. After having held general management positions at GFI Aerospace, Faurecia and Péchiney, he was from 2004 to 2008 Chief Executive of the English automotive equipment manufacturer Wagon PLC. From 2008 to 2011 he served as Chairman and CEO of FCI and, from 2012 to 2016, as Chief Executive Officer of Constellium.

Pierre Vareille graduated from the *École Centrale de Paris* and is an alumnus of the *Institut d'Études Politiques de Paris* as well as the Sorbonne University (Economy and Finance) and the *Institut de Contrôle de Gestion*.

Independent Director

4



GONZALVE BICH

Director and Chief Executive Officer



41 years old

Nationalities:

French/American

Number of BIC shares held:

Holds directly more than 100,000 BIC shares and indirectly shares through the family holding, SOCIÉTÉ M.B.D. On December 31, 2019, SOCIÉTÉ M.B.D. held 12,840,000 shares, i.e. 28.20% of SOCIÉTÉ BIC share capital and 38.11% of the voting rights.

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Director: Annual Shareholders' Meeting of May 16, 2018
Chief Executive Officer: Board of Directors of May 16, 2018

Expiration date

Director: Annual Shareholders' Meeting in 2022 for fiscal year 2021
Chief Executive Officer: indefinite duration

Member of a committee

No

Professional address

SOCIÉTÉ BIC - 14, rue Jeanne d'Asnières - 92110 Clichy - France

Main position

- Chief Executive Officer of SOCIÉTÉ BIC

Other current mandates or functions

- Director - BIC Cello (India) Private Ltd. ^(a) - India
- Director - BIC UK Ltd. ^(a) - United Kingdom
- President, Chief Operating Officer and Director - BIC International Co. ^(a) - U.S.A.
- Director - Enactus Association - U.S.A.
- Director - Stewardship Foundation - Switzerland

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

None

Biography

Gonzalve Bich is Director and Chief Executive Officer of SOCIÉTÉ BIC since May 2018. He served as Executive Vice-President from June 2016 to May 2018. He was Chief Operating Officer (COO), responsible for the Group Consumer Products business, Human Resources and Information Technology from January 2017 to May 2018.

Gonzalve Bich joined BIC Asia in 2003, where he developed the regional business for four years. He moved on to serve as Group People Development Director before joining the Shaver category as Group Shaver Marketing Director. From 2008 to 2012, he led the Northern European business. In 2012, he was named Deputy General Manager, responsible for Middle East, Africa, Oceania and Asia Pacific. He was promoted to General Manager, Developing Markets (including Latin America) in July 2013 and took the responsibility for BIC Consumer business categories operations in Spring 2016, while leading the completion of the acquisition of Cello Pens (India's #1 stationery brand).

Gonzalve Bich holds a Bachelor of Arts degree in History from Harvard University.

^(a) BIC Group.

JAMES DiPIETRO**Executive Vice-President****60 years old****Nationality:**
American**Number of BIC shares held:**
25,231**Date of 1st appointment**

Board of Directors of May 18, 2016 – effect: June 2, 2016

Expiration date

The duties and powers of James DiPIETRO will expire on the date of appointment of a new Chief Executive Officer.

Professional address

SOCIÉTÉ BIC - 14, rue Jeanne d'Asnières - 92110 Clichy - France

Main position

- Executive Vice-President of SOCIÉTÉ BIC – Group Chief Financial Officer

Other current mandates or functions

- President and Director – Furtuna Holdings Co. Limited. ^(a) – British Virgin Islands
- Chief Executive Officer and Director – BIC International Co. ^(a) – U.S.A.
- Chairman, Chief Executive Officer and Director – BIC Corporation ^(a) – U.S.A.
- Director – No Sabe Fallar SA de CV ^(a) – Mexico
- Director – Industrial De Cuautitlan SA de CV ^(a) – Mexico
- Director – Servicios Administrativos Industrial de Cuautitlan SA de CV ^(a) – Mexico
- Vice-President – SLS Insurance Company ^(a) – U.S.A.

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

None

Biography

James DiPietro joined BIC in May 1998 as Senior Vice-President Finance of BIC Corporation. He was appointed Chief Financial Officer in 2002 and Executive Vice-President of SOCIÉTÉ BIC in June 2016.

Prior to joining BIC, he was Director of Finance for Bayer's Consumer Pharmaceutical business in North America.

He began his career as an Internal Auditor with Chase Manhattan Bank.

James DiPietro holds a Bachelor's degree in Accounting from St. John's University, New York, and a Master's degree in Finance from Pace University, New York.

4

(a) BIC Group.

ELIZABETH BASTONI

Director



54 years old

Nationality:
American

Number of BIC shares held:
500

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 15, 2013

Expiration date

Annual Shareholders' Meeting in 2022, for fiscal year 2021

Member of a committee

- Chair of the Remuneration Committee
- Chair of the Nominations, Governance and CSR Committee

Professional address

SOCIÉTÉ BIC - 14, rue Jeanne d'Asnières - 92110 Clichy - France

Main position

- Chair of the Board of Directors and of the Nominations and Remuneration Committee - Limeade Inc. - U.S.A.

Other current mandates or functions

- President of Bastoni Consulting Group, LLC - U.S.A.
- Member of the Audit Committee - Jerónimo Martins - Portugal (listed company)
- Vice-Chair of National Association of Corporate Directors - Seattle Chapter - U.S.A.

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

- President - Choukette, Inc. - U.S.A.
- Head of Human Resources at BMGI - U.S.A.
- Chair, Compensation Committee - Jerónimo Martins - Portugal (listed company)

Biography

Since 2011, Elizabeth Bastoni has served on Boards of family controlled, publicly traded companies in Europe and the United States. Having occupied all the functions in the boardroom, Elizabeth Bastoni brings a global vision with expertise in compensation, succession planning and governance.

Before joining BIC, she served on the boards and chaired the Remuneration Committee for The Rezidor Hotel (Stockholm) Group and CarlsonWagonlit Travel (Paris). Elizabeth Bastoni has also held Executive roles in France and the United States for BMGI, Carlson, The Coca-Cola Company, Thales, Lyonnaise des Eaux, Suez and KPMG.

Elizabeth Bastoni was appointed as Independent Director for SOCIÉTÉ BIC in 2013. She is Chair of the Remuneration Committee and Chair of the Nomination, Governance and CSR Committee.

Elizabeth Bastoni has a Bachelor of Arts degree from Providence College in Providence, Rhode Island (U.S.A.). She studied French at the Alliance Française (Paris) and French history and culture at La Sorbonne (Paris). She is a former student at L'Ecole du Louvre.



Independent Director

VINCENT BEDHOME

Director representing the employees



54 years old

Nationality:
French

Number of BIC shares held:
23

Basis of the appointment

Article L. 225-27-1 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Board of Directors' Meeting of December 13, 2017 (designated by the Group Works Council on November 9, 2017)

Expiration date

December 13, 2020

Member of a committee

- Remuneration Committee

Professional address

BIC Conté – Rue de Carly, ZAC de la Plaine de la Ruelle - 62830 Samer – France

Main position

- Project Manager in the Stationery category

Other current mandates or functions

None

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

None

Biography

In the Group since 1989, Vincent Bedhome has been a Project Manager in the Stationery category since 2003.

He previously held various positions at the BIC plant in Boulogne-sur-Mer, including R&D engineer, Industrial Project Manager and Production Manager.

Vincent Bedhome has a chemical engineering degree from HEI Lille (France) and a PhD in Spectrochemistry from the University of Lille (France).

4



TIMOTHÉE BICH

Director



34 years old

Nationality:
French

Number of BIC shares held:

Holds directly more than 100,000 BIC shares and indirectly shares through the family holding, SOCIÉTÉ M.B.D. On December 31, 2019, SOCIÉTÉ M.B.D. held 12,840,000 shares, i.e. 28.20% of SOCIÉTÉ BIC share capital and 38.11% of the voting rights.

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Board of Directors of December 10, 2019

Expiration date

Annual Shareholders' Meeting in 2020, for fiscal year 2019

Member of a committee

No

Professional address

SOCIÉTÉ BIC -14, rue Jeanne d'Asnières - 92110 Clichy - France

Main position

Portfolio manager

Other current mandates or functions

None

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

None

Biography

Timothée Bich was a portfolio manager at Stone Milliner Asset Management LLP until December 2019. He joined Stone Milliner as an execution trader from its launch in 2012 and was appointed Head of Execution in 2016. Before joining Stone Milliner, he worked as an analyst at Moore Europe Capital Management, supporting credit and macro portfolio managers (2010-2011).

Timothée Bich holds a Master of Science in Risk and Asset Management from EDHEC and a degree in Finance from University Paris Dauphine.

**MARIE-AIMÉE
BICH-DUFOUR**

| Director



61 years old

Nationality:
French
Number of BIC shares held:

Holds directly more than 100,000 BIC shares and indirectly shares through the family holding, SOCIÉTÉ M.B.D. On December 31, 2019, SOCIÉTÉ M.B.D. held 12,840,000 shares, i.e. 28.20% of SOCIÉTÉ BIC share capital and 38.11% of the voting rights.

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 22, 2019

Expiration date

Annual Shareholders' Meeting in 2021, for fiscal year 2020

Member of a committee

- Nominations, Governance and CSR Committee

Professional address

SOCIÉTÉ BIC - 14, rue Jeanne d'Asnières - 92110 Clichy - France

Main position

- General Affairs Delegate BIC Group and President of the BIC Corporate Foundation for Education

Other current mandates or functions

- Director – BIC Australia Pty. Ltd. ^(a) – Australia
- Managing Director – BIC GmbH ^(a) – Germany
- Chair of the Board – BIC (NZ) Ltd. ^(a) – New Zealand
- Director – BIC Portugal SA ^(a) – Portugal
- Director – BIC Holdings Southern Africa (Pty.) Ltd. ^(a) – South Africa
- Director – BIC Iberia SA (a) – Spain
- Representative of SOCIÉTÉ BIC in the Board – ANSA (Association Nationale des Sociétés par Actions) – France
- Representative of SOCIÉTÉ BIC in the Board – METI (Mouvement des Entreprises de Taille Intermédiaire) – France

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

None

Biography

Marie-Aimée Bich-Dufour is Delegate for general affairs and President of the BIC Corporate Foundation for Education.

From March 22, 1995 to March 31, 2019, she was Executive Vice-President of SOCIÉTÉ BIC and Board of Directors' Secretary.

She was Group General Counsel until February 1, 2016.

In 2004, she also took on the responsibility of the Sustainable Development Program until 2018.

Before joining BIC Group, Marie-Aimée served 12 years as a Lawyer at the Paris' bar.

She holds a Master's degree in Private Law from Paris Panthéon-Assas University and a Professional Lawyer's Certificate (CAPA).

^(a) BIC Group.

4



MAËLYS CASTELLA

Director



53 years old

Nationality:
French

Number of BIC shares held:
500

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 22, 2019

Expiration date

Annual Shareholders' Meeting in 2022, for fiscal year 2021

Member of a committee

- Audit Committee
- Remuneration Committee

Professional address

SOCIÉTÉ BIC - 14, rue Jeanne d'Asnières - 92110 Clichy - France

Main position

- Director of SOCIÉTÉ BIC

Other current mandates or functions

Non

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

- Chief Corporate Development Officer, Member of the Executive Committee - AkzoNobel - The Netherlands (listed company)
- Chief Financial Officer and Member of the Board of Management - AkzoNobel - The Netherlands (listed company)
- Member of the Board of Directors of AkzoNobel's Art foundation - The Netherlands

Biography

Maëlys Castella has a broad experience in finance, strategy, marketing and innovation working for international listed companies since 1992.

She has started her career in the oil and gas industry working in finance during eight years for Elf, now part of Total Group. In 2000 Maëlys Castella joined Air Liquide and held various Senior Management positions in Finance and Marketing before she was appointed Group Deputy Chief Financial Officer in 2013. Then she was Chief Financial Officer and member of the Board of Management of AkzoNobel from 2014 until 2017 and Chief Corporate Development Officer and Member of the Executive Committee from 2018 until 2019.

Maëlys Castella graduated from École Centrale de Paris and holds a Master's degree in Energy Management and Policy from the University of Pennsylvania (U.S.A.) and the French Institute of Petroleum (IFP).



Independent Director

**MARIE-PAULINE
CHANDON-MOËT**
(Maiden name: BICH)

Director



53 years old

Nationality:
French

Number of BIC shares held:

Holds directly more than 100,000 BIC shares and indirectly shares through the family holding, SOCIÉTÉ M.B.D. On December 31, 2019, SOCIÉTÉ M.B.D. held 12,840,000 shares, i.e. 28.20% of SOCIÉTÉ BIC share capital and 38.11% of the voting rights.

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 28, 2003

Expiration date

Annual Shareholders' Meeting in 2020, for fiscal year 2019

Member of a committee

No

Professional address

SOCIÉTÉ BIC - 14, rue Jeanne d'Asnières - 92110 Clichy - France

Main position

- President of Château de Ferrand SAS - France

Other current mandates or functions

- Member and treasurer of the office of the Academy of Bordeaux Wines

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

- Member of the Supervisory Board - SOCIÉTÉ M.B.D. - France

Biography

Marie-Pauline Chandon-Moët has been a Director of the Board of SOCIÉTÉ BIC since May 28, 2003. She was European Real Estate Projects Manager for BIC Group until December 31, 2010. Before this, she successively held, since 1991, the positions of Sales Administration Assistant, Sales Administration Manager (France then Europe), as well as Supply Chain Manager for Europe. Marie-Pauline Chandon-Moët has a Bachelor of Science degree from Northeastern University in Boston (U.S.A.).

4



JOHN GLEN

Director



60 years old

Nationality:
Britishe

Number of BIC shares held:
500

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Board of Directors of December 10, 2008 ratified by the Annual Shareholders' Meeting of May 14, 2009

Expiration date

Annual Shareholders' Meeting in 2021 for fiscal year 2020

Member of a committee

- Chairman of the Audit Committee

Professional address

SOCIÉTÉ BIC - 14, rue Jeanne d'Asnières - 92110 Clichy - France

Main position

- Director of SOCIÉTÉ BIC

Other current mandates or functions

- Director - The Three Stills company - United Kingdom

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

- Chief Executive Officer of Buccleuch Group - United Kingdom
- Director - Thames River Property Investment Trust - United Kingdom (listed company)

Biography

John Glen, Scottish, was Chief Executive Officer of Buccleuch, the holding company of a family-owned group that operates in industry and agro-businesses from November 2008 to March 2019. He continued to develop and commercialize a portfolio of major energy projects in sustainable technologies, on the Buccleuch family's lands until December 2019.

He has previously held various positions at Unilever and was Group Finance Director at Air Liquide (listed company) from 2000 until September 2008 and Vice-Chairman of the Supervisory Board at EFRAG (European Financial Reporting Advisory Group) for four years.

In January 2020, John Glen will assume the position of Chief Operating Officer for DC Thomson, a Scottish media and publishing group.

John Glen is a member of the Chartered Institute of Certified Accountants and graduated with a Master's degree in Accounting and Economics from the University of Edinburgh.

 Independent Director

CANDACE MATTHEWS

Director



61 years old

Nationality:
American

Number of BIC shares held:
500

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 10, 2017

Expiration date

Annual Shareholders' Meeting in 2020 for fiscal year 2019

Member of a committee

- Audit Committee
- Nominations, Governance and CSR Committee

Professional address

AMWAY - 7575 Fulton Street East - Ada - MI 49355-0001 - U.S.A.

Main position

- Region President - The Americas - Amway - U.S.A.

Other current mandates or functions

- Member of the Board - Fifth Third Bank, Western Michigan - U.S.A. (listed company)

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

- Member of the Board - Popeyes Louisiana Kitchen Inc. - U.S.A. (listed company)

Biography

Since November 2014, Candace Matthews has been Region President, The Americas, of Amway. She was recruited to Alticor, the parent company of Amway, in December 2007, as Global Chief Marketing Officer.

Prior to joining Amway, she was Executive President from 2001 to 2007 of Soft Sheen-Carson, recently acquired by L'Oréal.

Before that, she held different positions in Marketing at General Mills, Procter & Gamble, Bausch & Lomb and in Management at Novartis and The Coca-Cola company, in the United States.

Candace Matthews has a Bachelor of Science degree in Engineering from Carnegie Mellon University in Pittsburgh, Pennsylvania (U.S.A.) and an MBA in Marketing from Stanford University Graduate School of Business in Palo Alto, California (U.S.A.).

 Independent Director

4



SOCIÉTÉ M.B.D.

Director

**Number of BIC shares held:**

12,840,000 shares, i.e. 28.20% of SOCIÉTÉ BIC share capital and 38.11% of the voting rights (as of December 31, 2019)

Type of legal entity

Partnership limited by shares (*Société en Commandite par Actions*)

Registration

389,818,832 – Register of Trade and Companies of Nanterre (France)

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 24, 2006

Expiration date

Annual Shareholders' Meeting in 2021, for fiscal year 2020

Member of a committee

Audit Committee

Address

1 place Paul Verlaine - 92100 Boulogne-Billancourt – France

Permanent representative

Édouard BICH

55 years old

Nationality: French

Édouard Bich spent eight years in the Finance Department of Procter & Gamble and holds an MBA in Finance from The Wharton School (U.S.A.).

Professional address

SOCIÉTÉ M.B.D. – 1 place Paul Verlaine -92100 Boulogne-Billancourt – France

Main position

Managing Director of SOCIÉTÉ M.B.D.

Other current mandates or functions

- Member of the Supervisory Board – Stockage Plus SAS – France
- Member of the Strategic Committee – UnifAI SAS – France
- Member of the Executive Board for Europe, the Middle East and Africa – The Wharton School – U.S.A.
- Managing Director – Platypus Capital SPRL – Belgium

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

- Member of the Supervisory Board – Digital Fashion Group SAS – France

Holds directly more than 100,000 BIC shares and indirectly shares through the family holding, SOCIÉTÉ M.B.D.

Other current mandates or functions

None

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

None

Mandates expired in 2019**Marie-Aimée BICH-DUFOUR**

Executive Vice-President of SOCIÉTÉ BIC from March 22, 1995 to March 31, 2019.

Marie-Henriette POINSOT

Director of SOCIÉTÉ BIC from May 21, 1997 to May 22, 2019.

Member of the Remuneration Committee from May 22, 2001 to May 22, 2019.

Member of the Nominations, Governance and CSR Committee from May 23, 2007 to May 22, 2019.

Mario GUEVARA

Director of SOCIÉTÉ BIC from May 22, 2001 to May 22, 2019.

François BICH

Director of SOCIÉTÉ BIC from September 30, 1977 to December 3, 2019.

Absence of court conviction of the Directors and Corporate Officers

To the best of the Company's knowledge, during the last five years, no Director or Corporate Officer has been convicted in relation to fraudulent offences, 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 conflict of interests among the Directors and the Corporate Officers

There is no conflict of interests between any duties to the issuer, of any of the persons referred to above, and their private interests and/or other duties (for further developments, see section 4.1.2.3. - *Rights and duties of the Directors - Insider dealing rules - Conflicts of interests - Shareholders Relation*).

Family ties

Marie-Aimée Bich-Dufour and Marie-Pauline Chandon-Moët are sisters. Édouard Bich, Gonzalve Bich and Timothée Bich are their nephews. There is no family relationship between the other Corporate Officers of SOCIÉTÉ BIC.

Service contracts providing benefits

There is no service contract binding any of the Corporate Officers to SOCIÉTÉ BIC or any of its subsidiaries providing for the granting of benefits at the end of this contract.

**4.1.1.5 Transactions in Company shares by Corporate Officers and Related Persons in 2019**

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

Declaring	Type and number of transactions				Balance of transactions over the year
	Purchase	Sale	Exchange	Donation	
Gonzalve Bich, Chief Executive Officer	1	1			698
James DiPietro, Executive Vice-President	1	1			4,286
Marie-Aimée Bich-Dufour, Director	1				1,625
Mario Guevara, Director	1	2			0
SOCIÉTÉ M.B.D., Director	10				105,000
Bruno Bich, Related person				1	81,492



4.1.2 FUNCTIONING OF THE BOARD OF DIRECTORS

SOCIÉTÉ BIC's Internal Rules and Procedures formalize the mission, organization and ethical principles that guide the actions of the Board of Directors. The Internal Rules and Procedures are available on the website of the Company (www.bicworld.com – Governance).

4.1.2.1 Remits of the Board of Directors and Chairman

Board of Directors

The Board of Directors determines the broad lines of the Company's business activities and ensures their implementation. It deals with all matters relating to the proper conduct of the Company's business and decides all pertinent issues.

The Board of Directors has to give its opinion on matters that can have a significant impact on the development, strategy or operation of the Group.

The missions of the Board of Directors are defined as follows:

- install the proper governance structure and ensure its effective and ethical operations;
- define the Company's business perimeter and appetite for risk, ensure that the key risks to which the Company is exposed are in keeping with its strategies and objectives;
- select, value and determine the compensation of the Chairman, all Board members, the Chief Executive Officer, and Executive Vice-Presidents;
- plan the succession planning for all Board members, including the Chairman, the Chief Executive Officer and the Executive Vice-Presidents. Long term planning of the necessary human resources, focusing on the Executive Committee;
- evaluate, challenge and approve both long-term strategy and annual plans proposed by the Chief Executive Officer and his management team;
- ensure that the strategic plan is consistent with the Values and DNA of the Company, and aligned with Shareholders and other stakeholders interests;
- approve significant investments or divestitures, operations impacting the capital structure, and use-of-cash & dividend policies;
- ensure adequate resources have been secured for successful business operations;
- measure and monitor implementation of the strategy, review quarterly financial statements, and approve first-half and annual financial statements;
- be responsible for information to Shareholders.

The Board endeavours to promote long-term value creation by the Company by considering the social and environmental aspects of its activities. If applicable, it proposes any statutory change that it considers appropriate.

It regularly reviews, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly. To this end, the Board of Directors receives all of the information needed to carry out its task, notably from the executive officers.

It ensures the implementation of a mechanism to prevent and detect corruption and influence peddling. It receives all of the information needed for this purpose.

It also ensures that the executive officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on the governing bodies.

Chairman

The Chairman is in charge of organizing and directing the work of the Board and reports to the Shareholders' Meeting as provided by the legislation. He also ensures that the bodies of the Company function properly and that the Directors are able to fulfill their mission.

He is careful to maintain a close and trusting relationship with Executive Management and provides the team with assistance and advice while respecting its executive responsibilities. He organizes his activities so as to ensure his availability and put his experience to the Group's service.

4.1.2.2 Limitation of the powers of the Management

The Chief Executive Officer has the broadest powers to act in all circumstances on behalf of the Company, and to represent it in its relations with third parties.

He exercises his powers within the limitations of the corporate purpose, and subject to any powers expressly attributed by law to the Shareholders' General Meeting and Board of Directors.

The Internal Rules and Procedures specify the type of operations that must in all cases be subject to prior authorization by the Board of Directors:

- transactions outside SOCIÉTÉ BIC's announced strategy;
- decisions to set up French or foreign operations by creating an establishment, direct or indirect subsidiary, or by acquiring a shareholding, 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.

The Internal Rules and Procedures specify that these rules are related not only to external acquisitions or disposals, but also to major investments in organic growth or significant internal restructuring actions.

4.1.2.3 Rights and duties of the Directors – Insider dealing rules – Conflicts of interests – Shareholders Relation

Information of the Board

In order to successfully carry out its mission, the Board of Directors has complete, accurate and early information, in particular regarding the performance of each business, as well as the financial and treasury position of the Company. In this respect, the Internal Rules and Procedures provide that the Board of Directors must be informed of the Company's financial position, cash flow position and off-balance sheet commitments at December 31 and June 30 each year. The Rules also provide that each Director has the duty to keep up-to-date and to ensure that he/she receives sufficient and relevant information in due time.

Stock ownership and insider dealing rules

The Internal Rules and Procedures provide that all Directors must be Shareholders and should hold, beyond the sole statutory requirement (one share), 500 shares. If they do not hold this number at the time of taking office, they must use their compensation as Director to purchase them. Moreover, the Chief Executive Officer, Executive Vice-President and the Directors are subject to obligations to hold and keep shares (see section 4.2.2.7. - *Performance-based share allocations*).

Moreover, rules have been drawn up in writing concerning restrictions and/or prohibitions regarding share purchase or sale activity when the Directors and other concerned parties have information not yet made public. Directors were informed of regulatory developments under EU market abuse regulation No. 596/2014 effective since July 3, 2016.

Finally, Directors must inform the AMF of any operation performed by them or their relatives on BIC's shares (see section 4.1.1.5. - *Transactions in Company shares by Corporate Officers and Related Persons in 2019*).

Conflict of interests

According to the Internal Rules and Procedures, any Director must inform the Board, in full and beforehand, of any real or potential

conflict of interest in which he/she could be directly or indirectly involved. In such case, the Director cannot take part in either the debates or in the decision on this matter.

Directors issue an annual statement on the absence of conflict of interest.

Shareholder relations

Shareholders' dialogue with the Board of Directors is entrusted to the Chairman of the Board during Shareholders' Meetings. Throughout the year, this dialogue is handled either directly by Gonzalve Bich, Director and Chief Executive Officer, and by Jim DiPietro, Executive Vice-President and Chief Financial Officer, or by BIC Teams (Stakeholders Engagement, Financial Communication, Legal...) in accordance with securities laws, in particular with equal access to information. Main comments, questions, points of interests, and main concerns from Shareholders and proxy advisors are reported to the Board of Directors.

4.1.2.4 Organization and work

Invitation and notification to Board members for upcoming meetings may take place by any means and are always confirmed in writing.

In principle, the Board of Directors meets at least six times a year, and at any time as required by the Group's business activities throughout the year. The Executive Vice-President, Executive Committee 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 2019, the Board of Directors met seven times with an average length of 4 hours 20 minutes. The attendance rate at the meetings was 94%.



REGULAR ATTENDANCE OF MEMBERS OF THE BOARD OF DIRECTORS

	Attendance on the Board of Directors	Attendance on the Audit Committee	Attendance on the Remuneration Committee	Attendance on the Nominations, Governance and CSR Committee
Pierre Vareille	100%	n/a	n/a	n/a
Gonzalve Bich	100%	n/a	n/a	n/a
Elizabeth Bastoni	100%	n/a	100%	100%
Vincent Bedhome	100%	n/a	100%	n/a
François Bich (until Dec.3, 2019)	17%	n/a	n/a	n/a
Timothée Bich (from Dec.10, 2019)	100%	n/a	n/a	n/a
Marie-Aimée Bich-Dufour (from May 22, 2019)	100%	n/a	n/a	100%
Maëlys Castella (from May 22, 2019)	100%	100%	100%	n/a
Marie-Pauline Chandon-Moët	100%	n/a	n/a	n/a
John Glen	100%	100%	n/a	n/a
Candace Matthews	100%	100%	n/a	100%
SOCIÉTÉ M.B.D. (Édouard Bich)	100%	100%	n/a	n/a

n/a: non-applicable.



Apart from the regular duties undertaken by the Board (e.g. closing of the accounts, review of the quarterly results, approval of the annual budget, approval of the compensation of the Executive Officers, etc.), the Board also deliberated in 2019 on:

- the definition and progress of the strategic plan;
- the reorganization plan "Invent the Future";
- the Sustainable Development Program "Writing the Future Together";
- the risks management;
- Human Resources Policy, especially in terms of non-discrimination and diversity (including gender balance program);
- the share buyback program (including an operation to cancel shares); and
- the update of its Internal Rules and Procedures.

Moreover, the Non-Executive Directors met several times during the fiscal year. The meetings allowed discussions on the Group's Governance methods and on its management's future.

4.1.2.5 Evaluation of the Board and Committees

The Internal Rules and Procedures prescribe that, once a year, the Board of Directors must devote a point of its agenda to debate its composition, organization and operating mode, and can decide, on this occasion, to adapt it to new circumstances. This assessment must enable discussion, amongst other points, of the functioning of the Board of Directors in order to increase its efficiency, to ensure that the important questions are suitably prepared and discussed and to measure the actual contribution of each Director to the Board's works based on his/her competencies and involvement in discussions.

In 2019, a self-assessment on the composition and effectiveness of the Board was conducted. It was carried out by the Nominations, Governance and CSR Committee on the initiative of its Chair. Following this evaluation, three types of improvements have been undertaken on the definition of the strategy, Board education and the risk management. The individual performance of each Board member has not been assessed this year (it has been made in 2017).

4.1.2.6 Committees set up by the Board of Directors

The Board of Directors benefits from the preparatory work performed by its three specialized Committees:

- the Audit Committee;
- the Remuneration Committee;
- the Nominations, Governance and CSR Committee.

The Committees act strictly in accordance with the remit given to them by the Board. They are actively involved in preparing for the Board's work, and make proposals, but do not have any decision-making powers. In the context of the fulfilment of their tasks, the Committees may contact the Company's principal executive managers after having informed the Chairman of the Board of Directors that they intend to do so, and subject to reporting on their discussions with the said executives to the Board.

The Committees may ask for external technical studies to be drawn up, at the Company's expense, on subjects that come within their competence, after having informed the Chairman of the Board of Directors that they intend to do so, and subject to reporting on these studies to the Board.

a) Audit Committee

Composition

John Glen – Chairman (Independent Director)

Maëlys Castella (Independent Director), who was appointed on May 22, 2019.

Candace Matthews (Independent Director).

Édouard Bich (permanent representative of SOCIÉTÉ M.B.D.)

Three out of four Directors are independent, e.g. 75%. The Committee shall not include any Executive Board members. The majority of the members shall have competence in accounting and/or auditing.

The career of the Audit Committee members allows them to benefit from financial and accounting skills necessary to fulfill their mission. John Glen, Chairman of the Committee, was Chief Executive Officer of Buccleuch, the holding company of a family-owned group that operates in industry and agro-businesses from November 2008 to March 2019 and he continued to develop and commercialize a portfolio of major energy projects in sustainable technologies, on the Buccleuch family's lands until December 2019. He has eight years' experience as Group Finance Director of the Air Liquide group between 2000 and 2008. He was Vice-Chairman of the EFRAG (European Financial Reporting Advisory Group) Supervisory Board for four years. He is a member of the Chartered Institute of Certified Accountants and holds a Master's in Economics. Maëlys Castella has a broad experience in finance, strategy, marketing and innovation working for international listed companies since 1992. She was Chief Financial Officer and member of the Board of management of AkzoNobel from 2014 through 2017 and Chief Corporate Development Officer and member of the Executive Committee from 2018 until the end of 2019. Before 2000, Maëlys Castella worked at Air Liquide and held various Senior Management positions in Finance and Marketing before she was appointed Group Deputy Chief Financial Officer in 2013. Maëlys Castella graduated from École Centrale de Paris and holds a Master's in Energy Management and Policy from the University of Pennsylvania (U.S.A.) and the French Institute of Petroleum (IFP). Candace Matthews has been Region President, The Americas, at Amway since November 2014. She was recruited to Alticor, the parent company of Amway, in December 2007, as Chief Marketing Officer. Prior to joining Amway, she was Executive President from 2001 to 2007 of Soft Sheen-Carson, later acquired by L'Oréal. Before that, she held different positions in Marketing at General Mills, Procter & Gamble, Bausch & Lomb and in Management at Novartis and The Coca-Cola company, in the United States. Candace Matthews has a Bachelor of Science degree from Carnegie Mellon University in Pittsburgh, Pennsylvania (U.S.A.) and an MBA in Marketing from Stanford University Graduate School of Business in Palo Alto, California (U.S.A.). Édouard Bich spent eight years in the Finance Department of Procter & Gamble in France. He holds an MBA in Finance from Wharton University – U.S.A.

Main remits

The Audit Committee's primary mission is to ensure that the accounting principles applied to the Company's consolidated and statutory financial statements comply with current standards and are consistently applied, and to ensure that the internal consolidation procedures and controls yield financial statements that fairly represent business results.

The review of financial statements by the Audit Committee is accompanied by a presentation from the Statutory Auditors of their audit reports and the accounting methods chosen, and by a presentation from the Chief Financial Officer of the Company's risks and significant off-balance sheet items, as well as a review of

the valuations and principles of on-balance sheet items which are based on market and economic valuations of the Company. The Audit Committee reviews the draft financial market communication and provides input and advice thereon.

The Audit Committee is responsible for providing its opinion on the nomination of Statutory Auditors, as well as attesting to the quality of the Auditors' work and their independence. This includes verifying there is no potential conflict of interest between the Auditors and the Company.

It interviews the Statutory Auditors, and also the persons responsible for finance, accounting, treasury matters, and Internal Audit and Risk Control.

These interviews can be held, if the Committee so wishes, without the presence of the corporation's executive management. Furthermore, the Chairman of the Audit Committee meets (alone) with the Statutory Auditors at least once a year.

2019 main activities

During 2019, the Audit Committee met four times in the presence of its Chairman and all other members (i.e. attendance rate of 100%). Representatives from both audit firms attended the meetings when Company results were reviewed. The meetings of the Audit Committee relating to the review of the financial statements are held several days before the examination by the Board, which allows the management team to take any necessary corrective measures before the Board Meeting.

Among other tasks, the Audit Committee regularly monitors the provisions and requirements related to new accounting and financial rules applying to the Group and the Company's action plan to meet these requirements. The Audit Committee also reviews any change in International Financial Reporting Standards, the Internal Control structure and any other financial reporting matters, including the Universal Registration Document.

In 2019, the Audit Committee also worked on:

- the Group's Internal Control and Audit findings;
- the review of treasury arrangements including liquidity, banking arrangements and FX Hedging Policy;
- the review of Corporate Finance activities;
- the review of the Finance function, including succession planning and organizational changes;
- the post-mortem review of certain investments;
- the risk management process, including the review of the Company's Risk Assessment and the related mitigating actions.

In February 2020, the Audit Committee reviewed the 2019 financial statements and notes, which contained a presentation and review of risks, including social and environmental risks, and significant off-balance-sheet commitments as well as the accounting options chosen.

b) Remuneration Committee

Composition

- Elizabeth Bastoni – Chair (Independent Director);
- Maëlys Castella (Independent Director) replaced Marie-Henriette Poinot effective May 22, 2019;
- Vincent Bedhome (Director representing employees).

Current composition of the committee: two independent members out of two members (excluding the Director representing the employees).

Main remits

The Remuneration Committee issues recommendations, regularly examines and challenges:

- the compensation policy for the Board of Directors, Chief Executive Officer and the Executive Vice-Presidents;
- the procedures for the establishment of compensation and/or benefits for the Chair of the Board, the Chief Executive Officer and the Executive Vice-Presidents;
- the overall budget and allocation of Directors' remuneration;
- the performance metrics, in collaboration with the Audit Committee;
- the Long-Term Incentive Plans for the Company's Executive Corporate Officers and employees;
- the competitiveness of all compensation elements of the Executive Committee.

The Committee is also kept informed of the application of the compensation policy of the Group.

2019 main activities

The Remuneration Committee met four times. The attendance rate was 100%. In 2019, the Committee's activity focused on discussions and/or recommendations regarding the:

- details and level of compensation for the Chair of the Board and Board members;
- competitive positioning of the total compensation of the Board members, Corporate Officers and of the Executive Vice-Presidents;
- criteria to be used for the annual bonus compensation of the Chief Executive Officer and the Executive Vice-Presidents;
- design and level of long-term incentive plans based on shares;
- share ownership guidelines and status;
- review of pay practices for manufacturing front-line positions and levelled team members;
- alignment with AFEP-MEDEF recommendations and the implications of the PACTE law in France and the European Shareholders' Rights Directive.

Pierre Vareille, Chairman of the Board of Directors, and Gonzalve Bich, Chief Executive Officer, took part in the Committee work for certain topics.

c) Nominations, Governance and CSR Committee

Composition

- Elizabeth Bastoni – Chair (Independent Director);
- Marie-Aimée Bich-Dufour replaced Marie-Henriette Poinot effective May 22, 2019;
- Candace Matthews (Independent Director).

Two Independent Members out of three.



Main remits

The Nominations, Governance and CSR Committee's role includes:

1. Nominations

- to regularly examine issues concerning the composition of the Board of Directors;
- to propose the criteria for selecting the members of the Board of Directors. The criteria for selection are based on the desired balance in the composition of the Board of Directors as well as in the skills of its members. It introduced a skills matrix to ensure that the skills on the Board are and stay aligned with the strategy of the business and the operations of the Board;
- to organize a procedure designed for selecting the Directors, the Chairman of the Board of Directors. The Committee works with the Chairman, as appropriate, to execute the search;
- to prepare a succession plan for Executive Corporate Officers, in the event of unforeseeable vacancy as well as the long-term succession plan for the Chair and the Chief Executive Officer; the Chairman of the Board of Directors is involved in these tasks;

The Committee is informed of the succession plan and appointment of Executive Committee Members.

Pierre Vareille, Chairman of the Board, and Gonzalve Bich, Chief Executive Officer, may, in some cases, be involved in the Committee's work.

2. Governance

- To evaluate the qualification as an Independent Director;
- To ensure that the Board of Directors makes a regular assessment of its operating methods and that of the Committees;
- More generally, to deal with any issue regarding a significant risk in terms of human capital for the Group, or regarding governance as submitted by the Board of Directors.

3. Social, societal and environmental responsibility

- To review the report on social, societal and environmental responsibility, the actions taken by the Group and its policy;
- To review the progress made against the strategy and commitments taken;
- To ensure compliance by the Group with laws and regulations pertaining to gender and wage equality and review the related indicators.

2019 main activities

The Nominations, Governance and CSR Committee met four times in 2019. The rate of attendance was 100%.

The Committee's activity focused specifically on:

- the Board Skills matrix;
- the evaluation of the performance of the Board
- nomination of new Directors;
- review the quality of Independent Directors;
- annual performance and development review of Chief Executive Officer and Executive Vice-Presidents;
- objectives for Chief Executive Officer and Executive Vice-President;
- emergency succession plans for the Chair and Chief Executive Officer;
- Gender and Equality Policy, review of the legal requirements and SOCIÉTÉ BIC current status;
- Organization and People Review (including diversity policy within the Group and top management) – Review of scorecards, development and succession plans for key roles;
- review of the roles of the Chair and Chief Executive Officer;
- following the Board and Committees' assessment, review of the results, areas for improvements and actions taken;
- updating its charter.

4.1.2.7 Summary table of the implementation of the AFEP-MEDEF Code

The Company abides by the AFEP-MEDEF Code, except for the following recommendations:

Recommendation of the AFEP-MEDEF Code		
No.	Paragraph	Justification
25.6.2	Supplementary pension schemes	
	Supplementary pension schemes must be subject to the condition that the beneficiary must be a Director or employee of the Company when claiming his or her pension rights pursuant to the applicable rules.	<p>James DiPietro, Executive Vice-President of SOCIÉTÉ BIC and CFO of BIC International, a U.S. company, could be entitled to a pension with defined benefit established by BIC Corporation, even while no longer being a Corporate Officer of SOCIÉTÉ BIC and BIC International when exercising his pension rights. This pension scheme is not governed by Article L. 137-11 of the French Social Security Code. All U.S. senior managers who are members of the Group Executive Committee promoted before 2011, benefited and continue to benefit from this pension plan established by BIC Corporation more than 30 years ago. James DiPietro, in the Group for 22 years, has been eligible for this pension for 16 years, therefore well before his appointment as Executive Vice-President. This pension plan has not been modified since this appointment.</p> <p>Gonzalve Bich, Chief Executive Officer of SOCIÉTÉ BIC and President – Chief Operating Officer of BIC International, a U.S. company, could be entitled to a pension with defined benefit established by BIC Corporation, if he does not resign before the age of 52, even though he would no longer be a Corporate Officer of SOCIÉTÉ BIC and BIC International when exercising his pension rights. This pension scheme is not governed by Article L. 137-11 of the French Social Security Code. All U.S. employees hired before 2007 benefited and continue to benefit from this pension plan. Gonzalve Bich, in the Group for almost 17 years, has been eligible to this pension for 16 years, therefore well before his appointment as Chief Executive Officer.</p>
	The supplementary pension scheme may not give right to more than 45% of the reference income (fixed and variable annual compensation due in respect of the reference period).	<p>The pension plans of James DiPietro and Gonzalve Bich are not governed by Article L. 137-11 of the French Social Security Code. The limitation of the maximum right to 45% of the reference income cannot be applied.</p> <p>James DiPietro has already accrued a pension benefit equivalent to 50.00% of the average compensation of the last three years of service.</p> <p>If he does not resign before the age of 52, Gonzalve Bich will have already accrued a pension benefit equivalent to 24.56% of the average compensation of the last three years of service.</p>



4.2. CORPORATE OFFICERS' COMPENSATION

4.2.1 COMPENSATION POLICY FOR THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE-PRESIDENTS OF SOCIÉTÉ BIC FOR 2020

4.2.1.1 General principles governing compensation

The compensation policy for company officers is determined by the Board of Directors upon the recommendation of the Remuneration Committee taking into account the principles and criteria defined in the AFEP-MEDEF Code of Corporate Governance. The Board of Directors ensures that these are also directly aligned with the Company's global strategy and shareholders' interests to support the Company's performance and competitiveness in the medium and the long term. Compensation principles are in line with the AFEP-MEDEF Code except those recommendations not applied as stated in section 4.1.2.7 Summary table of the implementation of the AFEP-MEDEF Code.

4.2.1.1.1 Principles of the Compensation Policy

The compensation policy for Corporate Officers of SOCIÉTÉ BIC is based on the same Total Rewards strategy that applies for all BIC Group team members and the framework criteria set out in the Code of Corporate Governance: comprehensiveness, balance between the compensation components, comparability, consistency, understandability of the rules and proportionality.

Comprehensive and Balanced

The overall compensation package is based on four components

1. base salary levels are to be competitive for the location, level and role as a foundation to attract and retain;
2. bonus designs and levels motivate and reward performance for the year and should be aligned with shareholders' interests and contribute to sustainable growth and profitability. Performance criteria should be clear and aligned with short and longer-term objectives;
3. for key team members there is additional compensation at risk in the form of longer-term incentives that are directly tied to the business results on key performance metrics over a number of years. They are also an element to attract, motivate and retain key talent;
4. benefits terms are integrated with local social benefits, with an overall focus on providing short-term protection, i.e., life and disability insurance, and, as appropriate health care, plus savings accumulation/retirement offerings where this is market practice.

Comparability

All of the components are determined in the context of the local and international markets where BIC competes for talent both in our industry and in general. BIC refers to benchmarks in every country where we have team members such that remuneration designs are competitive.

Internal Consistency and Proportionality

The same overall principles apply for all team members. Within the overall policy, rewards are differentiated to reflect the level of responsibilities, individual and collective performance, team member potential and differing competitive market practices. At the most senior levels the proportion of compensation at risk under the bonus and long-term incentive plans may be the most significant element, aligning team member interests with those of shareholders.

Understandability of the Rules

Compensation policies are clearly communicated to executives, both in terms of their structure and the alignment with BIC's strategy and business objectives.

4.2.1.1.2 Method of determining competitiveness for the CEO and Executive Vice-President and Chief Financial Officer

To ensure comparability that matches BIC's international business, BIC has engaged WillisTowersWatson a leading global compensation consultancy to build special peer group surveys in France and in the United States, the 2 markets in which BIC employs the majority of senior executives. For the peer group surveys in France and the United States a panel of companies is proposed, reviewed by the Remuneration Committee and adopted by the Board. The comparison panels are based on direct business competitors and other companies with which BIC competes for senior executive talent. Generally, there is stability in the panels to allow effective and consistent comparisons of compensation competitiveness from one year to the next.

The peer group panels are as follows:

- **France:** Accor Hotels, Alstom, Bureau Veritas, Carrefour, EssilorLuxottica, L'Oréal, LVMH, Pernod Ricard, Safran, Schneider Electric, SEB, Tarkett, Thales, Unibail-Rodamco, Valeo, Vallourec;

- **United States:** American Greetings, Church & Dwight, Clorox, Colgate-Palmolive, Diageo North America, Edgewell Personal Care, Hallmark Cards, Hasbro, Helen of Troy, Hershey, Kellogg, Kimberly-Clark, Keurig Green Mountain, L'Oréal U.S.A., Mary Kay, Mattel, McCormick, NBTY, Newell Brands, NU Skin Enterprises, Ontex, Revlon, SC Johnson & Son, Scotts Miracle-Gro, Sealed Air, Snap-on, Swedish Match, Tupperware Brands, Unilever U.S.A., Visa Outdoor (Note: In this survey the CEOs of large non US companies are excluded – example L'Oreal, Unilever)

These peer group surveys are used in complement with the WillisTowersWatson General Industry survey of executives in the

United States (over 1,200 companies). This broader survey provides a wider view of CEO compensation and is the primary market reference used by BIC for the Chief Executive Officer.

For the CFO, Jim DiPietro, the overall compensation is compared to Top Financial Officers in the above US peer group. (Note: Within this data set Group CFOs of large non-US companies are specifically excluded – example L'Oreal, Unilever).

BIC's global scope and transformation challenge is similar to that of companies in the peer groups.

Competitive position of the Chief Executive Officer and the Executive Vice-President and Chief Financial Officer

<i>Compa ratios</i>	<i>Base Salary</i>	<i>Target Total Cash</i>	<i>Long-Term Incentive (Accounting Value*)</i>	<i>Total Direct Remuneration</i>
Chief Executive Officer	83	88	59	71
Executive Vice-President and Chief Financial Officer	106	107	101	104

* Share value calculated at a share accounting value of 81.14 Euros converted to USD at average 2019 exchange rate of 1.1196 USD to 1 euro.

The "compa ratio" is a comparison versus the median of the survey data. A ratio of 100 means that the compensation level of the incumbent is at the median level versus the survey data:

- for Gonzalve Bich, Chief Executive Officer, the results shown are compared to the, the WillisTowersWatson General Industry survey of executives in the United States. The compensation benchmarks for the special peer group panels outlined above for both France and the U.S.A. are both higher than this broader General Industry survey;
- for James DiPietro as Executive Vice-President and Chief Financial Officer the results shown are compared to the special peer group panel outlined above in the United States.

4.2.1.1.3 Allocation of the variable and exceptional pay elements

Under the provisions of Article L. 225-100 (II paragraph 2) of the French Commercial Code, the payment of the variable annual incentive and of any exceptional items requires a positive ex post vote of the Shareholders' Meeting.

4.2.1.2 Particular principles governing compensation

In application of the general principles of the compensation set forth in this document, and upon the recommendation of the Remuneration Committee, the Board of Directors applies a specific compensation structure for the Chairman, Chief Executive Officer and Executive Vice-Presidents of SOCIÉTÉ BIC, with some or all of the following components:

- fixed compensation;
- variable compensation;
- long-term incentives;
- supplementary pension plan;
- benefits in kind.

4.2.1.2.1 Fixed part

At the beginning of each year, the Board on the recommendation of the Remuneration Committee sets the fixed component of the remuneration for the fiscal year.

The fixed part of the remuneration for the positions of Chairman, Chief Executive Officer and Executive Vice-Presidents of SOCIÉTÉ BIC reflect the responsibilities of the Executive Corporate Officer and levels in the relevant competitive marketplace.

The fixed compensation of the Chairman is set based on the market in France and is the only element of compensation.



4.2.1.2.2 Annual variable compensation

In compliance with the AFEP-MEDEF Code, the Chairman of SOCIÉTÉ BIC is not eligible to receive variable compensation.

The annual variable compensation for the Chief Executive Officer and the Executive Vice-President of SOCIÉTÉ BIC is expressed as a percentage of the fixed compensation.

Position	Annual variable part as a percentage of the fixed part, if objectives are 100% achieved	Maximum annual variable part, as a percentage of the fixed part
Chief Executive Officer	125.0%	187.5%
Executive Vice-President and Chief Financial Officer	75.0%	112.5%

The annual bonus for 2020 will be calculated based on four criteria as shown below. There are some important updates versus the criteria that were used for 2019. These updates are made as BIC transforms to strengthen the linkage between company results and bonus payouts. There is a continued emphasis and an explicit focus on Corporate Social Responsibility (CSR) as part of the personal objectives.

Bonus Criteria (all at Group level)	2019	2020	Reasons for Criterion / Weighting
Net Sales	20%	25%	
Normalized Income from Operations	20%	25%	
Working Capital ⁽¹⁾	-	20%	Simplify criteria and align with business priorities
Net Income	10%	-	
Inventory	10%	-	
Receivables	10%	-	
Personal Objectives	30%	30%	The Corporate Officers personal objectives include CSR criteria. For 2020 an important component will be related to the execution of the Writing the Future Together Sustainable Development Program.
TOTAL	100%	100%	

The annual financial objectives are based on the annual budget approved by the Board of Directors. Each of the financial criteria is assessed separately. For each the threshold for payment is 80% achievement.

4.2.1.2.3 Performance Share Plan

Performance-based share grants to executives and other critical team members are a core element of BIC's Total Rewards Strategy, aligning compensation with business results and a part of competitive overall compensation.

Since 2005, exercising the power placed at its disposal by the Shareholders' Meeting, the Board of Directors put in place a policy of making share grants where payout is based on performance over a three-year period on results that align the needs of shareholders and our team members performance.

For the Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, the maximum value at grant that each executive may be allocated is per the table below.

Position	Maximum Value of Performance Shares at Grant Date
Chief Executive Officer	2,000,000 euros
Executive Vice-President and Chief Financial Officer	800,000 euros

The total number of shares under awards granted to the Corporate Officers will not exceed 0.4% of the share capital as of the date of the decision made by the Board of Directors to grant the shares.

Performance is assessed according to the achievement of two objectives:

- net sales growth on a comparable basis, aligned;
- net cash flow from operations and change in inventory, as a percentage of net sales, consistent with Group's focus on Net Cash Generation.

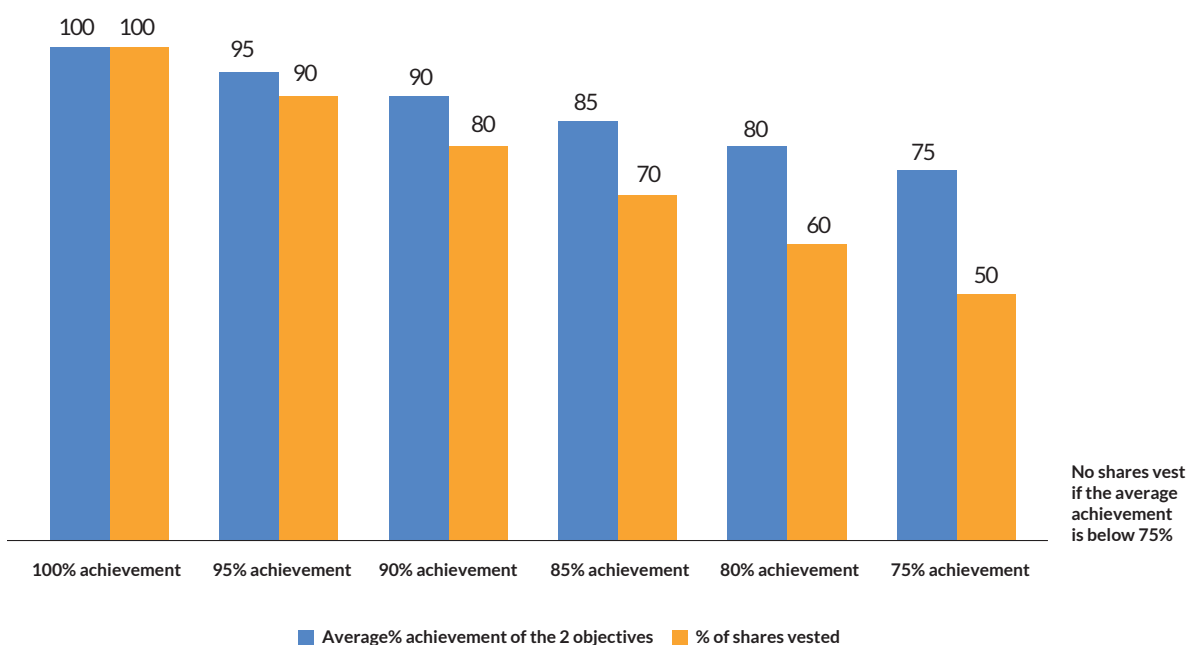
(1) Working capital: average trade receivables + average inventory - average trade payables

Payouts are strongly aligned with business results.

- for every 1% below the target, the number of shares paid out upon vesting is reduced by 2%;
- if the average percentage for the achievement of each of the two objectives is less than 75%, no shares will be given. 100% of the target is the maximum payout.

TERMS AND CONDITIONS FOR THE GRANT OF PERFORMANCE SHARES

(for 100 shares)



4

BIC Corporate Officers are required to keep 20% of shares granted, until their mandate expires. The 20% requirement is reduced to 10%:

- when the Chief Executive Officer owns five years of base compensation in BIC shares;
- when the Executive Vice-President owns three years of base compensation in BIC shares.

SOCIÉTÉ BIC has not granted stock options since 2011 as part of a policy recommended by the Remuneration Committee. The Board of Directors decided to replace stock options with performance share grants and, for key team members at less senior levels, time-vested share grants.

4.2.1.2.4 Supplementary pension plans

The Chairman, who is already a retiree from other companies, is not eligible for participation in supplementary pension plans.

The Chief Executive Officer and the Executive Vice-President of SOCIÉTÉ BIC benefit from supplementary pension plans as presented in detail in section 4.2.2.8 below.

4.2.1.2.5 Benefits in kind

In the course of their regular duties, the Chief Executive Officer and Executive Vice-President may benefit from a company car (for Executive Corporate Officers based in France) or a car allowance (for Executive Corporate Officers based in the United States).

4.2.1.2.6 Termination Payment and Sign-on Bonus

No Corporate Officer has received a Termination Payment or Sign-on Bonus. However, the Board reserves the right to make provision for Sign-on payments, in consideration of the personal situation of the person concerned when externally recruited (change in status, termination of an employment contract).



4.2.2 COMPENSATION AND BENEFITS

4.2.2.1 Rules governing the granting of the annual variable compensation (bonus) for 2019

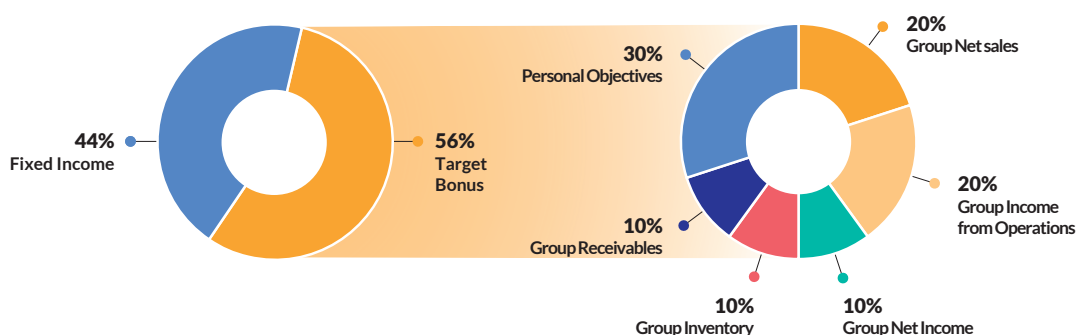
The Board of Directors set the annual fixed compensation of executives in respect of 2019 and the target annual variable part of their compensation for 2019:

Corporate Officer	Annual fixed compensation in 2019 (in U.S. dollars)*	Target annual variable compensation in 2019 (corresponds to 100% achievement of the objectives)
Pierre Vareille Chairman	300,000 euros	N/A
Gonzalve Bich Chief Executive Officer	735,008 U.S. dollars (656,492 euros)	125% of the fixed part
James DiPietro Executive Vice-President	572,853 U.S. dollars (511,658 euros)	75% of the fixed part
Marie-Aimée Bich-Dufour Executive Vice-President until March 31, 2019	Total paid in 2019: 50,000 euros	N/A

* Amounts in U.S. dollars were converted into euros using the average exchange rate for 2019 (1 EUR = 1.1196 USD), see Note 3 in the consolidated financial statements.

- a) Pierre Vareille received fixed compensation of 300,000 euros for 2019 as Chairman.
- b) The bonus paid to the Chief Executive Officer, Gonzalve Bich, and to the Executive Vice-President, James DiPietro, was calculated on the basis of five collective criteria and individual objectives proposed by the Remuneration Committee.

AMOUNT AND STRUCTURE OF THE TARGET VARIABLE COMPENSATION OF GONZALVE BICH IN 2019



BONUS – GONZALVE BICH

Criteria	Weight of criteria	2019 Bonus as a% of fixed compensation			Index of achievement of 2019 objectives	Actual 2019 bonus paid, as a% of the fixed compensation
		Minimum	Target (index 100)	Maximum		
Group Net Sales	20%	10.0%	25.0%	37.5%	96.4	22.50%
Group Income from Operations	20%	10.0%	25.0%	37.5%	91.9	19.00%
Group Net Income	10%	5.0%	12.5%	18.75%	92.7	9.88%
Group Inventory	10%	5.0%	12.5%	18.75%	93.7	10.25%
Group Receivables	10%	5.0%	12.5%	18.75%	91.8	9.50%
Personal Objectives:	30%	15.0%	37.5%	56.25%	100.0	37.50%
• Strategy & Long-Term Planning/Communication						
• Corporate Social Responsibility						
TOTAL	100%	50.0%	125.0%	187.5%		108.63%

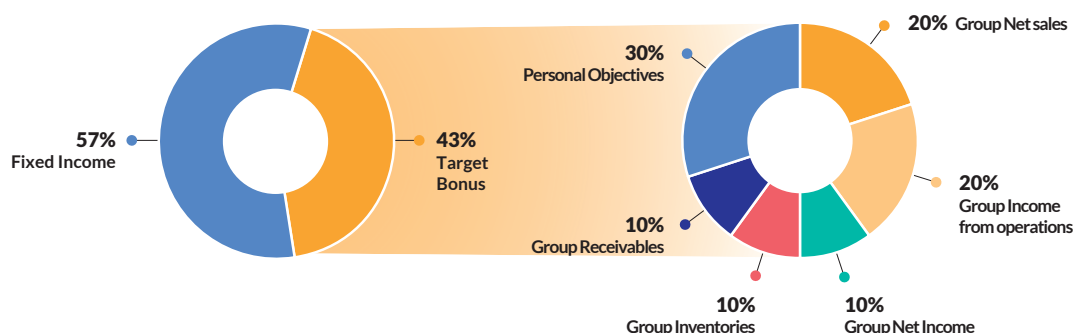
At the end of 2019, individual and collective achievements for each bonus plan criteria were assessed.

The individual part represents 30% of the target bonus and represents a maximum of 56.25% of the fixed compensation. For 2019, the individual part represents 30% of the bonus due.

The Board of Directors has decided to pay Gonzalve Bich a bonus amounting to 798,431 U.S. dollars representing 108.63% of fixed compensation and 86.9% of the target bonus.



AMOUNT AND STRUCTURE OF THE TARGET VARIABLE COMPENSATION OF JAMES DIPIETRO IN 2019



BONUS – JAMES DIPIETRO

Criteria	Weight of criteria	2019 Bonus as a % of fixed compensation			Index of achievement of 2019 objectives	Actual 2019 bonus paid as a % of base compensation
		Minimum	Target (index 100)	Maximum		
Group Net sales	20%	6.00%	15.00%	22.50%	96.4	13.50%
Group Income from Operations	20%	6.00%	15.00%	22.50%	91.9	11.40%
Group Net Income	10%	3.00%	7.50%	11.25%	92.7	5.93%
Group Inventory	10%	3.00%	7.50%	11.25%	93.7	6.14%
Group Receivables	10%	3.00%	7.50%	11.25%	91.8	5.70%
Personal Objectives	30%	9.00%	22.50%	33.75%	60.0	13.50%
<ul style="list-style-type: none"> • Succession Plan • Strategy & Long-Term Planning • Finance functional review 						
TOTAL	100%	30.00%	75.00%	112.50%		56.17%

At the end of the year 2019, individual and collective achievements on each criteria were assessed.

The individual part represents 30% of the target bonus and represents a maximum of 33.75% of fixed compensation.

The Board has decided to pay James DiPietro a bonus amounting to 321,800 U.S. dollars representing 56.17% of fixed compensation and 74.9% of the target bonus.

4.2.2.2 Total compensation

The total amount of fixed and variable compensation awarded to the four Corporate Officers for the fiscal year 2019 is equal to 1,578,150 euros in respect of fixed compensation (base) and 1,000,564 euros in respect of variable compensation (bonus). For the fiscal year 2018, those amounts paid to the five Corporate Officers are equal to 1,472,083 euros in respect of fixed compensation (base) and 1,004,723 euros in respect of variable compensation (bonus).

The total amount of compensation awarded to the members of the Leadership Team (the Executive Committee including the Chief Executive Officer and the Executive Vice-President) for the fiscal year 2019, 9 team members, is equal to 2,944,824 euros in respect of fixed compensation (base) and 1,754,762 euros in respect of variable compensation (bonus). For the fiscal year 2018 the leadership team comprised 16 team members and those amounts were 4,433,141 euros in respect of fixed compensation (base) and 2,366,239 euros as variable compensation (bonus).

4.2.2.3 Individual compensation

Total compensation and fringe benefits awarded for fiscal years 2018 and 2019 by SOCIÉTÉ BIC and by the companies it controls, within the meaning of Article L. 233-16 of the French Commercial Code, to members of the Management bodies of SOCIÉTÉ BIC in respect of their functions within the Group, were as follows:

TABLE A - SUMMARY OF COMPENSATION, OPTIONS AND SHARES AWARDED TO EACH CORPORATE OFFICER

(Table 1 following the format of the French Financial Markets Authority Position-Recommendation No. 2009-16)

Pierre Vareille Chairman	Fiscal year 2018 <i>(in euros)</i>	Fiscal year 2019 <i>(in euros)</i>
Compensation due in respect of the year (detailed in table B)	226,688	300,000
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	-	-
TOTAL	226,688	300,000

Gonzalve Bich Chief Executive Officer	Fiscal year 2018 <i>(in U.S. dollars)^(a)</i>	Fiscal year 2019 <i>(in U.S. dollars)^(b)</i>
Compensation due in respect of the year (detailed in table B)	1,461,705	1,656,120
	(1,237,685 euros)	(1,479,207 euros)
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	1,360,157	1,544,354
	(1,151,700 euros)	(1,379,380 euros)
TOTAL	2,821,862	3,200,474
	(2,389,385 EUROS)	(2,858,587 EUROS)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 EUR = 1.1810 USD).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2019 (1 EUR = 1.1196 USD). (See Note 3 to the consolidated financial statements).

James DiPietro Executive Vice-President	Fiscal year 2018 <i>(in U.S. dollars)^(b)</i>	Fiscal year 2019 <i>(in U.S. dollars)^(b)</i>
Compensation due in respect of the year (detailed in table B)	1,156,913	1,041,327
	(979,606 euros)	(930,088 euros)
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	725,417	726,755
	(614,240 euros)	(649,120 euros)
TOTAL	1,882,330	1,768,082
	(1,593,846 EUROS)	(1,579,208 EUROS)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 EUR = 1.181 USD).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2019 (1 EUR = 1.1196 USD). (See Note 3 to the consolidated financial statements).

Marie-Aimée Bich-Dufour Executive Vice-President to March 31, 2019	Fiscal year 2018 <i>(in euros)</i>	Fiscal year 2019 <i>(in euros)</i>
Compensation due in respect of the year (detailed in table B)	290,491	110,000
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in table D)	-	-
Valuation of performance shares awarded during the year (detailed in table G)	249,535	263,705
TOTAL	540,026	373,705



TABLE B – SUMMARY OF THE COMPENSATION OF EACH CORPORATE OFFICER

(Table 2 following the format of the French Financial Markets Authority Position-Recommendation No. 2009-16)

Pierre Vareille Chairman	Amounts for fiscal year 2018 (in euros)		Amounts for fiscal year 2019 (in euros)	
	Due	Paid	Due	Paid
Fixed compensation	187,500	-	300,000	487,500
Annual variable compensation	-	-	-	-
Multi-year variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	39,188	84,700	-	-
Fringe benefits	-	-	-	-
TOTAL	226,688	84,700	300,000	487,500

Gonzalve Bich Chief Executive Officer	Amounts for fiscal year 2018 (in U.S. dollars) ^(a)		Amounts for fiscal year 2019 (in U.S. dollars) ^(b)	
	Due	Paid	Due	Paid
Fixed compensation	628,125 (531,859 euros)	628,125 (531,859 euros)	735,008 (656,492 euros)	735,008 (656,492 euros)
Annual variable compensation	725,964 (614,703 euros)	397,400 (336,494 euros)	798,431 (713,140 euros)	725,964 (648,414 euros)
Multi-year variable compensation	-	-	-	-
Other compensation ^(c)	34,344 (29,080 euros)	34,344 (29,080 euros)	34,409 (30,734 euros)	34,409 (30,734 euros)
Directors' compensation	-	-	-	-
Fringe benefits	1) Car allowance: 15,150 (12,828 euros)	1) Car allowance: 15,150 (12,828 euros)	1) Car allowance: 15,600 (13,934 euros)	1) Car allowance: 15,600 (13,934 euros)
	2) Company contributions to company U.S. savings plan: a) 401 K: 8,250 (6,986 euros)	2) Company contributions to company U.S. savings plan: a) 401 K: 8,250 (6,986 euros)	2) Company contributions to company U.S. savings plan: a) 401 K: 8,400 (7,502 euros)	2) Company contributions to company U.S. savings plan: a) 401 K: 8,400 (7,502 euros)
	b) Exec Comp Plan: 20,000 (16,935 euros)	b) Exec Comp Plan: 20,000 (16,935 euros)	b) Exec Comp Plan: 29,400 (26,259 euros)	b) Exec Comp Plan: 29,400 (26,259 euros)
	3) Other: 29,873 (25,295 euros)	3) Other: 29,873 (25,295 euros)	3) Other: 34,872 (31,147 euros)	3) Other: 34,872 (31,147 euros)
TOTAL	1,461,705 (1,237,685 EUROS)	1,133,142 (959,477 EUROS)	1,656,120 (1,479,207 EUROS)	1,583,653 (1,414,480 EUROS)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 EUR = 1.1810 USD).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2019 (1 EUR = 1.1196 USD).

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

James DiPietro Executive Vice-President	Amounts for fiscal year 2018 (in U.S. dollars) ^(a)		Amounts for fiscal year 2019 (in U.S. dollars) ^(a)	
	Due	Paid	Due	Paid
	563,000	563,000	572,853	572,853
Fixed compensation	(476,715 euros)	(476,715 euros)	(511,658 euros)	(511,658 euros)
	419,322	343,814	321,800	419,322
Annual variable compensation	(355,057 euros)	(291,121 euros)	(287,424 euros)	(374,529 euros)
Multi-year variable compensation	-	-	-	-
	90,714	90,714	67,731	67,731
Other compensation ^(c)	(76,812 euros)	(76,812 euros)	(60,496 euros)	(60,496 euros)
Directors' compensation				
	1) Car allowance:	1) Car allowance:	1) Car allowance:	1) Car allowance:
	13,800	13,800	13,800	13,800
Fringe benefits	(11,685 euros)	(11,685 euros)	(12,326 euros)	(12,326 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: 9,250	a) 401 K: 9,250	a) 401 K: 9,500	a) 401 K: 9,500
	(7,832 euros)	(7,832 euros)	(8,485 euros)	(8,485 euros)
	b) Exec Comp Plan:	b) Exec Comp Plan:	b) Exec Comp Plan:	b) Exec Comp Plan:
	22,520	22,520	22,914	22,914
	(19,069 euros)	(19,069 euros)	(20,466 euros)	(20,466 euros)
	3) Other: 38,307	3) Other: 38,307	3) Other: 32,729	3) Other: 32,729
	(32,436 euros)	(32,436 euros)	(29,233 euros)	(29,233 euros)
	1,156,913	1,081,405	1,041,327	1,138,849
TOTAL	(979,606 EUROS)	(915,669 EUROS)	(930,088 EUROS)	(1,017,194 EUROS)

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2018 (1 EUR = 1.1810 USD).

(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2019 (1 EUR = 1.1196 USD).

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

Marie-Aimée Bich-Dufour Executive Vice-President to March 31, 2019	Amounts for fiscal year 2018 (in euros)		Amounts for fiscal year 2019 (in euros)	
	Due	Paid	Due	Paid
Fixed compensation	199,509	199,509	110,000	110,000
Annual variable compensation	89,380	120,541	-	-
Multi-year variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' compensation	-	-	-	-
Fringe benefits	Vehicle (value of benefit): 1,602	Vehicle (value of benefit): 1,602	Vehicle (value of benefit): 1,830	Vehicle (value of benefit): 1,830
TOTAL	290,491	321,652	111,830	111,830

4



The following table sets out the compensation of the Chairman, Chief Executive Officer and Executive Vice Presidents and that of employees in France in accordance with the requirements of the PACTE law in France.

The perimeter of team members is all those in BIC entities in France (note: expatriate employees in France are excluded).

The elements of compensation taken into account are:

- base salary on a full-time equivalent basis;
- bonus payments received during the year, i.e. the 2019 figures include bonus payments for the performance period of 2018 paid in 2019;

- share awards at the IFRS value;

- profit sharing;
- benefits in kind, i.e. cars;
- dividend equivalents;

per la loi Pacte retirement plan benefits are not included;

All amounts are in euros with conversions for the CEO and Executive Vice-President at the average exchange rate for the year

- payments in 2019: 1 euro = 1.1196 U.S. dollar;
- payments in 2018: 1 euro = 1.1810 U.S. dollar.

2019: Role	Employee average			Median employee	
	Compensation (in euros)	Amount (in euros)	Ratio	Amount (in euros)	Ratio
Chair	300,000	55,781	5	38,353	8
CEO	2,728,952	55,781	49	38,353	71
Executive Vice-President ^(a)	1,608,130	55,781	29	38,353	42
Executive Vice-President ^(b)	464,915	55,781	8	38,353	12

(a) James DiPietro.

(b) Marie-Aimée Bich-Dufour.

2018: Role	Employee average			Median employee	
	Compensation (in euros)	Amount (in euros)	Ratio	Amount (in euros)	Ratio
Chair ^(a)	187,500	54,934	3	37,780	5
CEO	2,061,961	54,934	38	37,780	55
Executive Vice-President ^(b)	1,470,572	54,934	27	37,780	39
Executive Vice-President ^(c)	571,187	54,934	10	37,780	15

(a) Pierre Vareille. Mid-May to December 2018. 7.5 months at an annualized salary rate of 300,000 euros.

(b) James DiPietro.

(c) Marie-Aimée Bich-Dufour.

Note: Detailed payroll data for a precise comparison is available for 2018 and 2019.

4.2.2.4 Revision of fixed compensation for 2020

The Board set the annual fixed compensation in respect of 2020:

- 300,000 euros for Pierre Vareille, Chair of the Board (unchanged versus 2019);
- 770,000 U.S. dollars (687,746 euros ⁽¹⁾ +4.8% versus his compensation in 2019) for Gonzalve Bich, Chief Executive Officer; The Remuneration Committee recommended this increase based on the CEO's performance and experience in role in addition to the market data;
- 584,000 U.S. dollars (512,615 euros ⁽¹⁾ +1.95% versus 2019) for James DiPietro, Chief Finance Officer and Executive Vice-President;

4.2.2.5 Directors' remuneration

Total Directors' remuneration paid to Elizabeth Bastoni, Marie-Pauline Chandon-Moët, Candace Matthews, Marie-Henriette Poinot, François Bich, John Glen, Mario Guevara, Maëlys Castella, Timothée Bich and SOCIÉTÉ M.B.D. are determined on the basis of their participation in the meetings of the Board, and when applicable, of the Committees of the Board of Directors.

For fiscal year 2019, the allocation of Directors' remuneration is based on the following policy:

- fixed annual fee: 13,300 euros (+2.3% versus 2018);
- variable part corresponding to 100% Board Meeting Attendance in 2019: 23,200 euros (+1.8% versus 2018);
- variable part corresponding to the attendance to a meeting based on another continent: 3,000 euros;

(1) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2019 (1 euro = 1.11196 U.S. dollar). (See note 3 to the consolidated financial statements)

- part corresponding to the role of Audit Committee Chairman: 19,100 euros (+2.1% versus 2018);
- part corresponding to the role of Remuneration or Nomination Committee Chairman: 9,600 euros (+2.7% versus 2018);
- part corresponding to the role of Audit Committee Member: 14,000 euros (+2.2% versus 2018);
- part corresponding to the role of Remuneration or Nomination Committee Member: 7,100 euros (+2.2% versus 2018).

These Board members do not receive any other compensation.

Gonzalve Bich, Marie-Aimée Bich-Dufour and Vincent Bedhome do not receive Directors' remuneration in connection with the functions they perform for the Group.

Similarly, none of the Leadership Team members receive Directors' remuneration in connection with the functions they perform for the Group.

Following their retirement, François Bich and Mario Guevara have remained Directors and, as such, they receive Directors' fees.

Pierre Vareille, as Chairman, does not receive any Director's remuneration.

TABLE C - SUMMARY OF DIRECTORS' COMPENSATION

(Table 3 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Board members	Directors' remuneration paid relating to 2018 (in euros)	Directors' remuneration paid relating to 2019 (in euros)
Pierre Vareille	39,188	-
Elizabeth Bastoni	69,500	70,700
François Bich	22,771	16,614
Marie-Pauline Chandon-Moët	38,800	42,500
John Glen	57,500	61,600
Mario Guevara	47,800	15,170
Candace Matthews	80,381	87,600
Marie-Henriette Poinot	52,700	21,087
Maëlys Castella	-	42,505
Timothée Bich	-	4,423
SOCIÉTÉ M.B.D.	52,500	56,500
TOTAL	461,140	418,699



4.2.2.6 Allocation of stock options

As part of a policy recommended by the Remuneration Committee, from 2011, the Board decided to no longer award stock options and to replace them with free share grants. At the end of 2018 all options had expired.



4.2.2.7 Performance-based share allocations

From 2005, exercising the power placed at its disposal by the Shareholders' Meeting, the Board of Directors decided, upon the recommendation of the Remuneration Committee, to put in place a policy of three-year performance-based share grants. The Corporate Officers mentioned in the table below benefit from this policy.

Performance is assessed according to the achievement of two objectives:

- net sales growth on a comparative basis;
- net cash flow from operations and change in inventory, as a percentage of net sales.

RESULTS OF THE PLANS: INDEX OF ACHIEVEMENT OF PERFORMANCE CONDITIONS, PER CRITERIA AND PER PLAN

	Plan 1 (2005- 6-7)	Plan 2 (2006- 7-8)	Plan 3 (2007- 8-9)	Plan 4 (2008- 9-10)	Plan 5 (2009- 10-11)	Plan 6 (2010- 11-12)	Plan 7 (2011- 12-13)	Plan 8 (2012- 13-14)	Plan 9 (2013- 14-15)	Plan 10 (2014- 15-16)	Plan 11 (2015- 16-17)	Plan 12 (2016- 17-18)	Plan 13 (2017- 18-19)	Average of the plans
Net sales growth	84.8	66.4	95.2	147.1	119.1	89.2	76.8	88.1	108.1	96.7	71.9	48.6	23.6	85.82
Cash Flow	85.5	88.2	98.6	99.7	110.1	103.1	98.9	105.8	98.9	98.6	100.6	102.2	100.2	99.26
Combined performance criteria (maximum 100)	85	77	97	100	100	96	88	97	100	98	86	75	62	89.30
Final acquisition as a percentage of the initial grant	70%	54%	94%	100%	100%	92%	76%	94%	100%	96%	72%	50%	0%	77%

If the average percentage for the achievement of the two Performance Conditions is between 100% and 75%, and for each percent below 100%, the number of shares actually acquired by each beneficiary on the vesting date will be reduced by 2% compared to the initial grant.

If the average percentage for the achievement of the two objectives is less than 75%, no share will be given. These principles are illustrated in the graph presented in section 4.2.1.2.3. - *Performance Share Plan* (page 152).

BIC Corporate Officers are required keep 20% of free shares acquired, until their mandate expires. The 20% requirement is reduced to 10% when the Chief Executive Officer owns five years

of base compensation in BIC shares and when the Executive Vice-Presidents own three years of base compensation in BIC shares.

To the best of the Company's knowledge, no hedging instruments have been put in place by the three Corporate Officers mentioned in tables G and H below. Moreover, these Corporate Officers have made a formal commitment not to use hedging instruments.

The impact of previous years' share grants on dilution is non-existent because granted shares are existing shares.

The total number of shares granted is reported in Note 23 to the consolidated financial statements.

TABLE G – PERFORMANCE SHARES AWARDED DURING FISCAL YEAR 2019 TO EACH CORPORATE OFFICER

(Table 6 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Performance shares awarded during the fiscal year to each Corporate Officer by the issuer and by any company of the Group (Nominative list)	Number and date of the plan	Number of shares awarded during the fiscal year	Valuation of the shares according to the method used for the consolidated fiscal statements (in euros)	Acquisition date	Availability date	Performance conditions
Gonzalve Bich	15 (February 12, 2019)	17,000	1,379,380	March 31, 2022	March 31, 2022	1) Net sales growth 2) Cash flow from operations and change in inventory as a percentage of net sales
James DiPietro	15 (February 12, 2019)	8,000	649,120	March 31, 2022	March 31, 2022	as above
Marie-Aimée Bich-Dufour	15 (February 12, 2019)	3,250	263,705	March 31, 2022	March 31, 2022	as above

TABLE G – PERFORMANCE SHARES AWARDED DURING FISCAL YEAR 2018 TO EACH CORPORATE OFFICER

(Table 6 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Performance shares awarded during the fiscal year to each Corporate Officer by the issuer and by any company of the Group (Nominative list)	Number and date of the plan	Number of shares awarded during the fiscal year	Valuation of the shares according to the method used for the consolidated fiscal statements (in euros)	Acquisition date	Availability date	Performance conditions
Gonzalve Bich	14 (May 16, 2018)	15,000	1,151,700	May 16, 2021	May 16, 2021	1) Net sales growth 2) Cash flow from operations and change in inventory as a percentage of net sales
James DiPietro	14 (May 16, 2018)	8,000	649,120	May 16, 2021	May 16, 2021	as above
Marie-Aimée Bich-Dufour	14 (May 16, 2018)	3,250	263,705	May 16, 2021	May 16, 2021	as above

TABLE H – PERFORMANCE SHARES THAT BECAME AVAILABLE DURING FISCAL YEAR 2019 TO EACH CORPORATE OFFICER

(Table 7 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Performance shares that became available for each Corporate Officer (nominative list)	Number and date of the plan	Number of shares that became available during the fiscal year	Acquisition terms	Award year
Gonzalve Bich	9 M (Feb. 12, 2013)	1,000	100% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2013
James DiPietro	9 M (Feb. 12, 2013)	6,000	100% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2013
Marie-Aimée Bich-Dufour	9 M (Feb. 12, 2013)	4,520	100% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2013

4

TABLE H – PERFORMANCE SHARES THAT BECAME AVAILABLE DURING FISCAL YEAR 2018 TO EACH CORPORATE OFFICER

(Table 7 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Performance shares that became available for each Corporate Officer (nominative list)	Number and date of the plan	Number of shares that became available during the fiscal year	Acquisition terms	Award year
Gonzalve Bich	8 M (Feb. 14, 2012)	705	94% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2012
James DiPietro	5 S (Feb. 10, 2009)	267	100% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2009
James DiPietro	8 M (Feb. 14, 2012)	5,640	94% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2012
Marie-Aimée Bich-Dufour	8 M (Feb. 14, 2012)	2,820	94% of the initial allocation is definitively acquired, based on the achievement of performance conditions	2012

M = Main.

S = Secondary.



TABLE I – HISTORY OF PERFORMANCE SHARE PLAN ALLOCATIONS

(Table 9 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

	Plan No. 1		Plan No. 2		Plan No. 3		Plan No. 4		Plan No. 5		Plan No. 6
Annual Shareholders' Meeting date	May 19, 2005		May 19, 2005		May 19, 2005		May 23, 2007		May 23, 2007		May 23, 2007
Board of Directors' Meeting date	May 19, 2005		December 14, 2005		December 13, 2006		December 11, 2007		February 10, 2009		February 16, 2010
Grant	M	S	M	S	M	S	M	S	M	S	M
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
• Of which, shares granted to the Corporate Officers (% of BIC shares as of December 31, 2019)											
• Gonzalve Bich	-	-	-	-	-	-	-	-	-	-	600
• James DiPietro	2,650	238	2,650	238	2,650	294	2,650	302	5,050	247	5,000
• Marie-Aimée Bich-Dufour	2,650	-	2,650	-	2,650	-	2,650	-	3,500	-	3,500
									(0,01%)		(0,01%)
End of the Acquisition Period	May 19, 2008	May 19, 2012	March 14, 2009	March 14, 2013	March 13, 2010	March 13, 2014	March 11, 2011	March 11, 2015	March 10, 2012	March 10, 2016	March 16, 2013
End of the Holding Period	May 19, 2011	May 19, 2014	March 14, 2012	March 14, 2015	March 13, 2013	March 13, 2016	March 11, 2014	March 11, 2017	March 10, 2015	March 10, 2018	March 16, 2016
Performance conditions	1) Increase in net sales 2) Net cash from operating activities as a percentage of net sales										
Total number of shares definitively acquired as of December 31, 2018	20,405	1,162	15,741	512	31,443	1,104	37,550	1,436	57,500	2,156	76,797
Total number of void or lapsed shares as of December 31, 2018 ^(a)	11,395	1,456	16,059	2,106	2,007	1,248	-	1,208	-	487	6,678
TOTAL NUMBER OF PERFORMANCE SHARES OUTSTANDING AS OF DECEMBER 31, 2018	-	-	-	-	-	-	-	-	-	-	-

	Plan No. 7	Plan No. 8	Plan No. 9	Plan No. 10	Plan No. 11	Plan No. 12	Plan No. 13	Plan No. 14	Plan No. 15
Annual Shareholders' Meeting date	May 12, 2010	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013	May 18, 2016	May 18, 2016	May 16, 2018	May 22, 2019
Board of Directors' Meeting date	February 15, 2011	February 14, 2012	February 12, 2013	February 11, 2014	February 10, 2015	May 18, 2016	February 10, 2017	May 16, 2018	February 12, 2019
Grant	M	M	M	M	M	M	M	M	M
Number of free shares granted	87,650	159,940	161,010	159,660	176,740	159,680	155,790	170,720	162,025
• Of which, shares granted to the Corporate Officers (% of BIC shares as of December 31, 2019)									
• Gonzalve Bich	600	750	1,000	3,250	4,500	5,000	8,000	15,000	17,000
• James DiPietro	5,000	6,000	6,000	8,000	8,000	8,000	8,000	8,000	8,000
	(0,01%)	(0,01%)	(0,01%)	(0,02%)	(0,02%)	(0,02%)	(0,02%)	(0,02%)	(0,02%)
• Marie-Aimée Bich-Dufour	3,500	3,000	4,250	3,250	3,250	3,250	3,250	3,250	3,250
			(0,01%)	(0,01%)	(0,01%)	(0,01%)	(0,01%)	(0,01%)	(0,01%)
End of the Acquisition Period	March 15, 2014	March 14, 2015	March 12, 2016	March 11, 2017	March 10, 2018	May 18, 2019	March 31, 2020	May 16, 2021	March 31, 2022
End of the Holding Period	March 15, 2017	March 14, 2018	March 12, 2019	March 11, 2020	March 10, 2021	March 31, 2022	March 31, 2020	May 16, 2021	March 31, 2022
Performance conditions	1) Increase in net sales 2) Net cash from operating activities. As a percentage of net sales								
Total number of shares definitively acquired as of December 31, 2019	57,551	135,452	148,050	139,040	106,809	64,730	-	-	-
-Total number of void or lapsed shares as of December 31, 2019 ^(a)	30,099	24,488	12,960	20,620	69,931	94,950	155,790	94,413	60,491
TOTAL NUMBER OF PERFORMANCE SHARES OUTSTANDING AS OF DECEMBER 31, 2019	-	-	-	-	-	-	-	76,307	101,534

(a) The performance share grants are void due to the beneficiary leaving the Company or to all performance conditions not being achieved.

M = Main.

S = Secondary.

Free share allocations with or without performance conditions

Since 2005, exercising the power granted to it by the Shareholders' Meeting, the Board of Directors has resolved, upon the recommendation of the Remuneration Committee, to put in place a policy of three-year performance-based free share grants. From 2012, some 500 executives who historically received stock options based on their position in the Company (eligible executives) now receive three-year performance-based share grants.

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

- net sales growth;
- net cash flow from operations and change in inventory, as a percentage of net sales.

In 2019, 162,025 performance shares were granted to 496 beneficiaries

In 2018, 170,720 performance shares were granted to 499 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 Committee, to award free share grants without performance conditions.

The vesting period is three years for the 2018 and 2019 plans.

In 2019, 17,550 shares were granted without performance conditions to 239 beneficiaries.

In 2018, 30,500 shares were granted without performance conditions to 244 beneficiaries.

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

FREE SHARES GRANTED AND TRANSFERRED IN 2019 TO THE TOP TEN MEMBERS OF THE GROUP WHO ARE NOT CORPORATE OFFICERS

Free shares granted and transferred to the top 10 employees who are not corporate officers	Number of shares	Valuation of the shares according to the method used for the consolidated financial statements (in euros)	Acquisition date	Availability date	Plan No
<ul style="list-style-type: none"> • 5. Shares granted during the fiscal year by the issuer or by any company included in the perimeter of allocation of shares, to the 10 employees of the issuer and of any company included in this perimeter, who are so allocated the highest number of shares ^(a) 	35,050	2,843,957	March 31, 2022	March 31, 2022	15 M
<ul style="list-style-type: none"> • 6. Shares transferred during the fiscal year by the issuer or by any company included in the perimeter of allocation of shares, to the 10 employees of the issuer and of any company included in this perimeter, who are so transferred the highest number of shares ^(a) 	16,500	1,451,835	March 12, 2019	March 12, 2019	9 M
	7,400	837,680	May 18, 2019	May 18, 2019	12 M

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

M = Main.

S = Secondary.



4.2.2.8 Pension plans

- Pierre Vareille, Chairman from May 2018, is not eligible to any BIC Pension Plan.
- Gonzalve Bich participates in the BIC CORPORATION Restoration Plan (a U.S. supplementary pension plan), which has existed since 2006 and which benefits selected Company executives whose compensation taken into account in the U.S. Qualified Pension Plan is restricted by regulations.

The plan benefit is subject to having been a participant in the plan for at least five years.

Method for determining the pensionable compensation: the pensionable compensation is the average compensation based on the highest three consecutive years within the last 10 years.

- Rate of pension rights acquisition:
 - this plan provides for a single life annuity, payable at normal retirement age (65) equal to 1.1% of the Social Security ceiling plus 1.5% of average pay in excess of the Social Security ceiling, multiplied by the number of years of service, (not to exceed 35 years), plus 1.4% of average pay per year of service in excess of 35 years. The plan also includes the pension granted by the U.S. Qualified Pension Plan. Full vesting at age 52 with 15 or more years of service or at age 60 with 5 years of participation. Full vesting in the U.S. Qualified Plan occurs at 5 years of service;
 - in addition, the Plan provides early retirement benefits for beneficiaries prior to age 65 (or age 62 if they retire at or after age 55 with 10 or more years of service);
 - the commitments arising from this plan are provisioned by BIC CORPORATION in accordance with IAS 19.



- Maximum Payments:
 - not applicable.
 - Method of funding:
 - the Restoration Plan is unfunded. The U.S. Qualified Pension Plan is funded through a trust.
 - Other expenses paid by the Company:
 - BIC pays the cost of administration, accounting valuations under IAS 19 and funding valuations for the U.S. Qualified Pension Plan.
- At December 31, 2019, Gonzalve Bich had accrued a pension benefit equivalent to 24.56% of the average compensation of the last three years of service out of his 16.9 years of service (*i.e.*, for information, an annual pension equal to 265,664 U.S. dollars payable at age 65, inclusive of the U.S. Qualified Pension Plan benefit), assuming he had stopped his activity on December 31, 2019. He has elected to receive his Restoration Plan benefit as a lump sum.
- c) James DiPietro participates in the BIC CORPORATION Supplementary Executive Retirement Plan, which has existed since 1970 and which benefits the main executives of BIC CORPORATION.
- The plan benefit is subject to having been a participant in the plan for at least five years.
 - Method for determining the pensionable compensation:
 - the pensionable compensation is the average compensation (base + bonus) of the best three years of the last five years of service.
 - Rate of pension rights acquisition:
 - this plan provides, by year of service, an annual pension equal to 2.50% of the pensionable compensation with a maximum of 50% (*i.e.*, 20 years of service), including the pension granted by the U.S. Qualified Pension Plan;
 - full vesting in the Supplementary Executive Retirement Plan occurs at age 52 with fifteen or more years of service or at age 60 with five years of participation. Full vesting in the U.S. Qualified Plan occurs at five years of service;
 - the commitments arising from this plan are provisioned by BIC CORPORATION, in accordance with IAS 19.
 - Maximum Payments:
 - maximum of 50% of compensation, *i.e.*, 20 years of service, including the pension granted by the U.S. Qualified Pension Plan.
 - Method of funding:
 - The Supplementary Executive Retirement Plan is unfunded. However, BIC invests in life insurance policies to offset the cost of the plan. The U.S. Qualified Pension Plan is funded through a trust.
 - Other expenses paid by the Company:
 - BIC pays the cost of administration, accounting valuations under IAS 19 and actuarial valuations for the U.S. Qualified Pension Plan.

As of December 31, 2019, James DiPietro had accrued a pension benefit equivalent to 50.00% of the average compensation of the last three years of service out of his 21.5 years of service (*i.e.*, for information, an annual pension equal to 472,219 U.S. dollars (including the benefit from the U.S. Qualified Pension Plan) as a single life annuity payable at age 60 (inclusive of the U.S. Qualified Pension Plan benefit), assuming he had stopped his activity on December 31, 2019). He has elected to receive his Supplementary Executive Retirement Plan benefit as a lump sum.

- d) Marie-Aimée Bich-Dufour contributes to the Supplementary Executive Retirement Plan (governed by Article L. 137-11 of the French Social Security Code) for BIC executives in France.
- Condition for pension benefit eligibility:
 - a minimum period of five years of participation is necessary to benefit from the plan;
 - be officially qualified for a pension under the Social Security scheme;
 - retire from BIC in accordance with the provisions of Article L. 137-11 of the Social Security Code.
 - Method for determining the pensionable compensation:
 - the pensionable compensation is the average compensation of the last three years of service;
 - to determine the pensionable compensation, only base and annual bonus are included, all other direct or indirect payments are excluded.
 - Rate of pension rights acquisition:
 - the supplementary pension is equal to 1.25% of the average compensation, per year of membership of the plan, with a maximum of 25% (*i.e.* 20 years);
 - on May 18, 2016, the Board of Directors decided to freeze the rights in this plan awarded to Marie-Aimée Bich-Dufour during her new mandate;
 - the commitments arising from this plan are provisioned by SOCIÉTÉ BIC in accordance with IAS 19.
 - Maximum Payments:
 - the consolidation of all pension rights cannot exceed a replacement rate of 50% of compensation. This ceiling is verified on the date of retirement.
 - Method of funding:
 - the Supplementary Executive Retirement Plan is funded.
 - Other expenses paid by the Company: BIC pays the Fillon tax, which is 24% of the contributions to the fund.
- On December 31, 2019, the supplementary pension, which has been determined based on seniority in the Plan and on her compensation as of May 18, 2016, amounts to 107,318 euros (for information purposes).

4.2.2.9 Commitments concerning Corporate Officers (related to the start or end of a mandate)

TABLE J

(Table 11 following the format of French Financial Markets Authority Position-Recommendation No. 2009-16)

Corporate Officers	Employment contract		Supplementary pension plan		Indemnities and benefits due or likely to be due because of a termination or change in positions		Non-competition indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre Vareille, Chairman of the Board Initial date of appointment: May 16, 2018 Term: 2021 AGM		X		X		X		X
Gonzalve Bich Chief Executive Officer Initial date of appointment: June 2, 2016 Term: indefinite duration		X ^(a)	X			X		X
			(See section 4.2.2.8)					
James DiPietro Executive Vice-President Initial date of appointment: June 2, 2016 Term: day of appointment of a new Chief Executive Officer		X ^(b)	X			X		X
			(See section 4.2.2.8)					
Marie-Aimée Bich-Dufour Executive Vice-President until March 31, 2019 Initial date of appointment: March 22, 1995 Term: March 31, 2019		X	X			X		X
			(See section 4.2.2.8)					

(a) No employment contract was concluded between SOCIÉTÉ BIC and Gonzalve Bich. His compensation is paid by BIC International. No termination payments are provided for these functions, which can be terminated at any time.

(b) No employment contract was concluded between SOCIÉTÉ BIC and James DiPietro. His compensation is paid by BIC International. No termination payments are provided for these functions, which can be terminated at any time.



4

CORPORATE GOVERNANCE



COMMENTS ON THE YEAR

5.1. OPERATIONS AND CONSOLIDATED RESULTS	170
The Group in 2019	170
2019 Group non-financial performance	173
2019 Group performance by category	173
2019 Group performance by geographical area	175
5.2. FINANCIAL SITUATION AND CASH	178
5.3. DIVIDENDS	179
5.4. INVESTMENTS	180
Principal investments over recent years	180
Principal investments in 2019	181
Principal investments in progress: geographic distribution and financing methods	181
Principal future investments	181



5.1. OPERATIONS AND CONSOLIDATED RESULTS

THE GROUP IN 2019

2019 Key Events

February	In February, BIC launched the “ <i>BIC 2022-Invent the Future</i> ” transformation plan. The plan includes four strategic pillars to drive long-term profitable sales growth: effectiveness, innovation, consumer-centricity, and omnichannel distribution. To better address current challenges, an Executive Committee has been created to set the Group’s long-term ambition and implement BIC’s strategy through greater accountability and expertise while fostering cross-function collaboration.
March	On March 11, BIC officially inaugurated its East Africa Facility in Kasarani, Nairobi. This new venture comes as BIC transferred its manufacturing in Kenya and distribution in the East African region from HACO Industries Kenya Ltd. After forty years of presence through a local distributor, BIC established its subsidiary to implement its proximity strategy and expand its brand presence.
June	On June 6, BIC entered the second phase of the “ <i>BIC 2022 - Invent the Future</i> ” transformation plan, which focused on creating the right structures to enhance our global efficiency further and to sustain growth throughout our business. This phase should generate approximately 25 million euros annualized savings by the end of 2022, in addition to the 20 million euros announced in February.
July	On July 30, SOCIÉTÉ BIC filed a complaint with the European Ombudsman claiming maladministration by the European Commission of the infringement procedure initiated in 2010 against the Netherlands due to their lack of actions to impose lighter safety standards compliance. In its complaint of 30 July to the Ombudsman, SOCIÉTÉ BIC notably pointed out the unreasonable delay in processing the file by the European Commission.
October	On October 23, 2019, BIC completed the acquisition of Lucky Stationery in Nigeria (LSNL), Nigeria #1 Writing Instrument manufacturer. This acquisition is consistent with BIC’s continued growth strategy in Africa.

Full Year 2019 Net Sales were 1,949.4 million euros, flat as reported, down 1.9% on a comparative basis. The favorable impact of currency fluctuations (+2.3%) was mainly due to the strong U.S.

dollar against the euro. Europe grew by 2.3% while North America declined by 4.1%, and Developing Markets declined by 3.1%, all on a comparative basis.

CONDENSED PROFIT AND LOSS ACCOUNT

<i>(in million euros)</i>	FY 2018	FY 2019	As reported	On a comparative basis
Net sales	1,949.8	1,949.4	0.0%	-1.9%
Cost of goods	935.5	972.1		
Gross Profit	1,014.3	977.3		
Administrative & other operating expenses	755.5	724.6		
Income from operations	258.8	252.7		
Finance revenue/costs	2.8	(1.3)		
Income before tax	261.6	251.4		
Income tax expense	(88.2)	(75.3)		
Net Income Group Share	173.4	176.1		
Earnings per share Group share <i>(in euros)</i>	3.80	3.91		
Average number of shares outstanding (net of treasury shares)	45,598,109	45,056,076		

FY 2019 Gross Profit margin came in at 50.1%, compared to 52.0% for 2018.

FY 2019 Normalized IFO was 331.8 million euros (i.e., a Normalized IFO margin of 17.0%).

KEY COMPONENTS OF THE CHANGE IN NORMALIZED IFO MARGIN

<i>(in % points)</i>	Q4 2019 vs. Q4 2018	FY 2019 vs. FY 2018
• Change in cost of production ^(b)	(1.4)	(1.9)
• Brand Support	(0.1)	(0.4)
• OPEX and other expenses	+2.6	+1.2
Total change in Normalized IFO margin	+1.1	(1.1)

(a) this excludes impact of 2018 Argentina hyperinflation



NON-RECURRING ITEMS

<i>(in million euros)</i>	FY 2018	FY 2019
Income From Operations	258.8	252.7
As % of Net Sales	13.3%	13.0%
Cello Trademark and goodwill impairment in 2019 and Cello and PIMACO goodwill impairment in 2018	74.2	44.3
Restructuring costs (Transformation plan in 2018 and 2019, 2018 Stationery and Lighters manufacturing reorganization, 2018 Haco Industries acquisition-related costs)	15.4	44.7
U.K. pension adjustment for past service costs in 2019	-	(9.9)
BIC Sport Divestiture	4.9	-
Argentina hyperinflationary accounting (IAS 29)	(0.9)	-
Normalized Income From Operations (IFO)	352.4	331.8
As % of Net Sales	18.1%	17.0%

NET INCOME AND EPS

<i>in million euros</i>	FY 2018	FY 2019
IFO	258.8	252.7
Finance revenue/costs	2.8	(1.3)
Income before Tax	261.6	251.4
Net Income Group share	173.4	176.1
Normalized Net Income Group Share ^(a)	267.8	246.7
Normalized EPS Group Share <i>(in euros)</i>	5.87	5.47
EPS Group Share <i>(in euros)</i>	3.80	3.91

(a) Excluding 2018 Cello and PIMACO Goodwill Impairment, BIC Sport Divestiture for 2018, restructuring costs & Argentina hyperinflationary accounting for 2018 and 2019, Cello trademark and goodwill impairment for 2019 and U.K. pension adjustment for past service costs in 2019.

FY 2019 Finance Revenue decrease is explained by 2018 higher favorable impact of the fair value adjustments to financial assets denominated in U.S. dollars (BRL and EUR).

The 2019 effective tax rate was 30.0% compared to 33.7% in 2018 (27.3% excluding Cello goodwill and trademark impairment and related tax impact in 2019 and 26.3% excluding Cello and PIMACO goodwill impairment in 2018.)

2019 GROUP NON-FINANCIAL PERFORMANCE

Water consumption: A 8.4% drop in water consumption per ton of production between 2018 and 2019. Over this same period, BIC's total water consumption dropped by 14% while production dropped by 5.8%, in particular due to the implementation of programs to optimize the Group's industrial processes and equipment.

Energy consumption: +3.8% energy consumption per ton of production. There has been a slight increase between 2019 and 2018. This increase is mostly due to machine maintenance or other requirements such as heating. Some factories also have molding machines which consume energy. Some sites also use diesel during power cuts, or activity transfers.

Renewable energy: In 2019, the share of renewable electricity consumed by the Group stood at 76%, compared with 68% in 2018. This significant increase in the Group's use of renewable electricity reflects its commitment in this area.

Greenhouse gas emissions The total amount of direct and indirect GHG emissions was estimated to be 97,711 t_{eq}CO₂ in 2019, a -0.58% drop in the total quantity of direct and indirect (scopes 1 and 2) GHG emissions, notably due to variations in national emission factors (scope 2), which fell for certain countries;

Waste: A 3.7% increase in the quantity of waste generated per ton of production between 2018 and 2019, resulting from an increase (4%) in the ratio of non-hazardous waste generated per ton of production, which represents 83% of the Group's waste, and an increase (3.65%) in the ratio of hazardous waste.

Headcount: in 2019, 10,002 team members received training (or 60% of headcount present on December 31, 2019) with an average of 2.2 days per employee.

Diversity: In 2019, women accounted for 48% of permanent team members in the Group: 36% of the workforce in Europe, 42% in North America, 48% in Latin America and Asia, 39% in Middle East Africa, 41% in Asia-Pacific/Oceania, and 60% in India.

Health and Safety: In 2019, health and safety management systems were operational on 86% of BIC's sites.

In all BIC sites, accidents resulting in lost work time for BIC employees are mainly caused by the handling of materials and machines. In 2019, the frequency rate decrease from 2.14 to 1.87. The development and implementation of actions plans will continue in 2019 and should lead to an increased safety culture and a decrease of this rate. The severity rate decrease at 0.06. In addition, 55 sites reported no accidents with lost work time in 2019, including 10 factories

Human Rights: 92% of the Group's Net Sales are generated by products made in its factories. 83% of these factories are located in countries with no Human Rights risk according to Freedom House⁽¹⁾.

Sponsorship: In 2019, product donations and financial aid worldwide represented 2 million euros (internal valuation), primarily in education⁽²⁾, health, and emergency aid. These two sectors represent 84% of BIC's community activities in number and 86% in financial value;

Education: At the end of 2019, BIC estimated the number of children whose learning conditions have been improved at 61 million through direct actions with children or actions with teachers and parents.



2019 GROUP PERFORMANCE BY CATEGORY

NET SALES AND INCOME FROM OPERATIONS (IFO) BY PRODUCT CATEGORY 2018-2019

(in million euros)	Net Sales		IFO	
	2018	2019	2018	2019
Stationery	771.9	774.4	(14.1)	(6.7)
Lighters	685.8	679.0	242.0	217.7
Shavers	438.0	463.0	43.7	47.2
Other Products	54.0	33.1	(13.4)	(5.5)

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

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



IFO AND NORMALIZED IFO BY PRODUCT CATEGORY 2018-2019

(In %)	Norm. IFO		IFO	
	2018	2019	2018	2019
Stationery	62.8	47.8	(14.1)	(6.7)
Lighters	247.0	232.1	242.5	217.7
Shavers	45.4	56.2	43.7	47.2
Other Products	(2.8)	(4.3)	(13.4)	(5.5)

IFO AND NORMALIZED IFO MARGINS BY PRODUCT CATEGORY 2018-2019

(In %)	Norm. IFO Margin		IFO Margin	
	2018	2019	2018	2019
Stationery	8.1	6.2	(1.8)	(0.9)
Lighters	36.0	34.2	35.4	32.1
Shavers	10.4	12.1	10.0	10.2

Stationery

Stationery Full Year 2019 Net Sales increased by +0.3% as reported and decreased by 3.4% on a comparative basis.

- We outperformed overall declining markets in **Europe**, growing shares in key countries such as France and the U.K. ⁽¹⁾. Our added-value products, including BIC® Gelocity Quick Dry and BIC® Intensity Medium, felt pen performed well. E-commerce business grew 14% versus the prior year.
- **North America's** performance was impacted by a soft sell out during the Back-to-School season. However, we continued to see new products, such as BIC® Gelocity Ultra and BIC® BodyMark tattoo marker, perform well. Year to date, BIC outperformed the Gel, Mechanical Pencil, and Correction Segments and continued to grow in e-commerce, reaching 13.0% market share in value (+0.8 points) ⁽²⁾.
- **In Latin America**, Net Sales declined by approximately 10%. Performance at the beginning of the year was negatively impacted by PIMACO (our manufacturer and distributor of adhesive labels) as well as by weak execution in Ecuador during H1. During the 2019 Back-to-School seasons, while we outperformed a declining market in Brazil, we lost 2.5 points in value ⁽³⁾ in Mexico as a result of the poor performance of Ball Pen and Graphite segments in a highly competitive environment.
- **In the Middle-East and Africa region**, the performance was driven by a successful change in route-to-market in East Africa, thanks to the transfer of Haco Industries Ltd.' manufacturing and distribution activities, which led to a double-digit increase in Net Sales in the region. Solid 2019 Back-to-School also drove the performance in South-Africa. In Nigeria, Lucky

Stationery Nigeria Ltd.'s acquisition was finalized on October 23, 2019.

- **In India**, Cello Pens Domestic Sales decreased double-digit on a comparative basis in a challenging market environment impacted by the high level of superstockists' inventories, as well as our on-going strategy of portfolio streamlining. However, we continued to see improved performance of our Champion Brands such as Butterflow.

Full Year 2019 Stationery Normalized IFO margin for Stationery was 6.2% compared to 8.1% in 2018 due to higher Raw Material costs and unfavorable forex.

Lighters

Full Year 2019 Lighters Net Sales were down by 1.0% as reported and down 3.7% on a comparative basis.

- **In Europe**, a price adjustment was implemented across the region. Our first advertising campaign to address consumers directly was launched in France, Belgium, Germany, and Italy to reinforce BIC's brand image of quality and safety.
- **In North America**, Net Sales were heavily impacted by the decline of the U.S. pocket lighter market. For the full year, the market was down -8.2% in volume and -5.9% in value ⁽⁴⁾, nonetheless we maintained market share in both volume and value. The U.S. Utility market continued to grow, and BIC was up 12.5% in value ⁽⁴⁾, outperforming the market, thanks to additional distribution in the Modern Mass channel.
- **Latin America** posted mid-single-digit growth driven by Brazil with the price increase implementation in June as well as higher volumes in the traditional channel. In Mexico, sales were boosted by distribution gains in the convenience channel.

(1) GfK- YTD December 2019- EU7 - in value.

(2) NPD - YTD December 2019 - in value.

(3) Nielsen - YTD December 2019 - Modern Channel only - in value.

(4) IRI - YTD December 2019 - in value.

Full Year 2019 Normalized IFO margin for Lighters was 34.2% compared to 36.0% in 2018, is explained by unfavorable forex and higher Brand Support investments.

Shavers

Full Year 2019 Shavers Net Sales increased by 5.7% as reported and up 3.2% on a comparative basis.

- In **Europe**, while the overall market slightly declined, Western Europe's performance was fueled by both added-value products, and recent launches with BIC® Miss Soleil Sensitive. In Russia, we outperformed a flat market, gaining 0.8 points in share value⁽¹⁾ driven by further distribution gains, and the on-going success of the BIC® Flex Hybrid product range.
- In **North America**, the one-piece market continues to be highly competitive and declined by 4.2% in value⁽²⁾. We gained 1.9 points to reach 28.1% in market share value, fueled by the outperformance in the one-piece female segment, driven by the expanded distribution of BIC® Silky Touch, and the on-going success of the BIC® Soleil franchise. In Men, we outperformed the category with Flex 5 Hybrid as the primary growth driver thanks to successful in-store promotions. The "Made For YOU" brand was launched in the U.S., offering a 5-blade refillable shaver for Men and Women, in partnership with Amazon.

- **Latin America** performance was driven by Mexico, where in a highly competitive market, we gained 1.0 points in share value⁽³⁾, thanks to distribution gains and robust performance of premium products and new launches with BIC® Flex 3 Hybrid and Soleil Click 5. In Brazil, we outperformed the market, boosted by the performance of our three-blade offering, and reached a historical record in market share with 28.2% in volume and 21.9% in value share.

- In the **Middle-East and Africa**, Net Sales were up low single-digit driven by good performance in North Africa, and by strong promotional activities with BIC®1 during the African Cup of Nations in West African countries and South Africa.

Full Year 2019 Normalized IFO margin for Shavers was 12.1% compared to 10.4% in 2018. The increase was driven by Net Sales growth, which more than offset unfavorable forex.

Other Products

Full Year 2019 Net Sales for Other Products decreased by 38.7% as reported (up 1.2% on a comparative basis).

Full Year 2019 Normalized IFO for Other Products was a negative 4.0 million euros, compared to a negative 2.8 million euros in 2018.

2019 GROUP PERFORMANCE BY GEOGRAPHICAL AREA

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA

(in million euros)	FY 2018	FY 2019	Change as reported	Change on a comparative basis
Group				
Net Sales	1,949.8	1,949.4	0.0%	-1.9%
Europe				
Net Sales	559.7	558.9	-0.1%	+2.3%
North America				
Net Sales	765.6	764.4	-0.2%	-4.1%
Developing markets				
Net Sales	624.5	626.1	+0.3%	-3.1%



IMPACT OF CHANGE IN PERIMETER AND CURRENCY FLUCTUATIONS ON NET SALES

(in %)	FY 2018	FY 2019
Perimeter	(0.6)	(0.4)
Currencies	(4.8)	+2.3
• Of which USD	(1.5)	+1.9
• Of which BRL	(1.5)	(0.2)
• Of which MXN	(0.4)	+0.3
• Of which RUB and UAH	(0.2)	+0.1
• Of which INR	(0.3)	+0.1

(1) Nielsen – YTD December 2019 – in value.

(2) IRI – Period ending December 29, 2019 – in value.

(3) Nielsen – Shaver non refillable – YTD December 2019 in value.



SENSITIVITY OF NET SALES TO KEY CURRENCY CHANGES

(in %)	2018	2019
+/-5% change in USD	+/-1.8	+/-1.8
+/-5% change in BRL	+/-0.4	+/-0.4
+/-5% change in MXN	+/-0.3	+/-0.3

Europe

Europe includes Western and Eastern Europe. In 2019, Net Sales in Europe reached 558.9 million euros, a year-on-year increase of 2.3% on a comparative basis.

Europe performance was driven by a price increase lighters, a strong Back-to-School season in France, and Russia's outperformance in Shavers.

- **In Stationery:** Net Sales increased low-single digit. The Back-to-School season was successful in France where BIC gained market share for the 16th consecutive year in a row. Our added-value products such as BIC® Gelocity Full Grip and recently launched BIC® Intensity Medium felt pen drove performance. Our e-commerce business grew 14% versus the prior year.
- **In Lighters:** Net Sales increased low-single digit. We implemented a price adjustment across the region and launched an advertising campaign, to address our consumers directly, to reinforce BIC's brand image of quality and safety.
- **In Shavers:** Net Sales increased mid-single-digit due to added-value products such as BIC® Flex 3, BIC® Miss Soleil and BIC® Flex 5, as well as by recent launches with BIC® Miss Soleil Sensitive in Western Europe. Performance in Russia was driven by further distribution gains with the on-going success of BIC® Flex 3 Hybrid, and the effective launch of BIC® Flex 5 Hybrid in the first quarter.

North America

The North America region includes the U.S. and Canada. In 2019, Net Sales in North America reached 764.4 million euros, down 4.1% on a comparative basis, especially impacted by poor performance during Back-to-School Season in the U.S. and further deterioration in the U.S. lighters pocket market.

- **In Stationery:** Performance was impacted by a soft sell out during Back to School season. Despite this, we continued to see new products such as BIC® Gelocity Ultra and BIC® BodyMark tattoo marker performing successfully and gained market share in e-commerce.
- **In Lighters:** While the U.S. pocket lighter market declined 8.2% in volume and 5.9% in value ⁽¹⁾, BIC maintained market share in both volume and value. However, growth in the utility market continued and BIC outperformed the market, gaining 3.8 points in value share driven by new distribution in the Modern Mass channel.
- **In Shavers:** The one-piece market continues to be highly competitive, declining 4.2% in value ⁽¹⁾. BIC was able to regain momentum and market share for the first time since 2017. BIC gained 1.9 points in value to reach 28.1% in market share value thanks to the outperformance in the female one-piece segment. This success is attributed to the expanded distribution of BIC® Silky Touch, the success of the BIC® Soleil franchise, paired with our new product BIC® Soleil Click 5.

(1) IRI – period ending December 29, 2019 – in value.

Developing markets

Developing markets include Latin America (Mexico, Central America, the Caribbean, and South America), the Middle-East, Africa, Oceania and Asia. In 2019, Net Sales reached 626.1 million euros, down 3.1% on a comparative basis.

Latin America

BIC experienced poor Back-To-School performance due to a challenging competitive environment. Yet in Shavers, Brazil performed successfully and reached its historical market share record.

In 2019, Latin America Net Sales decreased low-single-digit on a comparative basis.

- **Stationery:** Net Sales decreased by approximately 10%. Performance at the beginning of the year was negatively impacted by PIMACO (our manufacturer and distributor of adhesive labels) as well as by weak execution in Ecuador during H1. During the 2019 Back-to-School seasons, while we outperformed a declining market in Brazil, we lost market share in Mexico as a result of the poor performance of Ball Pen and Graphite segments in a highly competitive environment.
- **Lighters:** Net Sales grew mid-single digit driven by Brazil, wherein a flat market, BIC was in line with the market thanks to promotional activities across the country. Performance was also driven by the price increase implementation in June as well as higher volumes in the direct channel.
- **Shavers:** BIC delivered mid-single-digit growth driven by the performance of premium products and distribution gains into convenience stores in Mexico. In Brazil, BIC outperformed the market thanks to the success of our three-blade offering and we reached a historical record in market share in volume and value.

Middle-East and Africa/India

In Africa, our new up-and-running facility in Kenya was inaugurated in March, following the Haco Industries' acquisition end of 2018. In line with BIC's aim to be closer to its markets and consumers, BIC acquired in October Lucky Stationery in Nigeria, the #1 writing instrument manufacturer. In India, the overall trading environment remained challenging, and Cello's performance continued to be affected by the level of inventory carried by Superstockists.

- **Stationery:** In East Africa, the transfer of Haco Industries Ltd.' manufacturing facilities and distribution activities drove BIC Net Sales to grow double-digit in the region. In South Africa, after a healthy Back-to-School at the beginning of the year, BIC outperformed the stationery market during the year. In India, Cello Pens was affected by the high level of superstockists' inventories, as well as our on-going strategy of portfolio streamlining. This caused a double-digit decrease in Domestic Sales.
- **Shavers:** Net Sales were up low single-digit driven by good performance in North Africa, and by strong promotional activities with BIC®1 during the African Cup of Nations in West African countries and South Africa.

Asia-Pacific

- **Stationery:** in Australia, BIC gained market share in a declining market, while performance was soft in South East Asia.
- **Lighters:** good performance in Oceania, thanks to Australia and South East Asia.
- **Shavers:** in a declining non-refillable shaver market in Australia, performance was impacted by a tough competitive environment.



5.2. FINANCIAL SITUATION AND CASH

At the end of 2019, **Net Cash from operating activities** was 318.2 million euros, including 334.5 million euros in Operating Cash Flow. Net Cash was negatively impacted by CAPEX, as well as the

dividend payments, share buybacks, and the acquisition of Lucky Stationery Nigeria.

MAIN BALANCE SHEET ITEMS

<i>(in million euros)</i>	December 31, 2018	January 1, 2019*	December 31, 2019
Shareholders' equity	1,638.1	1,625.3	1,608.1
Current borrowings and bank overdrafts	22.6	22.6	65.5
Non-current borrowings	32.0	32.0	32.3
Cash and cash equivalents – Assets	157.5	157.5	198.6
Other current financial assets and derivative instruments	18.1	18.1	6.7
Net cash position ^(a)	161.5	161.5	146.9
Goodwill and intangible assets	286.6	286.6	257.7
TOTAL BALANCE SHEET	2,367.0	2,367.0	2,392.2

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

(a) See Glossary

* Opening balance sheet: first application IFRIC 23 "Uncertainty over income tax treatments".

CONDENSED CASH FLOW STATEMENT

<i>(in million euros)</i>	2018	2019
Cash flow from operations	394.6	334.5
(Increase)/Decrease in net working capital	(73.0)	(21.1)
Other operating cash flows	(17.7)	4.8
Net cash from operating activities ^(a)	303.9	318.2
Net cash from investing activities	(109.9)	(110.8)
Net cash from financing activities	(226.5)	(210.8)
Net increase/(decrease) in cash and cash equivalents net of bank overdrafts	(32.5)	(3.4)
Closing cash and cash equivalents	149.8	146.8

(a) See Glossary

5.3. DIVIDENDS

The Board of Directors of SOCIÉTÉ BIC proposes the distribution of dividends primarily as a function of the Company's earnings, its investment policy, and balance sheet strength, as well as comparisons with peer companies in the same sector. BIC does not foresee a material change in this dividend distribution policy.

The Board of Directors will propose 2.45 euros as an ordinary dividend per share at the Annual Shareholders' Meeting on May 20, 2020. The pay-out ratio would be 63% in 2019, compared to 91% in 2018.

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)
2018	3.45	91%
2017	3.45	56%
2016	3.45	65%



5.4. INVESTMENTS

PRINCIPAL INVESTMENTS OVER RECENT YEARS

Regarding industrial investments, BIC has organized its manufacturing activities in two areas for several years:

- first, in continuous quality improvement for each production line, including ongoing investments in manufacturing processes and new technologies;
- second, in the specialization of focused production sites.

In 2006, we opened a distribution subsidiary in Turkey, and acquired PIMACO, Brazil's leading manufacturer and distributor of adhesive labels.

In December 2008, BIC 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 based on a total enterprise value of 33.5 million euros. After the purchase of Antalis Promotional Products, in June 2009, the Group announced the acquisition of Norwood Promotional Products. The acquisition was completed on July 6, 2009.

On January 21, 2009, BIC and Cello announced that they had signed a definitive agreement whereby the Group acquired 40% of the Cello Writing Instrument business for 7.9 billion Indian rupees. As part of the agreement, BIC had a call option in 2013 to increase its stake to 55%. This agreement was partially completed on March 5, 2009, for 3.8 billion Indian rupees.

In April 2009, BIC launched a worldwide cost reduction plan to adjust to the slowdown of its markets. This initiative negatively impacted the full year 2009 IFO by 34.4 million euros. The impact on profit was partially offset by the negative goodwill related to the Antalis Promotional Products acquisition. The net impact was 24.1 million euros.

On April 27, 2011, BIC acquired Sologear LLC, maker of FlameDisk®, a portable heat source for grilling. On November 30, 2011, BIC acquired the assets of Angstrom Power Incorporated, a company specializing in the development of portable fuel cell technology.

In February 2012, BIC acquired land for the construction of a writing instrument facility in the fast-growing African and Middle-East region. Located in Tunisia (region of Bizerte), the facility has been operational since the end of 2013. The total investment was 12 million euros.

In October 2012, BIC announced the launch of BIC® Education in France, a next-generation educational solution for primary schools.

In September 2013, BIC closed the acquisition of 40% of the last (7th) stationery entity of the Cello group for a total amount of 3.7 billion Indian rupees (43.3 million euros)⁽¹⁾. On September 27, 2013, the Group announced that it had completed the purchase of shares pursuant to the call option, exercised on September 17, to increase its stake in Cello Pens' seven entities from 40% to 55% for 2.9 billion Indian rupees (35.2 million euros)⁽²⁾.

In October 2013, BIC acquired land in Nantong, China (North of Shanghai) for the construction of a Lighter facility in China. The total investment is around 14 million euros.

In July 2014, BIC completed the purchase of shares to increase its stake from 55% to 75% in Cello Pens' seven entities for 4.3 billion Indian rupees (approximately 53 million euros)⁽³⁾ after Cello group exercised its put option in March 2014, allowing it to sell 20% of Cello Pens to the Group.

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

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

In October 2017, BIC's Indian subsidiary BIC Cello (India), acquired land and buildings for the construction of a new writing instrument facility in Vapi (Gujarat state). The total investment in this project is around 28 million euros. This investment enhances the Group's manufacturing footprint in India and enables it to meet consumer demand more effectively in this rapidly-growing market. This new facility is operational since the end of 2018.

On December 31, 2018, BIC announced the transfer of Haco Industries Kenya Ltd. manufacturing facilities in Kenya and distribution of Stationery, Lighters, and Shavers in East Africa to BIC. This acquisition is in line with BIC's continued growth strategy in Africa, one of the most promising markets for BIC® products in the world.

On January 16, 2019, BIC's Indian subsidiary BIC Cello, inaugurated the new writing instrument facility in Vapi (Gujarat state).

On October 23, 2019, BIC completed the acquisition of Lucky Stationery in Nigeria (LSNL), Nigeria #1 Writing Instrument manufacturer. This acquisition is consistent with BIC's continued growth strategy in Africa.

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

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

(3) 81.17 INR = 1 EUR (July 4, 2014, ECB Reference rate).

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

PRINCIPAL INVESTMENTS IN 2019

2019 Capex were 113.6 million euros.

In the **Stationery** category, major investments included:

- new plant investments mainly Samer in France, Bizerte in Tunisia, and Kenya;
- additional production capacity for Cristal in Marne-La-Vallée (France), Bizerte and Mexico;
- additional production capacity for the Correction Tape in Mexico;
- additional production capacity for 4-Color™ in Marne-La-Vallée.

In the **Lighter** category, we invested in increasing capacities; we bought new machines and molds to improve quality and productivity and invested in sustainable development.

In the **Shaver** category, major investments included:

- investments related to New Products;
- increase in production capacities for Shaver production (worldwide);

PRINCIPAL INVESTMENTS IN PROGRESS: GEOGRAPHIC DISTRIBUTION AND FINANCING METHODS

Not applicable.

PRINCIPAL FUTURE INVESTMENTS

Not applicable.



5

COMMENTS ON THE YEAR



FINANCIAL STATEMENTS

6.1. CONSOLIDATED FINANCIAL STATEMENTS	184
1. Consolidated income statement	185
2. Consolidated statement of comprehensive income	186
3. Consolidated statement of financial position	187
4. Consolidated statement of changes in equity	189
5. Consolidated cash flow statement	190
6. Notes to the consolidated financial statements	191
6.2. STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	242
I. Opinion	242
II. Basis for Opinion	242
III. Justification of Assessments - Key Audit Matters	243
IV. Specific verifications	243
V. Report on Other Legal and Regulatory Requirements	244
VI. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements	244
VII. Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements	244
6.3. PARENT COMPANY FINANCIAL STATEMENTS OF SOCIÉTÉ BIC (FRENCH GAAP)	246
1. Income statement	247
2. Balance sheet	248
3. Cash flow statement	250
4. Notes to the parent company financial statements	251
5. Additional information on the parent company financial statements	264
6.4. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	265
I. Opinion	265
II. Basis for Opinion	265
III. Justification of Assessments - Key Audit Matters	265
IV. Specific Verifications	266
V. Report on Other Legal and Regulatory Requirements	267
VI. Responsibilities of Management and Those Charged with Governance for the Financial Statements	267
VII. Statutory Auditors' Responsibilities for the Audit of the Financial Statements	267
6.5. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS	269





6.1. CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED INCOME STATEMENT	185
2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	186
3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION	187
4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	189
5. CONSOLIDATED CASH FLOW STATEMENT	190
6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	191



1. CONSOLIDATED INCOME STATEMENT

<i>(in thousand euros)</i>	Notes	December 31, 2018	December 31, 2019
Net sales	2-2	1,949,764	1,949,431
Cost of goods	4	(935,513)	(972,111)
Gross profit ^(a)		1,014,251	977,319
Distribution costs	4	(286,384)	(290,790)
Administrative expenses	4	(210,458)	(184,747)
Other operating expenses	4	(167,592)	(172,256)
Other income	5	11,674	18,307
Other expenses	5	(102,724)	(95,113)
Income from operations		258,768	252,721
Income from cash and cash equivalents	6	6,186	5,893
Net finance income/(Net finance costs)	6	(3,367)	(7,169)
Income before tax		261,587	251,445
Income tax expense	7	(88,237)	(75,350)
Net income from consolidated entities	8	173,350	176,095
Consolidated income, of which:		173,350	176,095
Non-controlling interests		-	-
Net income Group share	8	173,350	176,095
Earnings per share Group share <i>(in euros)</i>	8	3.80	3.91
Diluted earnings per share Group share <i>(in euros)</i> ^(b)	8	3.78	3.90
Average number of shares outstanding net of treasury shares over the period	8	45,598,109	45,056,076

(a) Gross profit is the margin that the Group realizes after deducting its manufacturing costs.

(b) The dilutive elements taken into account are stock options and free shares.





2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousand euros)</i>	Notes	December 31, 2018	December 31, 2019
GROUP NET INCOME	A	173,350	176,095
OTHER COMPREHENSIVE INCOME			
Actuarial differences on post-employment benefits not recyclable to the income statement ^(a)		5,823	(8,092)
Deferred tax on actuarial differences on post-employment benefits		(1,384)	1,809
Total actuarial differences not recyclable to the income statement - Net of tax	B	4,439	(6,283)
Gain/(Loss) on cash flow hedge		(23,344)	872
Exchange differences arising on translation of overseas operations ^(b)		(33,244)	5,761
Equity instruments at fair value		(3)	5
Deferred tax and current tax recognized on other comprehensive income	7-2	9,575	1,805
Other comprehensive income recyclable to the income statement - Net of tax	C	(47,017)	8,442
TOTAL COMPREHENSIVE INCOME	D = A + B + C	130,772	178,254
Attributable to:			
• BIC Group		130,772	178,254
• Non-controlling interests		-	-
TOTAL		130,772	178,254

(a) The impact of actuarial differences is mainly due to U.S. plans.

(b) The main items impacting the translation reserve variance for the period, by currency, are as follows: Brazilian real -2.8 million euros, U.S. dollar +2.8 million euros, Argentinian peso -3.9 million euros and Mexican peso +7.7 million euros.



3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in thousand euros)	Notes	Dec. 31, 2018	January 1, 2019*	December 31, 2019
Goodwill	10	210,158	210,158	203,705
Other intangible assets	11	76,413	76,413	53,978
Property, plant and equipment	9	699,755	699,755	713,488
Investment properties		1,742	1,742	1,656
Other non-current assets	12	27,921	27,921	41,781
Deferred tax assets	13	141,968	141,968	134,339
Derivative instruments	24-4, 24-5	44	44	220
Non-current assets		1,158,001	1,158,001	1,149,167
Inventories	14	449,152	449,152	455,644
Income tax advance payments		34,755	34,755	22,832
Trade and other receivables	14, 22-5	534,683	534,683	545,609
Other current assets		14,703	14,703	13,625
Derivative instruments	24-4, 24-5	5,289	5,289	2,698
Other current financial assets	20, 22-6	12,855	12,855	4,058
Cash and cash equivalents	20, 22-4	157,533	157,533	198,555
Current assets		1,208,970	1,208,970	1,243,021
TOTAL ASSETS		2,366,971	2,366,971	2,392,188

* Opening balance sheet – First application IFRIC 23 "Uncertainty over income tax treatments".





Equities and liabilities

(in thousand euros)	Notes	Dec. 31, 2018	January 1, 2019*	December 31, 2019
Share capital	15-1	173,269	173,269	171,869
Retained earnings		1,334,084	1,321,234	1,257,959
Total comprehensive income		130,772	130,772	178,254
Shareholders' equity Group share		1,638,126	1,625,276	1,608,082
Non-controlling interests		-	-	-
Shareholders' equity	SHEQ	1,638,126	1,625,276	1,608,082
Non-current borrowings	16, 22-6	32,031	32,031	32,331
Other non-current liabilities		994	994	6,261
Employee benefits obligation	18-3	163,823	163,823	179,059
Provisions	17	43,507	23,576	22,586
Deferred tax liabilities	13	41,735	74,515	55,374
Derivative instruments	24-4, 24-5	37	37	44
Non-current liabilities		282,127	294,977	295,655
Trade and other payables	14	137,729	137,729	126,403
Current borrowings	16	22,580	22,580	65,526
Current tax due		15,869	15,869	22,793
Other current liabilities	19	259,107	259,107	266,259
Derivative instruments	24-4, 24-5	11,433	11,433	7,470
Current liabilities		446,718	446,718	488,451
TOTAL EQUITY AND LIABILITIES		2,366,971	2,366,971	2,392,188

* Opening balance sheet - First application IFRIC 23 "Uncertainty over income tax treatments".

SHEQ: See consolidated statement of changes in equity.



4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousand euros)	Notes	Share capital	Accumulated profits	Additional paid in capital	Actuarial differences recognized in equity	Translation reserve	Cash flow hedge derivatives	Cost of hedging through OCI	Shareholders' equity Group share	Non-controlling interests	Shareholders' equity
December 31, 2017		175,141	1,693,439	7,851	(99,387)	(85,697)	10,823	-	1,702,170	-	1,702,170
IFRS 9 adjustment "Impairment of financial assets"		-	(3,583)	-	-	-	-	-	(3,583)	-	(3,583)
Hyperinflation impact in Argentina at opening		-	3,239	-	-	-	-	-	3,239	-	3,239
At January 1, 2018 restated		175,141	1,693,095	7,851	(99,387)	(85,697)	10,823	-	1,701,826	-	1,701,826
Dividends paid	CF, 21	-	(157,762)	-	-	-	-	-	(157,762)	-	(157,762)
Decrease in share capital ^(a)		(2,626)	(51,399)	-	-	-	-	-	(54,025)	-	(54,025)
Increase in share capital		261	4,096	-	-	-	-	-	4,357	-	4,357
Treasury shares		493	(930)	-	-	-	-	-	(437)	-	(437)
Recognition of share-based payments	CF, 23	-	-	8,404	-	-	-	-	8,404	-	8,404
Hyperinflation impact in Argentina		-	4,999	-	-	-	-	-	4,999	-	4,999
Other		-	(2)	-	-	(2)	(4)	-	(8)	-	(8)
Total transactions with Shareholders		(1,871)	(200,998)	8,404	-	(2)	(4)	-	(194,472)	-	(194,472)
Net income for the period		-	173,350	-	-	-	-	-	173,350	-	173,350
Other comprehensive income		-	1,394	-	4,439	(33,244)	(15,166)	-	(42,578)	-	(42,578)
Total comprehensive income		-	174,744	-	4,439	(33,244)	(15,166)	-	130,772	-	130,772
At December 31, 2018		173,269	1,666,841	16,255	(94,948)	(118,943)	(4,347)	-	1,638,126	-	1,638,126
First application IFRIC 23 "Uncertainty over income tax treatments" impact (see Note 1)		-	(12,850)	-	-	-	-	-	(12,850)	-	(12,850)
At January 1, 2019 restated		173,269	1,653,991	16,255	(94,948)	(118,943)	(4,347)	-	1,625,276	-	1,625,276
Dividends paid	CF, 21	-	(155,228)	-	-	-	-	-	(155,228)	-	(155,228)
Decrease in share capital ^(a)		(1,829)	(37,341)	-	-	-	-	-	(39,170)	-	(39,170)
Increase in share capital		-	-	-	-	-	-	-	-	-	-
Treasury shares		428	(1,283)	-	-	-	-	-	(855)	-	(855)
Recognition of share-based payments	CF, 23	-	-	(3,913)	-	-	-	-	(3,913)	-	(3,913)
Hyperinflation impact in Argentina		-	4,394	-	-	-	-	-	4,394	-	4,394
Other		-	(677)	-	-	-	-	-	(677)	-	(677)
Total transactions with Shareholders		(1,400)	(190,135)	(3,913)	-	-	-	-	(195,447)	-	(195,447)
Net income for the period		-	176,095	-	-	-	-	-	176,095	-	176,095
Other comprehensive income		-	2,244	-	(6,283)	5,761	438	-	2,159	-	2,159
Total comprehensive income		-	178,339	-	(6,283)	(5,761)	438	-	178,254	-	178,254
December 31, 2019		171,869	1,642,195	12,342	(101,231)	(113,183)	(3,909)	-	1,608,082	-	1,608,082

(a) 478,667 shares have been cancelled during fiscal year 2019

CF: see consolidated cash flow statement.





5. CONSOLIDATED CASH FLOW STATEMENT

<i>(in thousand euros)</i>	Notes	December 31, 2018	December 31, 2019
Operating activities			
Net income Group share	IS	173,350	176,095
<i>Income and expense without cash impact:</i>			
Argentina hyperinflationary accounting		5,360	3,368
Depreciation and amortization of intangible and tangible assets and investment properties	2, 9-2, 11	108,958	117,596
Impairment loss	9-2, 11	1,659	21,122
Goodwill impairment	10, 20 ^(a)	74,176	23,493
Provision for employee benefits	18	17,744	4,839
Other provisions (excluding provisions on current assets)	17	1,603	1,604
Unrealized foreign currency gain/loss	20 ^(b)	(6,669)	(4,166)
Hedging and derivative instruments		4,332	(667)
Option premium expense		746	899
Recognition of share-based payments	23, SHEQ	8,404	(3,913)
Deferred tax variation	13	604	(5,987)
(Gain)/Loss from disposal of fixed assets	5, 20 ^(c)	4,291	190
Cash flow from operations		394,557	334,475
(Increase)/Decrease in net working capital*	14, 20 ^(d)	(72,975)	(21,104)
Payments related to employee benefits	18-2, 20 ^(e)	(19,423)	(13,284)
Financial expense/(income)		(1,954)	(937)
Interest (paid)/received		2,067	931
Income tax expense		83,989	81,336
Income tax paid		(82,356)	(63,241)
NET CASH FROM OPERATING ACTIVITIES		303,905	318,176
Investing activities			
Disposal of fixed assets	20 ^(c)	1,415	1,263
Purchases of property, plant and equipment	9-1, 20 ^(b)	(119,506)	(99,549)
Purchases of intangible assets	11, 20 ^(a)	(5,857)	(5,351)
(Increase)/Decrease in other investments		296	57
Purchase of other current financial assets	20 ^(h)	-	(7,769)
Sale of other current financial assets	20 ^(h)	8,235	16,777
Divestiture of Bic Graphic North America and Asian Sourcing	20 ⁽ⁱ⁾	9,162	-
Divestiture of Bic Sport	20 ⁽ⁱ⁾	2,656	-
Purchase of Haco Industries Kenya and Lucky Stationary Nigeria	20 ⁽ⁱ⁾	(6,327)	(16,227)
NET CASH FROM INVESTING ACTIVITIES		(109,926)	(110,800)
Financing activities			
Dividends paid	SHEQ, 21, 20 ^(j)	(157,762)	(155,228)
Borrowings/(Repayments)	16, 20 ^(k)	(1,115)	2,855
Payments of obligations under leases	16	(16,757)	(17,554)
Purchase of financial instruments		(973)	(899)
Increase in treasury shares	20 ^(l)	(54,179)	(39,170)
Liquidity contract net of exercise of stock options	20 ^(l)	4,269	(771)
NET CASH FROM FINANCING ACTIVITIES		(226,517)	(210,766)
Net cash variation		(32,538)	(3,390)
Opening cash and cash equivalents net of bank overdrafts	BS, 16, 22	186,969	149,795
Exchange difference		(4,636)	440
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	BS, 16, 22	149,795	146,845

IS: See consolidated income statement.

SHEQ: See consolidated statement of changes in equity.

BS: See consolidated balance sheet.

References from (a) to (l) explained in Note 20



6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>General</i>		NOTE 18	PENSION AND OTHER EMPLOYEE BENEFITS	215
NOTE 1	MAIN RULES AND ACCOUNTING POLICIES	192		
	1-1 Accounting policies	192	18-1 Plan characteristics	215
	1-2 Change in Group structure	193	18-2 Change in the net obligation of defined-benefit plans	217
NOTE 2	OPERATING SEGMENTS	194	18-3 Funded/unfunded obligations	218
	2-1 General information	194	18-4 Period costs	218
	2-2 Information on the income statement and assets by activity	195	18-5 Additional information	219
	2-3 Information by geography	196	18-6 Actuarial assumptions for main countries	219
NOTE 3	EXCHANGE RATES OF FOREIGN CURRENCIES	197	18-7 Information by geography	220
<i>Income Statement and Statement of Comprehensive Income</i>		NOTE 19	OTHER CURRENT LIABILITIES	221
NOTE 4	OPERATING EXPENSES	198	<i>Additional information</i>	
NOTE 5	OTHER INCOME AND EXPENSES	199	NOTE 20	COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT
NOTE 6	FINANCIAL INCOME	200		221
NOTE 7	INCOME TAX	201	NOTE 21	DIVIDENDS
	7-1 Income tax expense	201		222
	7-2 Deferred and current tax recognized in other comprehensive income	202	NOTE 22	EXPOSURE TO MARKET RISKS
NOTE 8	EARNINGS PER SHARE GROUP SHARE	203		222
<i>Balance sheet – Assets</i>			22-1 Counterpart risk	222
NOTE 9	PROPERTY, PLANT AND EQUIPMENT	203	22-2 Foreign exchange risk	222
	9-1 Property, plant and equipment – Gross value	204	22-3 Interest rate risk	222
	9-2 Property, plant and equipment - Depreciation and impairment loss	204	22-4 Liquidity risk	222
NOTE 10	GOODWILL	205	22-5 Credit risk	223
NOTE 11	INTANGIBLE ASSETS	207	22-6 Fair value of financial assets and liabilities	224
NOTE 12	OTHER NON-CURRENT ASSETS	209	22-7 Net income impact by category of instruments	225
NOTE 13	DEFERRED TAX	209	NOTE 23	SHARE-BASED PAYMENTS
NOTE 14	CHANGE IN NET WORKING CAPITAL	210		226
<i>Balance sheet – Equity and liabilities</i>			23-1 Free share allocations with performance conditions	226
NOTE 15	SHARE CAPITAL	211	23-2 Free share allocations without performance conditions	229
	15-1 Share capital	211	NOTE 24	FINANCIAL INSTRUMENTS
	15-2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of December 31, 2019	211		230
NOTE 16	BORROWINGS AND FINANCIAL LIABILITIES	212	24-1 Derivatives and hedge accounting	232
NOTE 17	PROVISIONS	214	24-2 Foreign exchange risk	232
			24-3 Interest rate risk	233
			24-4 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2019	233
			24-5 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2018	234
			24-6 Portfolio of foreign exchange risk hedges as of December 31, 2019	234
			24-7 Main balance sheet items declared in foreign currencies	235
			NOTE 25	RELATED PARTIES
				235
			25-1 Consolidated subsidiaries	235
			25-2 Members of the Board of Directors and of the Executive Committee	235
			25-3 Companies in which a member of the Board of Directors or of the Executive Committee has a significant voting right	235
			NOTE 26	OFF-BALANCE SHEET ITEMS
				236
			26-1 Sureties, deposits and guarantees issued	236
			26-2 Sureties, deposits and guarantees received	236
			26-3 Lease arrangements	236
			NOTE 27	CONTINGENT LIABILITIES
				236
			NOTE 28	CONSOLIDATED SUBSIDIARIES
				237
			NOTE 29	AUDITORS' FEES
				241





SOCIÉTÉ BIC is a French public limited company (société anonyme), subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code. The Company is headquartered at 14, rue Jeanne d'Asnières, 92110 Clichy and is listed on Euronext. The consolidated financial statements reflect the accounting position of Société BIC and its subsidiaries (the "Group"). They are presented in euros and rounded to the nearest thousand. The Group's business is the production and sale of stationery, lighters and shavers.

NOTE 1 MAIN RULES AND ACCOUNTING POLICIES

Approval of the financial statements

The Group's consolidated financial statements for FY 2019 were approved by the Board of Directors' Meeting of February 11, 2020 and are submitted for approval to the Annual Shareholders' Meeting to be held on May 20, 2020.

1-1 Accounting policies

1-1-1 General policies

Pursuant to European regulation (EC) No.1606/2002 of July 19, 2002 on international accounting standards, the consolidated financial statements of the Group have been prepared in accordance with accounting principles as defined by the International Accounting Standards Board (IASB) as adopted by the European Union as of December 31, 2019.

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

At the end of the year, there were no differences between the reference standards used and the standards adopted by the IASB, for which application is mandatory for the period presented.

The financial statements have been prepared on a historical cost basis, except for the valuation of certain financial instruments measured at the fair value. The main accounting policies remain unchanged compared to the prior year, except for the following policies, effective since January 1, 2019.

1-1-2 Adoption of new and revised IFRS, interpretations and amendments

Standards, interpretations and amendments effective for periods starting January 1, 2019

The following standards and amendments are effective since January 1, 2019 and have been applied to the consolidated financial statements for the period ended December 31, 2019:

- IFRIC 23 – Uncertainty over Income Tax Treatments ;

IFRIC 23 is an interpretation which provides guidance on how to account for uncertain tax treatments and positions.

It clarifies and set up principles for recognition and measurement of assets and liabilities for income tax related risks, when there is uncertainty over tax positions taken. Only income tax is in the scope.

This Interpretation is effective for annual reporting beginning January 1, 2019 using the partial retrospective method.

We have negatively adjusted the Shareholders' equity from 12.9 million euros as of January 1, 2019 (counterpart deferred tax liability see Note 13). This risk relates to a tax uncertainty on one of our Brazilian subsidiaries and the tax deductibility of certain expenses recognized in the financial statements of this subsidiary.

We have also reclassified tax risks provisions amounting to 19.9 million euros related to income tax, from tax risk provisions (see note 17) to deferred tax liabilities (see note 13) as of January 1, 2019.

- Amendments to IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement;
- Annual improvements to IFRSs 2015-2017 Cycle :
 - IAS 12 – Income Taxes,
 - IFRS 3 – Business Combinations.

The Group has implemented IFRS 16 – Leases since January 1, 2018.

Standards, interpretations and amendments with mandatory application after 2019 and adopted by the European Union

In 2019, the Group did not elect to early apply any standard, interpretation or amendment approved by the European Union.

Standards, interpretations and amendments issued with mandatory application after 2019 but not yet adopted by the European Union that may have an impact on the Group's financial statements

- Amendment of the references of the conceptual framework in IFRS standards.

Analysis on the practical consequences of these new regulations is in progress.

1-1-3 Consolidation of subsidiaries

The consolidated financial statements include the financial statements of the parent company, SOCIÉTÉ BIC, and of the entities controlled by SOCIÉTÉ BIC ("its subsidiaries"). An investor controls an investee if it has the exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by other entities of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.



1-1-4 Estimates and judgments

In preparing the consolidated financial statements, the Group has to make estimates and assumptions that impact the financial statements and information reported in certain notes to the financial statements. The Group regularly reviews these estimates and assumptions in order to take into account past experience as well as changes in the economic environment, especially in some key countries of the Group. The results of these reviews could lead to the amounts published in future consolidated financial statements differing from those previously disclosed.

The assumptions on which the main estimates are based and the assessment made are explained in the following notes:

- Note 1-2: Change in Group structure;
- Note 10: Goodwill;
- Note 17: Provisions;
- Note 18: Pensions and other employee benefits;
- Note 22-6: Fair value of financial assets and liabilities;
- Note 24: Derivative financial instruments and hedge accounting.

1-2 Change in Group structure**Accounting policies**

- In accordance with Revised IFRS 3 – Business Combinations, business combinations completed after January 1, 2010 are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date and, when appropriate, non-controlling interests in the acquiree are measured at either fair value or at the proportionate part in the fair value of the assets and liabilities of the acquired entity. This option is available on an individual basis for each business combination transaction.
- Any share previously held in the acquiree before the takeover, should be reassessed at fair value and the corresponding profit or the loss recorded in the income statement.
- Badwill is recorded immediately in the income statement.
- When incurred, acquisition costs are recognized immediately as expenses, except those relating to equity instruments (which are recognized as a reduction to the Shareholders' equity).
- Any potential price adjustment is estimated at fair value as of the acquisition date and this initial assessment can only later be adjusted against goodwill in the case of new information related to facts and circumstances existing at the date of acquisition and to the extent that the assessment was still described as provisional (assessment period limited to 12 months); any subsequent adjustments that do not meet these criteria are recorded as a liability or receivable through the Group income statement.
- Put options granted to non-controlling interests of fully consolidated subsidiaries are considered as financial debt. The value of the debt is estimated using the contract formulas or prices. When utilizing formulas based upon multiples of earnings minus debt, the Group uses the actual profit/loss of the entity in the period and its debt at the closing date of the fiscal year.
- The Group records these put options as a financial debt at the present value of the put exercise price with Group Shareholders' equity as a counterpart; subsequent changes in debt are treated similarly.

Change in the consolidation scope

On October 23, 2019, BIC announced the completion of the acquisition of Lucky Stationary Nigeria Ltd (LSNL). This investment has been fully consolidated in the financial statements as of December 31, 2019. This acquisition has been treated as a business combination.

A preliminary goodwill recognized for 6.032 million Nigerian Naira (14.7 million euros at the date of the transaction) was determined based on the fair value of net assets of Lucky Stationary at the acquisition date. This amount is provisional as of December 31, 2019.



NOTE 2 OPERATING SEGMENTS

Accounting policies

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is presented in a five-step model:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The effects on the consolidated financial statements are limited and concern certain contractual clauses in the sales agreements. The main impact is related to business development funds that consist of general brand promotions or advertising services (that the Group could have also acquired from a third-party advertising supplier) and is accounted for as an operating expense instead of net sales.

2-1 General information

BIC Group operating segments have been determined based on the reports regularly provided to the management and used to make strategic decisions.

The management, composed of operational representatives responsible for the continents, representatives of the categories and cross-functional areas, considers the business from a product

category perspective, knowing that each category can be reviewed for a specific geographic area if necessary.

The product categories are as follows: Stationery, Lighters, Shavers, Other Products.

These operating segments receive their revenues from the production and distribution of each product category.

2-2 Information on the income statement and assets by activity

All indicators are determined according to IFRS, except for:

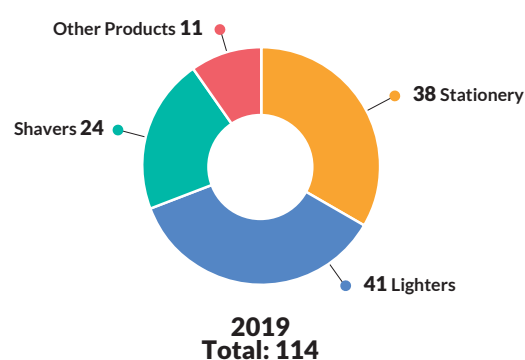
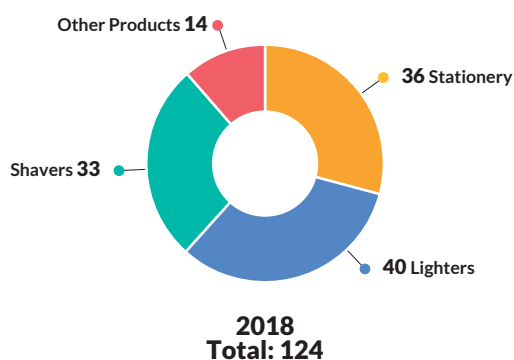
- normalized income from operations, which is the income from operations restated for non-recurring items (in particular real estate gains, the gain or loss on the sale of businesses and restructuring costs). It constitutes the key financial metrics used within the Group;
- capital additions, which are the purchases and internal generation of property, plant and equipment and intangible fixed assets for the period.

(in million euros)	December 31, 2018					December 31, 2019				
	Stationery	Lighters	Shavers	Other Products	Total	Stationery	Lighters	Shavers	Other Products	Total
Income Statement										
• Net sales	772	686	438	54	1,950	774	679	463	33	1,949
• Depreciation and amortization	(30)	(22)	(32)	(23)	(109)	(33)	(25)	(35)	(25)	(118)
• Impairment loss	(69)	-	-	(5)	(74)	(44)	-	(1)	-	(45)
• Income from operations	(14)	242	44	(13)	259	(7)	218	47	(5)	253
Restatements made to obtain normalized income from operations										
• Cello Goodwill and trademark impairment (see notes 10 and 11)	69	-	-	-	69	44	-	-	-	44
• Pimaco Goodwill impairment	-	-	-	5	5	-	-	-	-	-
• Restructuring costs	9	4	2	-	15	17	15	12	1	45
• BIC Sport divestiture	-	-	-	5	5	-	-	-	-	-
• IAS 29 impact Argentina	(1)	-	-	-	(1)	-	-	-	-	-
• UK Pension	-	-	-	-	-	(7)	-	(3)	-	(10)
Normalized income from operations	63	246	46	(3)	352	48	232	56	(4)	332

As of December 31, 2019, the Group had not identified any major customer with which it realized more than 10% of its net sales over the period.

CAPITAL ADDITIONS^{(1) (2)}

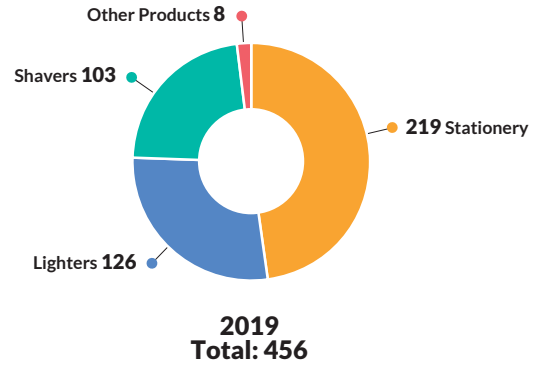
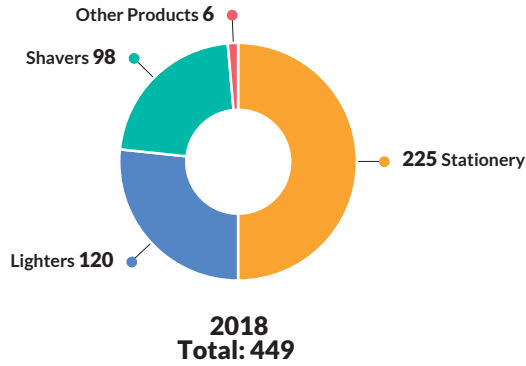
(in million euros)



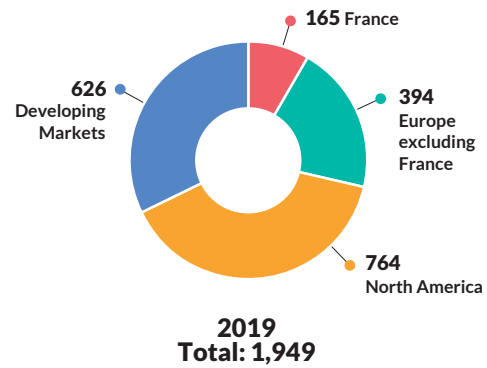
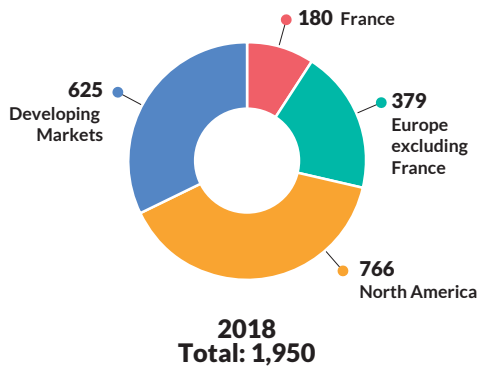
(1) Excluding capital additions cashed out in 2018 related to 2017 and capital additions cashed out in 2017 related to 2018, for a net amount of -1.6 million euros in 2019.

(2) Excluding capital additions cashed out in 2019 related to 2018 and capital additions cashed out in 2018 related to 2017, for a net amount of +8.7 million euros in 2019.

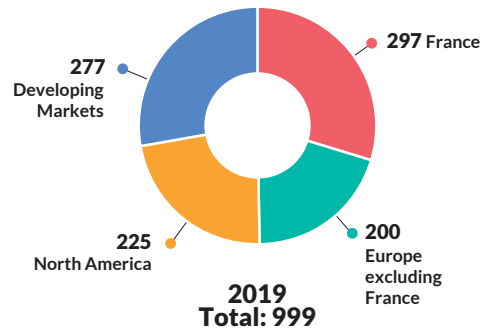
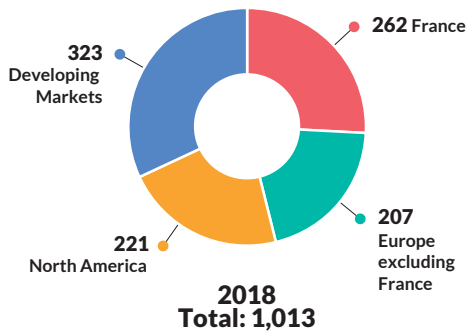


NET INVENTORIES
 (in million euros)

2-3 Information by geography

The geographies identified by the management are: France, Europe (excluding France), North America and Developing markets.

NET SALES
 (in million euros)


The Group may grant year-end rebates. These rebates are booked as a deduction from net sales and amounted to 110 million euros as of December 31, 2019 (104 million euros as of December 31, 2018).

NON-CURRENT ASSETS ⁽¹⁾
 (in million euros)


(1) Other than financial instruments (0.2 million euros in 2019 and 0.04 million euros in 2018), deferred tax assets (134.3 million euros in 2019 and 142 million euros in 2018).

NOTE 3 EXCHANGE RATES OF FOREIGN CURRENCIES

Accounting policies

- The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the result and financial position of each entity are expressed in a common currency, the Euro, which is the functional currency of SOCIÉTÉ BIC as well as the presentation currency for the consolidated financial statements.
- In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each closing date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the transaction date. Non-monetary items that are measured at fair value are translated using the exchange rates prevailing at the date of the measurement.
- Exchange differences arising from the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss for the period.
- In order to hedge its exposure to certain foreign exchange risk, the Group enters into forward contracts and options (see Note 24 for details of the Group's accounting policies regarding derivative financial instruments).
- For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are converted into euros using the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized as a separate line item in equity and under the Group's translation reserve. Such translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

The following table shows foreign currency equivalents of one euro (for instance: average 2019 is 1 euro = 1.12 U.S. dollar).

Foreign currency	Average 2018	Average 2019	December 31, 2018	December 31, 2019
	Euro	Euro	Euro	Euro
U.S. dollar - USD	1.18	1.12	1.15	1.12
Australian dollar - AUD	1.58	1.61	1.62	1.60
Canadian dollar - CAD	1.53	1.49	1.56	1.46
Swiss franc - CHF	1.15	1.11	1.13	1.09
Chinese renminbi - CNY	7.80	7.73	7.88	7.82
British pound - GBP	0.88	0.88	0.89	0.85
Hong Kong dollar - HKD	9.26	8.77	8.97	8.75
Indian rupee - INR	80.71	78.83	79.73	80.19
Japanese yen - JPY	130.34	121.99	125.85	121.94
Korean won - KRW	1,298.82	1,304.70	1,278.00	1,296.28
Malaysian ringgit - MYR	4.76	4.64	4.73	4.60
New Zealand dollar - NZD	1.71	1.70	1.71	1.67
Philippine peso - PHP	62.22	57.98	60.11	56.90
Polish zloty - PLN	4.26	4.30	4.30	4.26
Swedish krona - SEK	10.26	10.59	10.25	10.45
Kenyan shilling - KES	119.89	114.35	116.50	113.91
Nigerian naira - NGN	-	354.01	-	409.70
South African rand - ZAR	15.60	16.16	16.46	15.78
Argentinian peso - ARS	43.13	55.01	43.13	67.27
Brazilian real - BRL	4.31	4.41	4.44	4.52
Mexican peso - MXN	22.73	21.55	22.49	21.22
Ukrainian hryvnia - UAH	32.09	28.94	31.74	26.62
Russian ruble - RUB	74.02	72.42	79.72	69.96

To date, we do not see any significant impact attributable to Brexit. The British subsidiary of the BIC Group, BIC UK, has been importing most of its products from BIC factories located in the Euro zone for years and is invoiced in euros by these entities.

The fluctuation of the exchange rate of the British pound against the euro is fully integrated into our foreign exchange risk management processes.

The exposure of our British perimeter amounts 16.1 million euros as of December 31, 2019.

As of December 31, 2019, Argentina is still considered a "hyperinflationary" country. As a result, the Group continues to apply IAS 29.



NOTE 4 OPERATING EXPENSES**Accounting policies**

- Government grants are recognized systematically in profit or loss over the periods necessary to match them with the associated costs and presented as a reduction to the related expenses.
- The Group recognizes the research and development tax credit as a deduction from operating expenses and the French tax credit for competitiveness and employment as a deduction from labor costs.
- Research expenses are recognized as expenses in the period in which they are incurred.

<i>(in thousand euros)</i>	December 31, 2018	December 31, 2019
Raw materials, consumables used and change in inventory	509,277	514,017
Staff costs	505,683	498,901
Depreciation and amortization expenses	108,958	117,650
Other operating expenses	489,451	475,695
Impairment loss on manufacturing equipment	1,501	(172)
Profit / (loss) on operational foreign currency translation	(14,923)	13,813
TOTAL	1,599,947	1,619,904

Other income and expenses are not included in the total amount and are disclosed in Note 5.

Other operating expenses mainly include outside services.

Research and development costs recognized under other operating expenses for 2019 amounted to 35.2 million euros, versus 35.3 million euros for 2018.

They include the French research tax credit for 1.4 million euros, stable compared to 2018.

Following its elimination, the company did not receive a tax credit for competitiveness and employment (CICE) in 2019, compared to 2.1 million euros in 2018.

NOTE 5 OTHER INCOME AND EXPENSES

<i>(in thousand euros)</i>	December 31, 2018	December 31, 2019
Royalties income	19	142
Gain/(loss) on disposal of fixed assets	598	(190)
UK future pension benefits modification	-	9,893
Other	11,057	8,463
Other income	11,674	18,307
Impairment loss - Cello and Pimaco	(74,334)	(44,265)
Other impairment	-	(523)
Cost reduction plans	(15,396)	(44,711)
BIC Sport divestiture loss	(4,889)	-
Other	(8,104)	(5,613)
Other expenses	(102,724)	(95,113)
TOTAL	(91,050)	(76,806)

Other income and expenses incurred in 2019 mainly include:

- the restructuring costs amounting to 44.7 million euros related to deploying the second phase of the transformation plan announced on June 6, 2019;
- additional Cello goodwill impairment along with the partial Cello brand impairment for a total amount of 44.3 million euros (see notes 10 et 11);
- future pension benefits modification, positive adjustment of 9.9 million euros following the judgment in favor of BIC UK (cf: note 18-4).

In 2018, other income and expenses mainly included the partial Cello goodwill impairment amounting to 68.7 million euros and the full Pimaco goodwill impairment for 5.5 million euros (see Note 10).

They also related to the BIC Sport loss on disposal as of December 31, 2018 for 4.9 million euros and restructuring costs amounting to 15.4 million euros, mainly due to Stationery and Lighters manufacturing reorganization, organizational review and Haco Industries restructuring costs.



NOTE 6 FINANCIAL INCOME

Accounting policies

- Interest income is accrued on a time basis, by reference to the effective yield on the asset, namely the interest rate, which exactly discounts estimated future cash receipts over the expected life of the financial asset to the asset's initial value.
- Dividend income from investments is recognized when the Shareholder's right to receive payment has been established.
- Considering the nature of the Group's activities, interest and dividends received are disclosed as financial income in the income statement.
- All borrowing costs are recognized as expenses in the period in which they are incurred.
- For lease contracts falling within the scope of IFRS 16, the rental expense is replaced by a depreciation charge on the right of use booked in operating expenses (see Note 4) and an interest expense recorded in financial expense.

<i>(in thousand euros)</i>	December 31, 2018	December 31, 2019
Interest income from cash and cash equivalents	3,269	2,843
Interest on bank deposits	2,917	3,050
Income from cash and cash equivalents	6,186	5,893
Interest expense	(2,751)	(3,264)
Cost of financial debt – IFRS 16	(1,481)	(1,696)
Argentina hyperinflation accounting – IAS 29	(5,880)	(5,547)
Net financial foreign exchange difference	6,745	3,339
Net finance income/(Net finance costs)	(3,367)	(7,169)
FINANCE (COSTS)/REVENUE	2,819	(1,276)

The decrease in financial income in 2019 compared to 2018 comes from several factors:

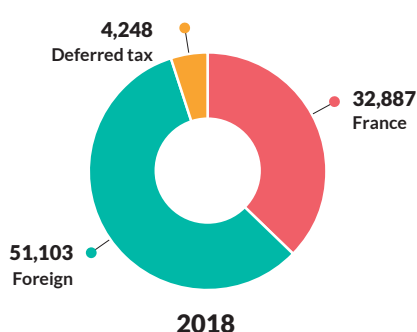
- during 2018, the appreciation of the U.S. dollar against the euro and Brazilian real generated a very favorable impact, on the valuation of financial assets denominated in U.S. dollars;
- 2019 was negatively impacted by Argentina hyperinflation accounting for 5.5 million euros versus 5.9 million euros in 2018;
- income from cash and cash equivalents decreased compared to the previous period due to lower interest rates.

NOTE 7 INCOME TAX

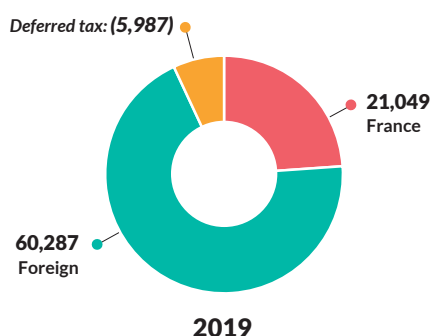
Accounting policies

- Income tax expense represents the sum of the tax currently payable and deferred tax.
- The tax currently payable is based on taxable profit for the year. Taxable income differs from income as published in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Liability for current tax is calculated using tax rates that have been enacted as of the balance sheet date.

7-1 Income tax expense



**Income tax expense
Total: 88,237**



**Income tax expense
Total: 75,350**

The normal income tax rate in France is 34.43% (including social contributions) for the fiscal year 2019, as for 2018.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective countries.

The Group uses the French tax rate as the theoretical base for the reconciliation between the theoretical income tax expense and the

effective income tax expense. Thus one of the main elements of reconciliation is the effect of differences in tax rates.

As of December 31, 2019, the main contributors are the U.S., United Kingdom, Greece, Mexico, Spain and Slovakia. (As of December 31, 2018, the main contributors were the U.S., United Kingdom, Spain and Mexico.)



Reconciliation between theoretical income tax expense and effective income tax expense:

<i>(in thousand euros)</i>	December 31, 2018	December 31, 2019
Income before tax	261,587	251,445
Tax rate	34.43%	34.43%
Theoretical tax expense	90,064	86,572
Effects of:		
• differences in tax rates	(22,199)	(16,942)
• income taxed at reduced rate	(4,765)	(10)
• initial recognition exemptions	35,743	10,490
• intra-Group accruals eliminations	(1,058)	(3,588)
• tax assets not recognised on tax losses	1,456	6,135
• tax assets/liabilities not recognised on prior years	537	5,698
• tax assets recognised on prior year tax losses	448	327
• tax credits	(13,294)	(13,914)
• foreign exchange differences	1,305	582
INCOME TAX EXPENSE	88,237	75,350
EFFECTIVE TAX RATE	33.73%	29.97%

In addition, as of December 31, 2019, the Group has 40.0 million euros of unrecognized deferred tax assets relating to unused tax losses, versus 27.3 million euros in 2018.

7-2 Deferred and current tax recognized in other comprehensive income

Accounting policies

See: Note 13

Deferred and current taxes recognized in other comprehensive income result from the following items:

December 31, 2019

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on defined-benefit plans (1)	(8,092)	1,809
Other comprehensive income (2)	6,637	1,805
Cash flow hedge	872	(434)
Foreign exchange impact	5,761	2,239
Other	5	(1)
TOTAL (1) + (2)	(1,455)	3,614

December 31, 2018

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on defined-benefit plans (1)	5,823	(1,384)
Other comprehensive income (2)	(56,592)	9,575
Cash flow hedge	(23,344)	8,177
Foreign exchange impact	(33,244)	1,638
Other	(3)	(245)
TOTAL (1)+(2)	(50,769)	8,191

NOTE 8 EARNINGS PER SHARE GROUP SHARE

Earnings per share (Group share) and diluted earnings per share (Group share) correspond to the Group net income divided by the relevant number of shares.

The number of shares used to calculate the earnings per share (Group share) is the weighted average number of ordinary shares outstanding during the period less the weighted average number of shares held in treasury stock by SOCIÉTÉ BIC during the period and presented as a reduction to equity.

The number of shares used to calculate the diluted earnings per share (Group share) is the weighted average number of shares potentially in circulation during the period, which corresponds to the number of shares used for basic earnings per share Group share, adjusted for the dilutive effect of stock options.

As of December 31, 2019, there are no shares with relative impact and the maximum dilutive effect from unvested free shares is around 0.3% of the share capital.

	December 31, 2018	December 31, 2019
Numerator (in thousand euros)		
Net income Group share from continuing operations	173,350	176,095
Denominator (in number of shares)		
Weighted average number of ordinary shares in circulation	45,598,109	45,056,076
Dilutive effect of free shares	208,798	118,637
Diluted weighted average number of ordinary shares in circulation	45,806,907	45,174,713
Earnings per share Group share from continuing operations (in euros)		
Earnings per share Group share from continuing operations	3.80	3.91
Diluted earnings per share Group share from continuing operations	3.78	3.90

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

Accounting policies

Land and buildings held by the Group for use in the production or supply of goods or services, or for administrative purposes, are recognized in the balance sheet at their initial acquisition cost, less any accumulated depreciation and impairment losses.

Depreciation is booked to profit or loss. Property, plant and equipment in the course of construction for production, rental or administrative purposes, are carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property, plant and equipment, starts when the assets are ready for their intended use.

Fixtures and equipment are stated at initial acquisition cost less accumulated depreciation and impairment losses.

Depreciation is booked to profit or loss so as to reduce the carrying amount of assets, other than land and properties under construction, over their estimated useful life, using the straight-line method.

Leases that convey to the customer ("lessee") the right to control the use of an identified asset for a period of time in exchange for consideration fall within the scope of IFRS 16 "Leases". The lessee entities of the Group recognize a right of use under assets with a lease liability as a counterpart, for all leases, whether operating or financial leases.

The term used corresponds to the non-cancellable period, the periods covered by an extension option, the exercise of which is reasonably certain, and the periods covered by a termination option, the non-exercise of which is reasonably certain.

For 3,6,9 leases in France, the contract is generally enforceable for 9 years.

The Group applies the exemptions permitted by IFRS 16 for contracts with a duration of less than 12 months or where the underlying asset is of low value (less than 5,000 U.S. dollars).

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

The depreciation method is the straight-line method, on the following basis:

- Buildings: 25 years;
- Fixtures, machinery and equipment: 5 to 8 years;
- Vehicles: 3 to 5 years.



9-1 Property, plant and equipment – Gross value

<i>(in thousand euros)</i>	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Land & buildings – Right of use	Machinery & equipment – Right of use	Vehicles – Right of use	Other fixed assets – Right of use	Total
At January 1, 2018	417,908	1,185,453	171,181	26,254	1,793	65	667	79	1,803,402
Argentina hyperinflation	106	95	-	232	-	-	2	-	435
Acquisitions	5,660	33,720	78,323	218	2,887	171	5,377	120	126,476
Acquisition – Kenya	-	-	3,877	-	-	-	-	-	3,877
BIC Sport disposal	(6,189)	(13,005)	(192)	(790)	(354)	(121)	(66)	(48)	(20,765)
Disposals/Write-offs	(550)	(24,008)	70	(3,793)	(1,486)	(11)	(395)	1	(30,174)
Other transfers	32,861	60,990	(96,388)	1,631	(125)	-	-	-	1,031
Exchange differences	(1,698)	(982)	(1,059)	(810)	1,147	23	(751)	(435)	(4,565)
At January 1, 2019	448,098	1,242,263	155,812	22,942	42,923	4,818	13,643	634	1,931,133
Acquisitions	2,503	19,893	84,389	1,459	10,706	102	3,497	4	132,295
Acquisition - Nigeria	-	449	-	388	-	-	-	-	837
Disposals/Write-offs	(1,902)	(24,354)	(736)	318	(1,396)	(118)	(1,389)	-	(39,319)
Other transfers	18,425	71,566	(91,219)	1,228	-	-	-	-	-
Exchange differences	2,001	6,750	772	127	(427)	45	124	(4)	9,388
At December 31, 2019	469,125	1,316,567	149,018	26,462	51,806	4,847	15,876	634	2,034,335

9-2 Property, plant and equipment - Depreciation and impairment loss

Accounting policies

- At each balance sheet date, the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine, if applicable, the amount of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
- The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.
- If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately as an expense 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 or is reduced, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. However, the increased carrying amount should not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years.
- A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.

<i>(in thousand euros)</i>	Land & buildings	Machinery & equipment	Construction in progress	Other	Land & buildings – Right of use	Machinery & equipment – Right of use	Vehicles - Right of use	Other leases	Total
At January 1, 2018	235,319	917,425	616	18,622	38	2	229	66	1,172,319
Argentina hyperinflation	96	89	-	220	-	-	-	-	405
Amortization for the period	15,281	70,045	-	1,802	10,887	1,344	3,812	338	103,509
Impairment loss	-	1,634	-	-	-	-	-	-	1,634
Disposals/Write-offs	(375)	(24,094)	(113)	(3,453)	(192)	-	(117)	(31)	(28,375)
Business disposal	(4,478)	(11,778)	-	(598)	(193)	(31)	(28)	(38)	(17,144)
Other transfers	39	-	-	(14)	(36)	-	-	-	(11)
Exchange differences	(151)	(14)	1	(557)	(244)	13	(5)	-	(959)
At January 1, 2019	245,731	953,307	504	16,022	10,260	1,328	3,891	335	1,231,378
Depreciation for the period	16,197	75,065	-	2,273	10,475	1,293	4,217	609	110,129
Impairment loss	-	350	-	-	-	-	-	-	350
Disposals/Write-offs	(2,159)	(22,608)	-	(537)	(831)	(129)	(1,017)	-	(27,281)
Other transfers	-	(649)	5	614	-	18	12	-	-
Exchange differences	865	4,875	145	122	225	13	36	(11)	6,270
At December 31, 2019	260,634	1,010,340	654	18,194	20,129	2,523	7,139	933	1,320,846
NET VALUE									
At December 31, 2019	208,491	306,227	148,364	7,968	31,677	2,324	8,737	(299)	713,489
At December 31, 2018	202,367	288,956	155,308	6,920	32,663	3,490	9,752	298	699,755

As of December 31, 2019, the gross value of fully depreciated but still used property, plant and equipment was 796.2 million euros.

NOTE 10 GOODWILL

Accounting policies

- Goodwill arising from the acquisition of a subsidiary represents the excess of the acquisition price over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Goodwill is calculated in the currency of the acquired company. 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 lowest level at which the goodwill is monitored at Group level. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to the reduction in the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit prorated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.
- On disposal of an activity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.





FINANCIAL STATEMENTS

Consolidated financial statements

(in thousand euros)	Gross value	Impairment loss	Net value
At January 1, 2018	290,391	(13,540)	276,851
Kenya acquisition	5,556	-	5,556
Argentina hyperinflation	2,110	-	2,110
Impairment loss - Cello	-	(68,709)	(68,709)
Impairment loss - Pimaco	-	(5,466)	(5,466)
Exchange differences	(598)	414	(184)
At January 1, 2019	297,459	(87,301)	210,158
Nigeria acquisition	14,948	-	14,948
Argentina hyperinflation	118	-	118
Impairment loss - Cello	-	(23,493)	(23,493)
Exchange differences	1,212	762	1,974
At December 31, 2019	313,737	(110,032)	203,705

The balance, as of December 31, 2019, includes the following principal net goodwill:

(in thousand euros)	December 31, 2018	At December 31, 2019
BIC CORPORATION ^(a) – Stationery	51,904	52,691
BIC CORPORATION ^(a) – Lighters	41,190	41,871
Cello Pens	23,919	-
BIC Viorex	70,516	70,871
Kenya	5,550	5,675
PIMACO ^(a)	-	-
Nigeria	-	14,724
Other ^(a)	17,079	17,874
TOTAL	210,158	203,705

(a) These goodwill amounts are linked to cash-generating units represented by distribution subsidiaries.

To perform the impairment tests, the Group used the following discount and perpetual growth rates:

	Weighted average cost of capital (WACC) before tax		Perpetual growth rate	
	2018	2019	2018	2019
BIC CORPORATION				
Stationery	9.7%	9.5%	1.5%	1.5%
Lighters	9.4%	9.2%	1.5%	1.5%
Cello Pens	14.9%	11.9%	4.8%	4.0%
BIC Viorex	14.3%	13.1%	1.9%	1.9%
Kenya	-	15.7%	-	5.0%
PIMACO	23.9%	20.4%	-15.0%	-1.5%

Each goodwill item has been allocated to a cash-generating unit ("CGU") representing the lowest level at which goodwill is monitored by the Group.

The goodwill on BIC CORPORATION is thus mainly allocated to cash-generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The goodwill on Cello Pens is allocated to the cash-generating units linked to the production and distribution of stationery products by Cello.

The remaining goodwill on BIC Viorex is allocated 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 goodwill on the Kenya subsidiary is allocated to the cash-generating unit linked to the production and distribution of stationery products by BIC East Africa.

The goodwill on the Nigeria subsidiary is allocated to the cash-generating unit linked to the production and distribution of stationery products by Lucky Stationery Limited.

As every year, as of June 30, 2019, the Group performed annual impairment tests on these goodwill amounts.



The goodwill impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash-generating units and the corresponding assets' net book value (including goodwill).

Such recoverable amounts correspond to the value in use and are determined using discounted future cash flow projections over a maximum of five years and a terminal value using the perpetual annuity method, including notably the following:

- the discount rate before taxes used is the weighted average cost of capital. Particular attention has been paid to the analysis of the main market items used for the calculation of the discount rates;
- the perpetual growth rates were determined based on external (inflation rate) and internal (business growth) sources. Perpetual growth rates above 2% take into account market specifics.

In early December 2019 and with a view providing financial resources for the Cello subsidiary, the Group initiated a transfer of the Cello trademark from India to France. In this context an

independent valuation expert was appointed to determine the fair value of the trademark. As a result of this appraisal, the trademark was written down by 21 million euros to 24 million euros (see note 11). Furthermore, at the end of December, in light of the adverse business environment of Cello both in India and its major export markets, Bic performed an additional impairment test of the Cello unit using the latest long-term strategic plan available, an 11.9% weighted average cost of capital (WACC) before tax and an 4.0% perpetual growth rate. This test led to the full depreciation of the Cello goodwill of 23 million euros.

Considering the full impairment on Cello goodwill, any negative variance of drivers (discount rate, performance and perpetual growth rates) would lead to an additional impairment of other assets.

The sensitivity of the other impairment tests to changes in the key assumptions indicates that no reasonably likely change would lead to impairment, taking into account the observed headroom on the other tests conducted.

NOTE 11 INTANGIBLE ASSETS

Accounting policies

Internally-generated intangible assets - research and development expenditure

An internally-generated intangible asset arising from the development or a development phase of an internal project is only recognized on the balance sheet if an entity can demonstrate all of the following :

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the entity must demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are amortized on a straight-line basis over their estimated useful life.

When the requirements for recognition of internally-generated intangible assets are not satisfied, development expenditure is charged to profit or loss in the period in which it is incurred.

Patents, trademarks, licenses and software

Patents, trademarks, licenses and softwares are measured initially at purchase cost less accumulated amortization and impairment loss. Amortization is booked to profit or loss so as to reduce the carrying amount of assets over their estimated useful life, using the straight-line method.

Impairment of intangible assets (excluding goodwill)

See Note 9-2



<i>(in thousand euros)</i>	Software	Trademarks & patents	Research & development	Intangible assets in progress	Other	Total
GROSS VALUE						
At January 1, 2018	73,516	93,338	4,129	6,615	7,071	184,669
Argentina hyperinflation	39	-	-	351	-	390
Acquisitions	2,728	311	-	2,797	21	5,857
Subsidiary acquisitions – Kenya	-	-	-	-	3,938	3,938
Disposals/Write-offs	(11,283)	(1)	-	(186)	(94)	(11,564)
Business disposal	(545)	(411)	-	-	(170)	(1,125)
Other transfers	4,486	1,675	-	(4,444)	488	2,205
Exchange differences	(120)	(405)	111	(106)	(9)	(529)
At January 1, 2019	68,822	94,507	4,240	5,027	11,245	183,841
Acquisitions	1,179	223	-	3,943	40	5,537
Disposals/Write-offs	(288)	-	-	(143)	(12)	(594)
Other transfers	2,030	(328)	-	(2,074)	373	-
Exchange differences	567	833	47	(38)	12	1,421
At December 31, 2019	72,311	95,235	4,287	6,715	11,657	190,205
AMORTIZATION AND IMPAIRMENT LOSS						
At January 1, 2018	63,271	42,762	4,130	120	606	110,888
Argentina hyperinflation	37	-	-	186	-	223
Amortization for the period	4,642	680	-	20	105	5,447
Impairment loss	-	-	-	-	25	25
Disposals/Write-offs	(11,210)	2	-	-	(94)	(11,302)
Business disposal	(590)	(294)	-	-	(91)	(975)
Other transfers	14	1,175	-	-	-	1,189
Exchange differences	34	1,818	110	(25)	(5)	1,932
At January 1, 2019	56,198	46,143	4,240	301	546	107,428
Amortization for the period	5,387	540	-	37	1,503	7,467
Impairment loss	-	20,772	-	-	-	20,772
Disposals/Write-offs	(349)	-	-	-	(12)	(361)
Exchange differences	337	519	47	15	3	921
At December 31, 2019	61,573	67,974	4,287	353	2,040	136,227
NET VALUE						
At December 31, 2019	10,738	27,261	-	6,362	9,617	53,978
At December 31, 2018	12,624	48,364	-	4,726	10,698	76,413

Software

Internally-generated software is principally related to investments linked to the upgrade of information technology systems.

Trademarks and patents

The main trademarks booked in the balance sheet as of December 31, 2019 are the Pimaco® trademark for 3.9 million euros and the Cello Pens trademark for an amount of 24 million euros.

These trademarks have an infinite lifetime. For impairment test purposes, they are linked to the PIMACO and Cello Pens subsidiaries' cash-generating units. With regard to the latter, a

impairment amounting to 21 million euros was accounted for in 2019 as further described in note 10.

Others

In 2018, one marketing-related intangible asset was identified for a preliminary amount of 458.3 million Kenyan shillings (3.9 million euros at December 31, 2018). This intangible asset was amortized over a three year-period. This asset was allocated to the Kenyan subsidiary cash-generating units (BIC East Africa). As of December 31, 2019, the net amount of this intangible asset represents 2.7 millions euros.

NOTE 12 OTHER NON-CURRENT ASSETS

<i>(in thousand euros)</i>	Notes	December 31, 2018	December 31, 2019
Guarantee deposits		4,431	4,391
Deferred pensions		2,935	15,471
Deferred compensation in the U.S. (other than pensions)		7,702	9,271
Other investments		28	33
Other non-current assets		12,825	12,649
TOTAL		27,921	41,781

NOTE 13 DEFERRED TAX**Accounting policies**

- Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases using the balance sheet liability method, and tax rates enacted or nearly enacted at the balance sheet date.
- Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that profits will be available against which deductible temporary differences can be utilized.
- Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
- Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures and branches, except when the date on which temporary differences will be reversed can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax is calculated at the tax rates that are expected to apply in the periods when the liability will be settled or the asset realized.
- Deferred tax is charged or credited to profit or loss in the period, except when it relates to a transaction or an event directly credited or charged to equity, in which case the deferred tax is also recognized in equity.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.
- Following the application of IFRIC 23 "Uncertainty over income tax treatments" as of January 1, 2019, uncertain tax positions relating to IAS 12 income taxes are recognized as deferred tax liabilities (respectively assets) if it is considered probable that the tax authorities will reject (accept) the position.

<i>(in thousand euros)</i>	December 31, 2018	At January 1, 2019*	December 31, 2019
Deferred tax assets	141,968	141,968	134,339
Deferred tax liabilities	(41,735)	(74,515)	(55,374)
NET POSITION	100,233	67,453	78,966

* Opening balance sheet - First application of IFRIC 23 "Uncertainty over income tax treatments".





FINANCIAL STATEMENTS

Consolidated financial statements

The movement for the year in the Group's deferred tax position was as follows:

<i>(in thousand euros)</i>	Notes	December 31, 2019
At January 1, 2019 restated		67,453
Deferred tax income/(expense) for the period*	CF	5,987
Booked in Shareholders' equity and other comprehensive income		3,342
Exchange differences		2,185
At December 31, 2019		78,966

* Including amounts booked for tax risks following the first application of IFRIC 23 as of January 1, 2019.

<i>(in thousand euros)</i>	Notes	December 31, 2018
At January 1, 2018		92,461
Argentina hyperinflation		(484)
Deferred tax income/(expense) for the period ^(a)	CF	(604)
BIC Sport disposal		(223)
Booked in Shareholders' equity and other comprehensive income		8,186
Exchange differences		897
At December 31, 2018		100,233
<i>(a) Excluding amounts booked to provision for risks and charges</i>		
First application of IFRIC 23 "Uncertainty over income tax treatments" (see Notes 1 and 17)		(32,780)
At January 1, 2019		67,453

Origin of deferred tax

<i>(in thousand euros)</i>	December 31, 2018	At January 1, 2019	December 31, 2019
Pension and other employee benefits	36,544	36,544	37,534
Intra-Group profit elimination	32,266	32,266	23,807
Tax losses carried forward	5,687	5,687	164
Cello trademark	(15,210)	(15,210)	-
Other temporary differences	40,946	40,946	49,933
Tax risks under IFRIC 23	-	(32,780)	(32,472)
NET DEFERRED TAX	100,233	67,453	78,966

NOTE 14 CHANGE IN NET WORKING CAPITAL

Accounting policies

- Inventories are stated at the lower of cost and net realizable value. Cost comprises direct raw material costs and, when applicable, direct labor costs, as well as those overheads that have been directly incurred in bringing the inventories to their present location and condition. Cost is generally calculated using the weighted average cost method. Net realizable value represents the estimated selling price in the normal course of business less all estimated costs of completion and costs to be incurred in the sale (marketing, selling and distribution).
- Impairment of financial assets (particularly trade receivables) is based on expected credit losses (no longer on observed losses), starting from initial recognition.
- To determine the expected credit losses, the Group uses the simplified method, thus a provision matrix based on its historical observed default rates over the expected remaining life of the trade receivables, which is adjusted for forward-looking estimates.
- Trade payables are initially measured at fair value.



<i>(in thousand euros)</i>	December 31, 2018	Cash flows impact	Lucky Stationery Nigeria acquisition	Haco acquisition	Impact of hyperinflation in Argentina	Foreign exchange and others	December 31, 2019
Net inventory	449,152	1,263	1,931	-	243	3,054	455,644
• Inventory – Gross value	463,250	2,292	1,709	-	235	3,178	470,664
• Inventory – Impairment	(14,098)	(1,029)	223	-	8	(125)	(15,021)
Trade and other receivables	534,683	5,508	-	-	-	5,418	545,609
Trade and other payables	(137,729)	15,981	(3,905)	-	-	(749)	(126,403)
Other receivables and payables	(224,886)	(1,647)	-	2,416	-	(12,902)	(237,020)
NET WORKING CAPITAL	621,220	21,104	(1,974)	2,416	243	(5,181)	637,829

CF: See consolidated cash flow statement.

The working capital is used to finance the Group's operating cycle. Details of the elements used in the calculation are presented above.

NOTE 15 SHARE CAPITAL

15-1 Share capital

<i>(in thousand euros)</i>	December 31, 2018	December 31, 2019
Authorized, issued and fully paid-up share capital	175,762	173,933
Repurchase of shares of the Company	(2,492)	(2,064)
SHARE CAPITAL	173,269	171,869

As of December 31, 2019, the registered share capital of SOCIÉTÉ BIC was 173,933,156.80 euros divided into 45,532,240 shares of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC holds 540,568 treasury shares, acquired at an average price of 92.58 euros in accordance with Article L. 225-209 of the French Commercial Code, which represent 1.19% of the share capital.

The share capital breakdown is shown in section 7-3 "Shareholding".

15-2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of December 31, 2019

Purpose of the repurchase	Number of shares	Average acquisition price (in euros)	% of the share capital
Liquidity agreement ^(a)	32,088	61.61	0.07%
Free share grants ^(a)	508,480	94.53	1.12%
TOTAL	540,568	92.58	1.19%

(a) Article L. 225-209 of the French Commercial Code.

In accordance with the liquidity agreement, transferred by Natixis to ODDO on June 27, 2018, in respect of SOCIÉTÉ BIC shares, as of December 31, 2019, the liquidity account contained the following:

- 32,088 BIC shares;
- 964,870.40 euros.

At initial set-up, the liquidity account contained the following:

- 2,312 BIC shares;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization from the Annual Shareholders' Meeting on May 22, 2019, to renew its share repurchase program (see 2018 Registration Document, chapter 8 p. 288).



Number of shares purchased in 2019^(b)

• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 16, 2018	478,667
• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 22, 2019	-
Average share repurchase price for the purchases during the first half of 2018 (in euros)	81.83

(b) Excluding shares repurchased under the liquidity contract.

During fiscal year 2019, SOCIÉTÉ BIC cancelled 478,667 shares.

To the best of the Company's knowledge, as of December 31, 2019, Shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	At December 31, 2019	
	% of shares (approx.)	% of voting rights (approx.)
SOCIÉTÉ M.B.D.	28.20%	38.11%
Bich family	17.20%	23.20%

NOTE 16 BORROWINGS AND FINANCIAL LIABILITIES

(in thousand euros)	Bank overdrafts	Current borrowings and financial liabilities	Non-current borrowings and financial liabilities	Current lease liability	Non-current lease liability	Total
At January 1, 2018	1,657	3,044	3	165	212	5,080
Cash Flows	6,302	(1,115)	-	(16,756)	-	(11,569)
"Non cash" changes	1	(691)	-	30,479	31,896	61,685
• Changes in lease liabilities – IFRS 16 first application	-	-	-	1,530	51,949	53,480
• Changes in lease liabilities	-	-	-	29,048	(20,436)	8,611
• Exchange difference	1	(691)	-	(99)	383	(407)
Subsidiary divestiture	(222)	(64)	-	(220)	(79)	(585)
At January 1, 2019	7,738	1,174	3	13,668	32,028	54,610
Cash Flows	44,040	(33)	2,888	(16,487)	(1,068)	29,341
"Non-cash" changes	(69)	17	6	15,478	(1,526)	13,905
• Changes in lease liabilities – IFRS 16	-	-	-	15,551	(1,242)	14,309
• Exchange difference	(69)	17	6	(73)	(284)	(404)
Subsidiary divestiture	-	-	-	-	-	-
December 31, 2019	51,710	1,157	2,897	12,660	29,434	97,856

Bank overdrafts are due within one year.

Bank loans and financial liabilities have the following maturities:

(in thousand euros)	December 31, 2018	December 31, 2019
On demand or within one year	1,174	1,157
In the 2 nd year	3	-
In the 5 th year	-	2,897
TOTAL	1,177	4,054

Main bank loans/credit lines and financial liabilities are as follows:

Borrowing country <i>(in thousand euros)</i>	Currency	Euro equivalents	
		December 31, 2018	December 31, 2019
• Turkey	TRY	887	2,897
• South Korea	KRW	1,174	1,157
TOTAL		2,061	4,054

Information on interest rates

As of December 31, 2019, outstanding loans and credit lines were contracted with floating rates ranging between 4.25% and 12%.

Relative exposure, deemed not significant, has not been hedged.

Information on covenants

None of the loans contain any covenants that could trigger early repayment of the debt.

Incremental borrowing rate and determination of lease terms for lease contracts falling under IFRS 16

The Group has opted to use an incremental borrowing rate for discounting debt. The rate used for each lessee is the rate he would have to pay to borrow, over a similar period and with similar security, the funds necessary to obtain an asset of similar value to the leased asset in a similar economic environment.

The term used at the transition date is the residual term of the contracts.

With regard to the performance period of the contracts, the Group has adopted the duration as provided for in the contracts. It has also taken into account renewal clauses based on its estimate of the probability of their implementation at the balance sheet date. In addition, the Group is currently analyzing the IFRS IC decision of November 26, 2019 relating to the performance period.

Lease payment under IFRS 16 in 2019

Lease payments in 2019 in respect of leases falling within the scope of IFRS 16 for an amount of 19.5 million euros break down as follows:

- Depreciation: 17.8 million euros;
- Interest: 1.7 million euros.

Cash Flows for future years

The Group is expected to pay 15.5 million euros in respect of leases in 2020.

Expected total lease payments, in million euros:

2020	15.5
2021	11.8
2022	7.3
2023	4.1
2024	2.4
Beyond 2024	3.3



NOTE 17 PROVISIONS

Accounting policies

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an economic outflow will be required to settle said obligation and such outflow can be reliably measured. Provisions are measured at the 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.

<i>(in thousand euros)</i>	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
At January 1, 2018	27,052	10,129	1,151	3,837	42,170
Additional provisions	7,055	8,301	1,014	1,021	17,390
Reversals of provisions utilized	(3,573)	(2,508)	(985)	(1,225)	(8,291)
Reversals of provisions not utilized	(4,610)	(2,410)	-	(476)	(7,496)
IFRS 16 implementation	-	-	-	(8)	-
Exchange differences	(79)	(177)	25	(562)	(801)
BIC Sport divestiture	-	(180)	-	(35)	(215)
Reclassification	(8)	(19)	-	777	750
At December 31, 2018	25,837	13,136	1,205	3,329	43,507
Impact of first application of IFRIC 23 "Uncertainty over income tax treatments" (see Note 13)	(19,930)	-	-	-	(19,930)
At January 1, 2019	5,907	13,136	1,205	3,329	23,577
Additional provisions	1,942	2,509	(3)	5,289	9,737
Reversals of provisions utilized	(2,267)	(552)	-	(610)	(3,429)
Reversals of provisions not utilized	(234)	(3,152)	(900)	(422)	(4,708)
Exchange differences	(718)	(594)	37	(316)	(1,591)
Reclassification	389	(389)	-	(1,000)	(1,000)
At December 31, 2019	5,019	10,958	339	6,270	22,586

As of December 31, 2019, it was not deemed necessary to book provisions for the risks described in Part 1 "Group Presentation" that could affect:

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

Tax and social risks and litigation

Provisions for tax and social risks and litigation relate mainly to:

- tax risks;
- U.S. workers' compensation.

Tax audits are carried out regularly by local tax authorities which may dispute positions taken by Group subsidiaries. In accordance with the Group's accounting policies, it may be decided to record provisions when tax-related risks are considered likely to generate a payment to local tax authorities.

The Group reviews the evaluation of all its tax positions on a regular basis, using external counsels and considers that its tax positions are adequately provided for. However, the Group cannot predict the ultimate outcome of future audits.

Litigation

As of December 31, 2019, the litigation provision mainly represents distributor and commercial agent risks for 2.6 million euros (2.2 million euros as at December 31, 2018).

Other risks and charges

As of December 31, 2019, other provisions for risks and charges are mainly related to the restructuring provisions for an amount of 3.9 million euros (see Note 5).

Product liability

Product liability mainly relates to the U.S.

NOTE 18 PENSION AND OTHER EMPLOYEE BENEFITS

Accounting policies

- Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit plans are dealt with as payments to defined contribution plans where the Group's obligation under these plans are equivalent to those arising in defined contribution retirement benefit plans.
- For defined benefit retirement plans, the amount of provision is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. All actuarial differences are recognized in other comprehensive income in the period in which they occur. Past service costs are recognized for their full amount as a component of cost of services (in the income statement), whether benefits are vested definitively to their beneficiaries or are being acquired.
- The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation reduced by the fair value of plan assets. Any net asset resulting from this calculation is limited to the present value of available refunds and reduction in future contributions to the plan.
- Turnover rate is calculated by taking the number of departures including contractual terminations and dismissals) during the year divided by the headcount as of January 1.

18-1 Plan characteristics

Types of post-employment benefits and other long-term benefits

Pursuant to the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits, in particular post-employment benefits:

• In the U.S.

Two pension plans ("Salaried Pension Plan" and "Local 134L Pension Plan") are effective (depending on the site) and are funded by their respective pension funds. In addition to these plans, medical and life insurance plans exist ("Salaried Retiree Medical and Life Insurance Plan" and "Local 134L Retiree Medical and Life Insurance Plan" depending on the site):

a) Salaried Pension Plan

Beneficiaries hired prior to 2007 accrue retirement benefits under an average reference salary formula that reflects years of service, and includes Social Security retirement benefits. The formula provides for a life annuity, payable at normal retirement age (65), equal to 1.1% of the Social Security ceiling plus 1.5% of average pay in excess of the Social Security ceiling, multiplied by the number of years of service, which may not exceed 35 years, plus 1.4% of average pay per year of service in excess of 35 years. (Average pay is based on the highest three consecutive years within the last 10 years.) In addition, the Plan provides reduced early retirement benefits for beneficiaries who retire prior to age 65 (or age 62 if they retire at or after age 55 with 10 or more years of service). Eligible beneficiaries who retire after January 1, 2015 are eligible for a lump sum payment from the plan.

Employees hired after 2006 accrue benefits under a Cash Balance Arrangement. These participants receive annual credits of 5% of their year's pay for plan years before January 1, 2013, and for plan years after December 31, 2012, eligible beneficiaries receive annual credits of 5% per year for less than five years of service, 6% per year for at

least five but less than 10 years of service, 7% per year for at least 10 but less than 15 years of service, 7.5% for at least 15 but less than 20 years of service and 8% for 20 or more years of service, which are accumulated with guaranteed interest equal to 30-year Treasury rates, to retirement. Participation in this plan is closed for BIC Graphic employees hired after January 1, 2011. The Plan is subject to minimum funding requirements under U.S. law.

The long-term objective of the Plan's investment policy is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk relative to the Plan's liability. The Plan's assets are invested in the BIC Corporation Master Trust – with a target asset allocation of 22.5% U.S. equity, 5% global low volatility equity, 22.5% non-U.S. equity, and 50% fixed income.

b) Local 134L Pension Plan

For beneficiaries hired before December 4, 2007, benefits under the Plan are based on a participant's years of service multiplied by a fixed set amount (45.50 U.S. dollars per month for 2018, 46.25 U.S. dollars per month for 2019 and 47.00 U.S. dollars per month from December 31, 2019).

Employees hired after December 4, 2007 accrue benefits under a Cash Balance Arrangement. These participants receive annual credits equal to 3.00% of pay through November 30, 2012, 3.75% of pay from December 1, 2012 through November 30, 2017 and 4.75% of pay beginning on December 1, 2017, which are accumulated with interest, equal to 30-year Treasury rates, to retirement.

In 2018, a Voluntary Retirement Package (VRP) was offered to 27 eligible employees who were age 63 or older adding an enhancement of an additional two years to age and two years to service. Eighteen employees accepted the voluntary package and retired on September 1, 2018.

These two schemes are subject to minimum funding requirements under U.S. law.





The long-term objective of the Plan's investment policy is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk relative to the liability. The Plan's assets are invested in the BIC Corporation Master Trust – with a target asset allocation of 9% U.S. equity, 2% global low volatility equity, 9% non-U.S. equity, and 80% fixed income.

c) Salaried Retiree Medical and Life Insurance Plan

Employees hired prior to 2007 are eligible to receive medical coverage if they are at least age 55 and have 20 or more years of service at retirement. The Plan is closed to new employees. Effective October 1, 2013, as part of an exchange, certain covered retirees and future retirees, age 65 and over, will receive a fixed payment of 3,500 U.S. dollars annually to purchase retiree medical coverage. This amount was increased to 4,020 on January 1, 2019. This benefit will be reviewed in the future to reflect the upward trends in healthcare costs.

Retiree life insurance is available to employees who retire at or after age 55 with 10 or more years of service. Employees hired on or after January 1, 2018 are no longer eligible for this benefit. The death benefit is equal to 100% of final salary with a cap ranging from 10,000 U.S. dollars for non-managerial employees to 100,000 U.S. dollars for BIC Level 4s and above.

The Plan does not have any assets.

d) Local 134L Retiree Medical and Life Insurance Plan

Employees who retire at or after age 60 with 10 or more years of service are eligible to receive medical and life insurance coverage throughout their retirement.

Retirees prior to December 1, 2002 receive fixed annual payments ranging from 2,600 U.S. dollars to 3,500 U.S. dollars to purchase retiree medical coverage. Post-age 65 retirees who retire on or after December 1, 2002, receive a fixed annual payment of 900 U.S. dollars to purchase prescription drugs. The amounts will be reviewed in the future to reflect the upward trends in healthcare costs. The Plan is closed to new employees hired after November 30, 2012.

For pre-age 65 eligible retirees and spouses, BIC pays 50% and the retiree pays 50% of the premium.

In 2018, employees hired before November 30, 2012 who were under the age of 65 and who accepted the Voluntary Retirement Package (VRP), received an enhanced retiree health benefit providing the retiree and spouse (if applicable) with medical and dental benefits payable at the active employee contribution rates until age 65.

Retiree life insurance benefits include a death benefit of 12,000 U.S. dollars for employees who retire on or after December 1, 2017, which will increase by 500 U.S. dollars on December 1, 2019.

The Plan does not have any assets.

• **In the United Kingdom**

There is a closed defined-benefit plan for a specified list of beneficiaries (plan closed to new entrants) and closed to the acquisition of further rights. An independent professional Trustee, an employer-representative Trustee and an employee-representative Trustee oversee the governance of the scheme. Plan assets are currently invested in a portfolio of stocks, bonds and real estate. Asset allocation is reviewed regularly to ensure that the assets held are still appropriate and sufficient to cover future pension obligations.

Both schemes are subject to the same risks as the majority of final salary occupational pension schemes, i.e. inflation risks, investment risks, life expectancy risks, etc. The strategic asset allocation must comply with the investment guidelines laid out in the "Statement of Investment Principles" set up by the Trustee to limit the risks.

• **In France**

Retirement indemnities are mandatory in France. The rights granted (expressed in months of salary) are determined by the national collective agreement for companies and on the employee's seniority at retirement date. The benefit payment is subject to the employee working for the Company when he/she retires.

The defined-benefit supplementary pension plan provides a percentage of the final salary for each year of service to senior managers working for BIC's French companies. There is a ceiling applied to the pension benefits. The benefits are vested only if the beneficiary is working for the Company when he/she retires.

• **In Canada**

The Plan is funded chiefly through employer contributions and investment earnings on Plan assets. Prior to 1992, beneficiaries were required to contribute to the Plan, however since January 1, 1992; they are no longer required or permitted to make contributions to the Plan. BIC Inc. contributions to the Plan comply with the minimum funding requirements of the "Pensions Benefits Act of Ontario".

The Pension fund set up to finance the retirement scheme for employees of BIC Inc. is held by an Independent Trust in the interests of beneficiaries. This fund is not part of the income or assets of BIC Inc.

This Plan is closed to new employees hired after November 14, 2011.

For hourly paid employees, the retirement benefit is defined as a fixed amount per year of service, whose value varies according to the date on which the beneficiary retires (400 CAD per year for retirement after January 1, 2010). For employees receiving a regular salary, the formula for calculating the retirement benefit is 1.5% of final average salary per year of service (the calculation of the final average salary is based on the highest three consecutive years out of the last 10 years preceding retirement). The total benefit under the Plan is capped by the limits imposed by the Income Tax Act in Canada. The normal retirement age is 65, however beneficiaries can retire from age 55, with a reduced benefit for early retirement. The benefit is unreduced at age 63 for members who commence their pension immediately following employment at BIC.



To monitor and control the performance of the Fund, BIC Inc. and the Investment Manager must comply with the objectives set out in the "Statement of Investment Policy and Objectives". The basic goal underlying the establishment of these guidelines is to ensure that the Fund assets, together with the expected contributions and investment returns, are invested in a prudent manner so

that the Fund will be sufficient to meet the obligations of the Plan as they come due. The long-term investment strategy is to invest approximately 36% in bonds, 35% in Canadian equities, 27% in foreign equities and 2% in cash and cash equivalents.

- **For other countries**, the plans depend on local legislation, the activity and other historical practices of the subsidiary.

18-2 Change in the net obligation of defined-benefit plans

<i>(in thousand euros)</i>		Pension	Including U.S. Pension	Other employee benefits	Including U.S. other employee benefits	Total employee benefits	Including total U.S. employee benefits
PRESENT VALUE OF OBLIGATION							
At January 1, 2019		469,464	352,005	88,663	87,750	558,127	439,756
Period costs:		15,775	20,241	4,955	5,381	20,730	25,622
• Current service costs		9,540	5,784	1,252	1,574	10,792	7,358
• Past service costs (including curtailment)		(11,443)	13	-	-	(11,443)	13
• Settlement		276	-	(104)	-	172	-
• Interest costs		17,403	14,445	3,807	3,807	21,210	18,251
Benefits paid		(26,313)	(20,173)	(3,091)	(3,021)	(29,404)	(23,194)
Actuarial difference on gross obligation		60,266	44,850	15,659	15,649	75,925	60,499
• Financial assumptions		64,055	49,130	14,805	14,813	78,860	63,943
• Demographic assumptions		(3,789)	(4,280)	854	835	(2,935)	(3,445)
Taxes paid included in DBO		(10)	-	-	-	(10)	-
Contributions paid		7	-	-	-	7	-
Administrative expenses		(4)	-	-	-	(4)	-
Exchange differences		11,139	6,887	1,685	1,669	12,825	8,555
At December 31, 2019	A	530,325	403,811	107,871	107,428	638,196	511,239
FAIR VALUE OF PLAN ASSETS							
At January 1, 2019		397,240	329,084	-	-	397,240	329,084
Total period income:		15,891	13,729	-	-	15,891	13,729
• Interest income		15,891	13,729	-	-	15,891	13,729
• Curtailment and settlement		-	-	-	-	-	-
Benefits paid		(23,729)	(20,173)	(3,021)	(3,021)	(26,749)	(23,194)
Contributions paid by participants		(3)	-	-	-	(3)	-
Contributions paid by employer		8,613	5,850	3,021	3,021	11,634	8,871
Taxes paid from plan assets		(10)	-	-	-	(10)	-
Administrative expenses		(1,007)	(919)	-	-	(1,007)	(919)
Return on assets (excluding interest income)		67,792	63,268	-	-	67,792	63,268
Exchange differences		9,821	6,334	-	-	9,821	6,334
At December 31, 2019	B	474,608	397,172	-	-	474,608	397,172
NET LIABILITY IN THE BALANCE SHEET AS OF AT DECEMBER 31, 2019	C = A - B	55,717	6,639	107,871	107,428	163,588	114,067
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2018		72,224	22,922	88,663	87,750	160,887	110,672



18-3 Funded/unfunded obligations

<i>(in thousand euros)</i>	Notes	Pension	Other employee benefits	Total
At December 31, 2019				
Amount of funded obligations		516,329	39	516,368
Fair value of plan assets		(474,608)	-	(474,608)
Surplus of obligation over assets		41,721	39	41,760
Fair value of unfunded obligations		13,996	107,832	121,828
Net value in the balance sheet		55,718	107,871	163,588
• Assets	12,18-7			15,471
• Liabilities	18-7			179,059

<i>(in thousand euros)</i>	Pension	Other employee benefits	Total
At December 31, 2018			
Amount of funded obligations	418,929	42	418,971
Fair value of plan assets	(397,240)	-	(397,240)
Surplus of obligation over assets	21,689	42	21,731
Fair value of unfunded obligations	50,535	88,621	139,156
Net value in the balance sheet	72,224	88,663	160,888
• Assets			2,936
• Liabilities			163,823

18-4 Period costs

<i>(in thousand euros)</i>	December 31, 2018	December 31, 2019
Current service costs	12,591	10,792
Past service costs (including plan curtailment)	208	(11,443)
Settlement	(455)	172
Net interest costs	4,662	5,319
Administrative expenses and taxes	1,112	1,004
TOTAL PERIOD COSTS	18,119	5,843

In 2019, BIC UK received a judgement in their favour from the Court of Appeal which ruled that certain future benefits will no longer have to be paid (certain components of the pension increases paid and included in the individual contracts not being deemed valid).

The Group considered this event as a modification of the original contract and treated it as a (negative) past service cost.

18-5 Additional information

Nature of plan assets

December 31, 2019 (in thousand euros)	Fair value of plan assets		Including fair value of plan assets with a quoted price on an active market	
Equity	190,854	40.2%	190,854	40.2%
Bonds and other fixed income	252,837	53.3%	252,837	53.3%
Cash and cash equivalents	3,639	0.8%	3,639	0.8%
Real Estate	25,820	5.4%	25,820	5.4%
Assets held by insurance companies	1,471	0.3%	1,471	0.3%
TOTAL	474,608	100%	474,608	100%

December 31, 2019 (in thousand euros)	U.S. fair value of plan assets		Including fair value of plan assets with a quoted price on an active U.S. market	
Equity	177,106	44.6%	177,106	44.6%
Bonds and other fixed income	217,211	54.7%	217,211	54.7%
Cash and cash equivalents	2,855	0.7%	2,855	0.7%
TOTAL	397,172	100%	397,172	100%

December 31, 2018 (in thousand euros)	Fair value of plan assets		Including fair value of plan assets with a quoted price on an active market	
Equity	148,604	37.4%	148,604	37.4%
Bonds and other fixed income	220,069	55.4%	220,069	55.4%
Cash and cash equivalents	3,792	1.0%	3,792	1.0%
Real Estate	22,610	5.7%	22,610	5.7%
Assets held by insurance companies	1,683	0.4%	1,683	0.4%
Other	482	0.1%	482	0.1%
TOTAL	397,240	100%	397,240	100%

December 31, 2018 (in thousand euros)	U.S. fair value of plan assets		Including fair value of plan assets with a quoted price on an active U.S. market	
Equity	137,241	41.7%	137,241	41.7%
Bonds and other fixed income	188,649	57.3%	188,649	57.3%
Cash and cash equivalents	3,194	1.0%	3,194	1.0%
TOTAL	329,084	100%	329,084	100%



18-6 Actuarial assumptions for main countries

Actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located. They have been adjusted according to the change in interest rates and the mortality table. Assumptions for plans representing the main obligations are set out below:

December 31, 2019	United States	United Kingdom	France
Discount rate	3.21%	2.00%	0.75%
Inflation rate	2.50%	3.35%	1.50%
Expected rate of salary increases	3.60%	N/A	1.75%
Average plan duration (years)	13.9	18.0	12.8





FINANCIAL STATEMENTS

Consolidated financial statements

At December 31, 2018	United States	United Kingdom	France
Discount rate	4.22%	2.85%	1.50%
Inflation rate	2.50%	3.55%	1.50%
Expected rate of salary increases	3.60%	N/A	1.75%
Average plan duration (years)	13.2	17.0	11.6

The discount rates for our U.S. and UK retirement plans were developed using the Mercer Pension Discount Yield Curve, which is built from the yields of high quality (AA) corporate bonds. For our other international plans, the discount rates were set by benchmarking against corporate bonds rated AA or better on the various markets.

The discount rate for the French obligation is based on the IBOXX AA 10+ index. The rate shown for France is that of the main plan (retirement indemnities).

The rate shown for the U.S. is for the main plan, each U.S. plan being valued with a specific discount rate (from 2.69% to 3.33%).

Sensitivity of the obligation to a change in discount rate

According to the Group's estimates, a +/-1% change in the discount rate would result in a change of, respectively, -12.78% and +15.48% in the obligations. This change would not, however, fully impact the Group net liability on employee benefits, as a change in plan assets may partly offset the impact.

Sensitivity of the obligation to a change in inflation rate

According to the Group's estimates, a +/-0.5% change in the inflation rate would result in a change in the obligations for the following countries, of respectively:

- +0.14% and -0.19% for the U.S.;
- +5.19% and -4.57% for the U.K.

This change would not, however, fully impact the Group net liability on employee benefits, as a change in plan assets fair value may partly offset the impact.

Cash Flows for future years

The Group is expected to pay 21.5 million euros in employer contributions for 2020.

The expected total benefit payments, in million euros, is:

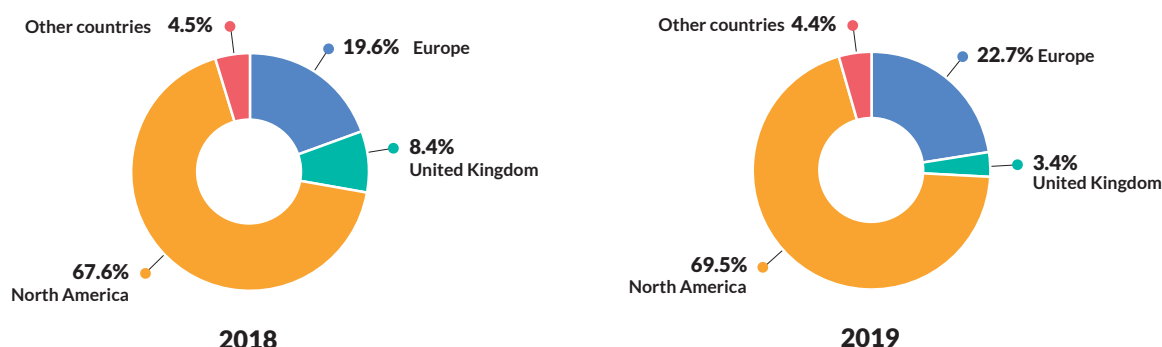
2020	40
2021	32
2022	32
2023	37
2024	34
Beyond 2024	186

18-7 Information by geography

December 31, 2019 (in thousand euros)	Obligation		Plan assets		Net liability	
Europe	46,732	7.3%	9,528	2.0%	37,204	22.7%
United Kingdom	47,253	7.4%	41,685	8.8%	5,569	3.4%
North America	536,665	84.1%	423,069	89.1%	113,595	69.4%
Other countries	7,546	1.2%	326	0.1%	7,220	4.4%
TOTAL	638,196	100%	474,608	100%	163,588	100%

At December 31, 2018 (in thousand euros)	Obligation		Plan assets		Net liability	
Europe	40,553	7.3%	9,092	2.3%	31,461	19.6%
United Kingdom	50,739	9.1%	37,273	9.4%	13,466	8.4%
North America	459,388	82.3%	350,612	88.3%	108,786	67.6%
Other countries	7,436	1.3%	264	0.1%	7,174	4.5%
TOTAL	558,127	100%	397,240	100%	160,887	100%





For plans located in North America and Europe (mainly the United Kingdom), plan assets levels as of December 31, 2019 comply with minimum funding obligations, as legally or contractually defined.

NOTE 19 OTHER CURRENT LIABILITIES

(in thousand euros)

	December 31, 2018	December 31, 2019
Social liabilities	90,557	90,758
Other tax liabilities	10,741	12,019
Accrued Business Development Fund	68,825	80,497
Provision for restructuring	3,423	26,368
Other current liabilities	85,562	54,616
OTHER CURRENT LIABILITIES	259,107	266,259

NOTE 20 COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

References from^(a) to^(j) refer to the Consolidated Cash Flow Statement on page 190.

As of December 31, 2019 cash and cash equivalents amounted to 198.6 million euros and bank overdrafts to 51.7 million euros.

Net cash from operating activities

2019 net cash from operating activities amounted to 318.2 million euros and included 20.0 million euros in payments related to restructuring (5.9 million euros during 2018), out of which 17.0 million relates to 2019 costs.

In 2019, full Cello goodwill impairment was booked for 23.5 million euros (see Note 10)^(a) and had no impact on cash.

In 2018, partial Cello goodwill impairment amounting to 68.7 million euros and full PIMACO goodwill impairment for 5.5 million euros were booked.

The Group recorded foreign exchange (gains)/losses with no cash impact in financial income and restated these in the consolidated cash flow statement^(b).

At end-2018, Bic Sport was sold to Take Outdoor, generating a net loss of 4.4 million euros^(c).

There was no individually significant disposal of fixed assets during 2018 and 2019^(c).

The working capital (see Note 14 for the definition) increase amounted to 21.1 million euros compared to 73.0 million euros in 2018. The 2019 variance is mainly explained by an increase in trade receivables^(d).

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





Net cash from investing activities

Net cash from investing activities amounted to -110.8 million euros in 2019 compared to -109.9 million euros in 2018.

During 2019 and 2018, there was no disposal of individually significant fixed assets ^(c).

During 2019, the Group disbursed 104.9 million euros property, plant and equipment and intangible assets (including 8.7 million euros related to the change in fixed asset supplier accounts) ^(e) compared to 125.4 million euros in 2018 (including 1.6 million euros related to assets payables variance).

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

The amount of financial assets classified under "Other current financial assets" refers to investments not eligible for classification as cash & cash equivalents under IAS 7. As of December 31, 2019, these investments consisted of units of UCITS and negotiable debt securities, all of which are liquid within 5 days ^(h).

The transfer of Haco Industries Kenya Ltd writing instrument manufacturing and distribution sites to BIC was completed in late 2018 ⁽ⁱ⁾. 2.4 million euros was paid in 2019 in respect of this acquisition. ⁽ⁱ⁾

In July 2019, BIC announced that it has signed a definitive agreement to acquire 100% of Lucky Stationary Nigeria Ltd (LSNL). 13.8 million euros was paid in 2019 in respect of this acquisition. ⁽ⁱ⁾

In 2018, the balance of 9.2 million euros relating to Bic Graphic divestiture in 2017 was received. ⁽ⁱ⁾

BIC Sport was sold to Tahe Outdoors at the end of 2018 ⁽ⁱ⁾. Net proceeds on disposal of 2.7 million euros represent the proceeds net of cash and cash equivalents of the entities divested and net of related costs.

There was no disposal of individually significant fixed assets during 2018 et 2019 ^(c).

Net cash from financing activities

Net cash from financing activities amounted to -210.8 million euros during 2019 compared to -226.5 million euros in 2018.

The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see Note 21) ⁽ⁱ⁾.

As of December 31, 2019, new borrowings amounted to 2.9 million (mainly in Kenya) ^(k).

In 2019, 478,667 shares were repurchased by SOCIÉTÉ BIC for 39.2 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 304,728 shares for 20.5 million euros, and sold 287,373 shares for 19.2 million euros. Moreover, in early 2019, SOCIÉTÉ BIC received 0.5 million euros related to stock options exercised at the end of 2018. ⁽ⁱ⁾

In 2018, 687,396 shares were repurchased by SOCIÉTÉ BIC for 54.0 million euros and 1,706 shares were repurchased by BIC Corporation for an amount of 0.2 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 583,915 shares for 48.2 million euros and sold 580,470 shares for 48.5 million euros. In addition, 68,396 options were exercised in the period for 4.4 million euros, including 0.5 million euros which had not yet been received at December, 31 2018. Moreover, in early 2018, SOCIÉTÉ BIC received 0.7 million euros related to stock options exercised at the end of 2017 ⁽ⁱ⁾.

NOTE 21 DIVIDENDS

For the 2018 fiscal year, an ordinary dividend of 3.45 euros per share was distributed to Shareholders on June 5, 2019.

For the 2017 fiscal year, an ordinary dividend of 3.45 euros per share was distributed to Shareholders on May 30, 2018.

NOTE 22 EXPOSURE TO MARKET RISKS

22-1 Counterparty risk

All financial instruments are set up with banking institutions awarded top ratings by international rating agencies, making counterparty risk very low. The minimum Standard & Poor's long-term rating of the main banking counterparties is A-, the rating range being from A+ to A-.

Cash investment decisions are subject to strict counterparty risk assessment (both depositories and custodians). The majority of the portfolio as of December 31, 2019 is on investment grade-rated supports. Counterparty risk is estimated not significant as of December 31, 2019.

22-2 Foreign exchange risk

See Note 24-2.

22-3 Interest rate risk

See Note 24-3.

22-4 Liquidity risk

The Group manages its equity such as to maintain a positive and liquid cash position, so as to be able to carry out its development and/or external growth strategy.



The excess cash and the funding needs of the Group are directly managed by the Treasury Department, following prudent policy guidelines, that aim for capital security and to maintain a satisfactory liquidity position.

Excess cash is mainly invested in money market UCITS, negotiable debt securities and cash equivalents whose volatility is below 0.5, with a recommended holding period of less than three months.

The more structural portion of the cash can be invested in money market funds qualified as "dynamics", with a holding period that can be in excess of six months.

All investments are valued mark-to-market twice a month by the Group Treasury Department and the target is to reach an average annual performance that outperforms the capitalized Eonia rate.

As of December 31, 2019, the total investments managed by Group Treasury amounted to 3.6 million euros divided into two individual positions. They consist in mutual UCITS not benefiting from the "Cash and Cash Equivalent" qualification. It should be noted that, given the negative rates currently applying on short-term investments in euros, it seems pertinent to simply place available cash in a bank account.

<i>(in thousand euros)</i>	Note	December 31, 2018	December 31, 2019
Cash equivalents: marketable securities		39,704	50,391
Cash		117,829	148,165
CASH AND CASH EQUIVALENTS, EXCLUDING BANK OVERDRAFTS	20	157,533	198,555

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 customers.

Trade and other receivables comprise:

- gross amounts receivable for the sale of goods as well as other receivables, mainly related to VAT credits. These trade and other receivables are short-term assets, with maturity dates within 12 months;

- an allowance for estimated unrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default experience and based on the current economic environment. It is booked in a separate account.

The Group considers that the carrying amount of trade and other receivables is close to their fair value. Receivables past due but not impaired are not significant at Group level as of December 31, 2019.

Maximum exposure to credit risk corresponds to the net booked value of financial assets in the balance sheet, including derivatives with positive market values (see table below):

<i>(in thousand euros)</i>	Note	December 31, 2018	December 31, 2019
Gross trade receivables			
Not yet due or past due for less than 60 days		451,856	460,024
Past due for 60 to 90 days		11,309	11,773
Past due for 90 to 120 days		7,740	9,798
Past due for more than 120 days		23,602	33,753
Total gross trade receivables		494,507	515,348
Doubtful receivables		11,987	12,679
Total before allowance (A)		506,494	528,026
Allowance on trade receivables not yet due or past due for less than 60 days past due		(4,644)	(5,215)
Allowance on trade receivables past due for 60 to 90 days past due		(284)	(256)
Allowance on trade receivables past due for 90 to 120 days past due		(396)	(353)
Allowance on trade receivables past due for more than 120 days past due		(20,679)	(22,822)
Total dépréciation (B)		(26,003)	(28,649)
<i>Allowance on specific trade receivables</i>		(21,387)	(23,840)
<i>Allowance on statistically calculated trade receivables</i>		(4,616)	(4,809)
Other receivables (C)		54,192	46 232
TRADE AND OTHER RECEIVABLES - NET (A) + (B) + (C)	14	534,683	545 609



22-6 Fair value of financial assets and liabilities

Accounting categories and fair value of financial instruments

December 31, 2019			Breakdown by category of instruments					
Balance sheet items (in thousand euros)	Note	Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Receivables at amortized cost	Debts at amortized cost	At fair value through equity
Financial assets		751,172	751,172	68,234	2,918	680,020	-	-
Non-current								
• Derivative financial instruments	24	220	220	-	220	-	-	-
• Other investments		33	33	33	-	-	-	-
Current								
• Trade and other receivables	14	545,609	545,609	13,753	-	531,856	-	-
• Derivative financial instruments	24	2,698	2,698	-	2,698	-	-	-
• Other current financial assets		4,058	4,058	4,058	-	-	-	-
• Cash and cash equivalents	20	198,555	198,555	50,391	-	148,165	-	-
Financial liabilities		231,774	231,774	-	7,514	-	224,261	-
Non-current								
• Borrowings	16	32,331	32,331	-	-	-	32,331	-
• Derivative instruments	24	44	44	-	44	-	-	-
Current								
• Borrowings	16	65,526	65,526	-	-	-	65,526	-
• Derivative instruments	24	7,470	7,470	-	7,470	-	-	-
• Trade and other payables	14	126,403	126,403	-	-	-	126,403	-

December 31, 2018			Breakdown by category of instruments					
Balance sheet items (in thousand euros)	Note	Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Receivables at amortized cost	Debts at amortized cost	At fair value through equity
Financial assets		710,432	710,432	65,338	5,333	639,761	-	-
Non-current								
• Derivatives financial instruments	24	44	44	-	44	-	-	-
• Other investments		28	28	28	-	-	-	-
Current								
• Trade and other receivables	14	534,683	534,683	12,751	-	521,932	-	-
• Derivative financial instruments	24	5,289	5,289	-	5,289	-	-	-
• Other current financial assets		12,855	12,855	12,855	-	-	-	-
• Cash and cash equivalents		157,533	157,533	39,704	-	117,829	-	-
Financial liabilities		203,811	203,811	-	11,470	-	192,341	-
Non-current								
• Borrowings	16	32,032	32,032	-	-	-	32,032	-
• Derivative instruments	24	37	37	-	37	-	-	-
Current								
• Borrowings	16	22,580	22,580	-	-	-	22,580	-
• Derivative instruments	24	11,433	11,433	-	11,433	-	-	-
• Trade and other payables	14	137,729	137,729	-	-	-	137,729	-

The valuation methods adopted for financial instruments are as follows:

- Financial instruments other than derivatives recorded in the balance sheet:
The book values used are reasonable estimates of their market value except for marketable securities whose carrying values are determined based on the last known net asset values as of December 31, 2019.
- Derivative financial instruments:
Market values are either those of the financial institutions or have been calculated by an external third-party on the basis of the last known closing prices as of 31 December 2019. They are consistent with the valuation reports provided by the financial institutions.

Fair value valuation method

The tables below set out the fair value method for valuing financial instruments, using the following three levels:

- level 1 (quoted prices in active markets): money market UCITS and other current financial assets;
- level 2 (observable inputs): derivatives – hedge accounting;
- level 3 (non-observable inputs): no such instruments are held as of December 31, 2019.

Category of instruments (in thousand euros)	December 31, 2019			
	Total	Level 1	Level 2	Level 3
At fair value through the income statement – Assets	68,234	68,234	-	-
Derivative hedges – Assets	2,918	-	2,918	-
Derivative hedges – Liabilities	7,514	-	7,514	-

22-7 Net income impact by category of instruments

Net income related to the different categories of financial assets and liabilities are as follows:

Nature of impact (in thousand euros)	Breakdown by category of instruments					
	Total	At fair value through the income statement	Derivative hedging instruments	Receivables at amortized cost	Debts at amortized cost	At fair value through equity
Interests income/(expense)	937	2,845	-	3,052	(4,960)	-
Revaluation at fair value	-	-	-	-	-	-
Translation	(7,495)	-	-	-	(7,495)	-
Net impairment	(2,646)	-	-	-	(2,646)	-
TOTAL	(9,204)	2,845	-	3,052	(15,101)	-

Nature of impact (in thousand euros)	Breakdown by category of instruments					
	Total	At fair value through the income statement	Derivative hedging instruments	Receivables at amortized cost	Debts at amortized cost	At fair value through equity
Interests income/(expense)	1,954	1,811	-	4,375	(4,232)	-
Revaluation at fair value	-	-	-	-	-	-
Translation	16,640	-	-	-	16,640	-
Net impairment	(6,969)	-	-	-	(6,969)	-
TOTAL	11,625	1,811	-	4,375	5,439	-





NOTE 23 SHARE-BASED PAYMENTS

The Group issues shares to certain employees as compensation for services provided. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. This fair value on the vesting date is expensed over the vesting period, based on the Group's estimate of the shares that will eventually be vested and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the method given below. The expected life used in the model has been adjusted, based on management's best estimates, for the effect of non-transferability, exercise restrictions and behavioral considerations.

Share-based payments are booked in staff costs (see Note 4 "Operating expenses", line "staff costs" and in the lines of the income statement presented by functions).

23-1 Free share allocations with performance conditions

From 2005, exercising the power placed at its disposal by successive Annual Shareholders' Meetings, the Board of Directors resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of free share awards subject to three-year performance conditions.

The shares to be delivered by the current plans are existing shares.

For plans Nos. 1 to 5, shares are granted either by SOCIÉTÉ BIC or BIC CORPORATION. Shares granted by SOCIÉTÉ BIC are delivered to the beneficiaries at the definitive grant date. Beneficiaries must hold the shares during an additional period of three years.

For U.S. tax reasons, the shares granted by BIC CORPORATION will only be delivered at the conclusion of a three-year period following the definitive grant date. As compensation for dividends not received between the conclusion of the vesting period and the actual date of delivery, additional shares will be delivered at that time.

For plans nos. 6 to 15, shares are only granted by SOCIÉTÉ BIC. For French tax resident beneficiaries, shares are delivered at the definitive grant date.

For foreign tax resident beneficiaries, shares are delivered at the conclusion of a three-year period following the definitive grant date. For plans nos. 6 and 7, as compensation for dividends not received between the conclusion of the vesting period and the actual date of delivery, additional shares will be delivered at that time. From Plan No. 8, this compensation system by delivery of shares has been terminated and is replaced by a cash compensation system.

From Plan No. 13, shares still granted by SOCIÉTÉ BIC are delivered to the beneficiaries at the definitive grant date. The cash compensation system has been terminated.



	Plan No. 1		Plan No. 2		Plan No. 3		Plan No. 4		Plan No. 5		Plan No. 6
Annual Shareholders' Meeting date	May 19, 2005		May 19, 2005		May 19, 2005		May 23, 2007		May 23, 2007		May 23, 2007
Board of Directors' Meeting date	May 19, 2005		Dec. 14, 2005		Dec. 13, 2006		Dec. 11, 2007		Feb. 10, 2009		Feb. 16, 2010
Grant	M	S	M	S	M	S	M	S	M	S	M
Number of beneficiaries	12	11	12	11	9	8	11	10	17	16	27
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
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
Number of free share grants definitively acquired at December 31, 2017	20,405	1,162	15,741	512	32,547	-	37,550	1,436	57,500	2,156	76,797
Of which number of shares transferred or to be transferred to beneficiaries by:											
• SOCIÉTÉ BIC	7,420	498	5,724	-	7,473	-	9,950	-	25,250	577	76,797
• BIC CORPORATION	12,985	664	10,017	512	25,074	-	27,600	-	32,250	1,579	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
• Foreign beneficiaries											Mar. 16, 2016
• 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
Shares delivered by BIC CORPORATION as compensation for dividends not received	1,645	20	1,127	24	3,148	48	3,231	80	3,689	-	3,323
Shares to be delivered by BIC CORPORATION as compensation for dividends not received	-	-	-	-	-	-	-	-	-	77	-
Total number of free share grants void as of December 31, 2019 ^(a)	11,395	1,456	16,059	2,106	903	2,352	-	1,208	-	487	6,678
Total number of free share grants vesting as of December 31, 2019	-	-	-	-	-	-	-	-	-	-	-

(a) These free share grants were void due to beneficiaries leaving the Company or to a part of the performance conditions not being achieved.

M = Main

S = Secondary





FINANCIAL STATEMENTS

Consolidated financial statements

Plan No. 7	Plan No. 8	Plan No. 9	Plan No. 10	Plan No. 11	Plan No. 12	Plan No. 13	Plan No. 14	Plan No. 15
May 12, 2010	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013	May 18, 2016	May 18, 2016	May 16, 2018	May 16, 2018
Feb. 15, 2011	Feb. 14, 2012	Feb. 12, 2013	Feb. 11, 2014	Feb. 10, 2015	May 18, 2016	Feb. 10, 2017	May 16, 2018	February 12, 2019
M	M	M	M	M	M	M	M	M
28	536	525	536	539	546	519	499	496
87,650	159,940	161,010	159,660	176,740	159,680	155,790	170,720	162,025
Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016	Mar. 11, 2017	Mar. 10, 2018	Mar. 31, 2019/ May 18, 2019	Mar. 31, 2020	May 16, 2021	Feb. 12, 2022
57,551	135,452	148,050	139,040	106,809	64,755	-	-	-
55,551	135,452	148,050	139,040	106,809	64,755	-	-	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mar. 15, 2014	Mar. 14, 2015	Mar. 12, 2016	Mar. 11, 2017	Mar. 10, 2018	Mar. 31, 2019/ May 18, 2019	Mar. 31, 2020	May 16, 2021	Mar. 31, 2022
Mar. 15, 2017	Mar. 14, 2018	Mar. 12, 2019	Mar. 11, 2020	Mar. 10, 2021	Mar. 31, 2022	Mar. 31, 2020	May 16, 2021	Mar. 31, 2022
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3,486	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
30,099	24,488	12,960	20,620	69,931	94,905	155,790	94,413	60,491
-	-	-	-	-	-	-	76,307	101,534



Estimated fair value of shares granted and impact on the income statement

Grant date	Plans' unit fair value (in euros)		Expense/(income) booked in income statement (in thousand euros)	
	Main grant	Secondary grant	December 31, 2018	December 31, 2019
May 19, 2005	40.51	38.00	-	-
Dec. 14, 2005	48.09	45.10	-	-
Dec. 13, 2006	50.67	46.77	-	-
Dec. 11, 2007	44.99	40.71	-	-
Feb. 10, 2009	36.10	32.34	-	-
Feb. 16, 2010	47.17	N/A	-	-
Feb. 15, 2011	58.83	N/A	-	-
Feb. 14, 2012	64.81	N/A	-	-
Feb. 12, 2013	87.99	N/A	-	-
Feb. 11, 2014	76	N/A	-	-
Feb. 10, 2015	114	N/A	323	-
May 18, 2016	110	N/A	1,902	(3,104)
Feb. 10, 2017	109	N/A	2,427	(5,497)
May 16, 2018	77	N/A	2,067	543
Feb. 12, 2019	81.14	N/A	-	2,058
TOTAL			6,718	(5,999)

The fair value of the free shares is the share price at the grant date adjusted for the present value of potential future dividends.

23-2 Free share allocations without performance conditions

From 2012, as recommended by the Compensation and Nomination Committee, the Board of Directors decided to set up a policy of free share grants without performance conditions, to replace the stock option programs rewarding staff selected by Management and key contributors during the year.

For plans nos. F1, F2, F3, F4, F5, F6, F7 & F8 the shares are delivered by SOCIÉTÉ BIC at the definitive grant date, whether the beneficiaries are French or foreign country tax residents. French tax residents must hold the shares for an additional period of two years for Plans F1 to F4. From Plan F5, this holding period has been eliminated.

These plans provide for the allocation of existing shares.

	Plan No. F1	Plan No. F2	Plan No. F3	Plan No. F4	Plan No. F5	Plan No. F6	Plan No. F7	Plan No. F8
Annual Shareholders' Meeting date	May 12, 2010	May 12, 2010	May 15, 2013	May 15, 2013	May 18, 2016	May 18, 2016	May 16, 2018	May 16, 2018
Board of Directors' Meeting date	Feb. 14, 2012	Feb. 12, 2013	Feb. 11, 2014	Feb. 10, 2015	May 18, 2016	Feb. 10, 2017	May 16, 2018	February 12, 2019
Number of beneficiaries	223	233	243	258	258	271	244	239
Number of free shares granted	20,050	19,950	19,700	21,700	20,750	17,100	30,500	17,550
Definitive grant date	Feb. 14, 2016	Feb. 12, 2017	Feb. 11, 2018	Feb. 10, 2019	May 18, 2020	March 31, 2020	May 16, 2021	March 31, 2022
Number of free share grants definitively acquired at December 31, 2019	16,600	16,250	14,150	14,650	-	-	-	-
Total number of free share grants void at December 31, 2019 ^(a)	3,450	3,700	5,550	7,050	2,450	350	500	100
Total number of free share grants still vesting at December 31, 2019	-	-	-	-	18,300	16,750	30,000	17,450

(a) These free share grants were 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)	
		December 31, 2018	December 31, 2019
Feb. 11, 2014	75.70	(136)	-
Feb. 10, 2015	111.49	337	(169)
May 18, 2016	109.85	485	549
Feb. 10, 2017	109.05	572	619
May 16, 2018	76.78	428	733
Feb. 12, 2019	81.14	-	354
TOTAL		1,686	2,086

As of December 31, 2019, the total fair value of options and shares granted amounts to -3.9 million euros. This profit is mainly explained by the non achievement of the performance conditions for plan No. 13.

NOTE 24 FINANCIAL INSTRUMENTS

Accounting policies

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a) Trade receivables

See Note 14.

b) Investments

In accordance with IFRS 9, investment are classified into one of the following three categories:

- financial assets at fair value through profit or loss;
- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income.

The classification determines the accounting treatment of these instruments. It is determined by the Group on the initial recognition date, based on the characteristics of the instrument and the management objective for which these assets were acquired. Purchases and sales of financial assets are recognised on the trade date, the date on which the Group is committed to buying or selling the asset. A financial asset is derecognized if the contractual rights to the cash flows associated with the financial asset expire or if the asset has been transferred.

1. Financial assets at fair value through profit or loss

Financial assets recognized at fair value through profit or loss are mainly financial assets for which the contractual cash flows do not only correspond to principal repayments and interest payments on the outstanding principal.

This category mainly includes UCITS and cash investments whose management and performance are based on fair value.

Changes in the value of these assets are recorded in the consolidated income statement. The net gains and losses of assets measured at fair value through profit or loss correspond to interest income, dividends and changes in fair value.

2. Financial assets measured at amortized cost

Financial assets are measured at amortized cost if their ownership is part of a business model aimed at receiving contractual cash flows corresponding solely to principal repayments and interest payments on the outstanding principal.

These instruments are initially recognized at fair value, then at amortized cost calculated using the effective interest rate method. Provisions are recorded in the consolidated income statement.

Net gains and losses on loans and receivables correspond to interest income and provisions.

3. Financial assets measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if their holding is part of an economic model that aims both to collect contractual cash flows, corresponding only to repayments of principal and interest payments on outstanding principal, and to the sale of financial assets.

This category includes debt securities that meet the contractual flow characteristics and management model set out above, as well as shares at fair value through equity on option.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term (less than 3-months) highly liquid money market investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The implementation of IAS 7 has resulted in money market UCITS with a historical volatility over the last 12 months of above 0.50% being considered non-eligible as “cash equivalents”. These items are now classified as “Other current financial assets”.

d) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deduction of all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

e) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of direct issue costs) and the settlement of redemption or borrowing is recognized in profit or loss over the term of the borrowing in accordance with this method.

f) Trade payables

See Note 14.

g) Equity instruments

Equity instruments issued by the parent 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.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written guidelines on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Measurement and presentation

Derivatives are initially recognized at fair value of received counterpart on the contract date and are remeasured to fair value at subsequent reporting dates. They are disclosed in the balance sheet in current assets and/or liabilities for the part within one year and in non-current assets and/or liabilities 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 taken from the valuation reports provided by financial institutions and is determined using interest rate curves, exchange rates, as well as the volatility of each currency.

Counterparty risk was measured under IFRS 13 and is not significant.

Hedge accounting

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- cash flow hedge;
- hedge of a net investment in a foreign operation.

The Group clearly identifies the hedging instrument and the hedged item as soon as the hedge is set up, and formally documents the hedging relationship stating the hedging strategy, the risk hedged and the method used to determine the effectiveness of the hedge. This documentation is subsequently updated, such that the effectiveness of the designated hedge can be demonstrated.



Hedge accounting uses specific measurement and recognition methods for each category of hedge:

- **cash flow hedges:** no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. The counterpart of this adjustment is recorded, net of taxes, in equity. The cumulative amount included in equity is transferred to the income statement when the hedged item has an impact on net income.

If the cash flow hedge of a commitment or forecasted transaction results in the recognition of a non-financial 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 carrying amount of the non-financial asset or liability.

For foreign exchange derivatives, changes in the time value of options and changes in premiums/deferrals are also recorded in other comprehensive income.

For hedges that do not result in the recognition of an asset or a liability, amounts transferred to equity are recognized in the income statement in the same period in which the hedged item affects net income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument initially recognized directly in equity while the hedge was effective, is retained in equity until the forecast transaction occurs.

The Group stops hedge accounting if the commitment or forecast transaction is no longer expected to occur, and the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period;

- **hedge of net investment in a foreign operation:** the hedging instrument is adjusted to fair value. Following this adjustment, the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in equity. The cumulative amount included in equity is transferred to the income statement at the date of liquidation or sale of the net investment.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and financial characteristics are not closely related to those of the host contract and the hybrid instrument is not carried at fair value with gains or losses reported in profit or loss. The Group did not carry out any such transactions over the past three years.

i) Fair value hierarchy

Financial instruments measured at fair value are classified within three fair value levels (IFRS 13):

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: directly or indirectly observable inputs other than quoted prices included within level 1;
- level 3: non-observable inputs.

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.

Depending on the fluctuation of the foreign exchange market, Group Treasury can speed up the hedging pace in order to benefit from favorable trends or slow it down so as not to fix too early a rate. 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 for the Group, 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 money market UCITS and other short-term investments.

Every day, Group Treasury adjusts the liquidity situation of the current accounts as a result of currency swaps realized on the market. This strategy, even though it uses exchange instruments, cannot be considered as a full foreign exchange risk management hedging program, as there is no definitive translation of bank accounts. It only relates to optimization of funding by SOCIÉTÉ BIC through foreign liquidity management.

24-3 Interest rate risk

As of December 31, 2019 BIC Group has no significant debt or related hedging instruments.

The exposure to interest rate fluctuations on borrowings is very limited. All local funding needs are directly indexed on a variable rate. Borrowers' positions are insignificant and are of too limited a time scale to require any relevant hedging.

24-4 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2019

The following amounts have been booked as the fair value of derivatives as of December 31, 2019 (in thousand euros):

Derivative instruments and revaluation	Hedge qualification/hedged risk	Net financial Income/(expense) before tax - Note 6	Income from operations - Note 4	Other comprehensive income before tax ^(a)	Current assets ^(b)	Non-current assets	Current Liabilities	Non-current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/Foreign exchange risk	-	822	(1,808)	2,560	220	(6,009)	(7)
Dividends	Net investment/Foreign exchange risk	-	-	2,681	-	-	(1,250)	(37)
Subtotal (1)		-	822	872	2,560	220	(7,259)	(44)
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk	(147)	-	-	138	-	(211)	-
Subtotal (2)		(147)	-	-	138	-	(211)	-
TOTAL (1) + (2)		(147)	822	872	2,698	220	(7,470)	(44)

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2019 restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2018.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 926 thousand euros.



24-5 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2018

The following amounts have been booked as the fair value of derivatives as of December 31, 2019 (in thousand euros):

Derivative instruments and revaluation	Hedge income qualification/hedged risk	Net financial Income/(expense) before tax - Note 6	Income from comprehensive operations - Note 4	Other comprehensive income before tax ^(a)	Current assets ^(b)	Non-current assets	Current Liabilities	Non-current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/Foreign exchange risk	-	(4,608)	(19,411)	5,058	44	(7,346)	(37)
Dividends	Net investment/Foreign exchange risk	-	-	(3,932)	-	-	(3,930)	-
Subtotal (1)		-	(4,608)	(23,344)	5,058	44	(11,276)	(37)
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk	249	-	-	231	-	(157)	-
Subtotal (2)		249	-	-	231	-	(157)	-
TOTAL (1) + (2)		249	(4,608)	(23,344)	5,289	44	(11,433)	(37)

a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2018, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2017.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 928 thousand euros.

24-6 Portfolio of foreign exchange risk hedges as of December 31, 2019

To cover its future cash flows, the Group had the following hedges as of December 31, 2019:

Maturity	Hedge	Forward	Currency	Purchase of options	Sale of options	Currency
2020	USD/EUR	293,000,000	USD	44,500,000	72,000,000	USD
	USD/CAD	12,000,000	USD	14,000,000	20,500,000	USD
	USD/AUD	6,500,000	USD	2,000,000	3,000,000	-
	USD/JPY	1,000,000	USD	-	-	-
	GBP/EUR	9,000,000	GBP	11,000,000	17,000,000	GBP
	AUD/EUR	12,000,000	AUD	13,000,000	21,000,000	AUD
	CHF/EUR	2,000,000	CHF	2,000,000	3,000,000	CHF
	EUR/MXN	7,000,000	EUR	-	-	-
	JPY/EUR	900,000,000	JPY	600,000,000	850,000,000	JPY
	CAD/EUR	11,000,000	CAD	11,000,000	15,000,000	CAD
	NZD/EUR	3,000,000	NZD	4,000,000	6,000,000	NZD
	PLN/EUR	-	PLN	37,000,000	54,000,000	PLN
	RON/EUR	20,000,000	RON	-	-	-
	SEK/EUR	30,000,000	SEK	-	-	-
2021	SEK/EUR	3,000,000	USD	-	-	-
	CHF/EUR	1,000,000	CHF	-	-	-
	USD/EUR	20,000,000	USD	-	-	-

As of December 31, 2019, regarding the 2020 exposure, the main significant exchange exposure relates to EUR/USD for 350 million U.S. dollars. This exposure is 100% hedged as of December 31, 2019 and related cash flows will occur in 2020.

Net income and equity sensitivity to a variance of +/-1% EUR/USD on balance sheet items as of December 31, 2019, as defined in IFRS 7, is not considered to be significant for the Group.

As of December 31, 2018, regarding the 2019 exposure, the main significant exchange exposure related to EUR/USD for 330 million U.S. dollars. This exposure was 100% hedged as of December 31, 2018 and related cash flows took place in 2019.

24-7 Main balance sheet items declared in foreign currencies

Regarding the balance sheet items, the weight of the different currencies is as follows as of December 31, 2019 for the main non-current items:

<i>(in thousand euros)</i>	Total	EUR	Translated from USD	Translated from BRL	Translated from MXN	Translated from INR	Other
Net property, plant and equipment	713,488	389,154	89,407	67,727	53,617	49,354	64,230
Net goodwill	203,705	78,149	96,629	1,033	-	-	27,894
Cash and cash equivalents (excluding bank overdrafts)	198,555	31,216	50,533	27,017	15,383	17,208	57,199
Employee benefit obligations	(179,059)	(33,808)	(129,611)	-	(3,996)	(1,909)	(9,735)

NOTE 25 RELATED PARTIES

Pursuant to IAS 24, BIC Group considers the following to be related parties:

- all consolidated subsidiaries (see Note 28);
- all members of the Board of Directors (see Corporate Governance – section 4.1.1.4. “Mandates and duties of the Corporate Officers and Directors as of December 31, 2019”) as well as their close relatives;
- all companies in which a member of the Board of Directors or of the Executive Committee has a significant voting right.

25-1 Consolidated subsidiaries

Transactions between the parent company and its subsidiaries as well as transactions between subsidiaries are eliminated through the consolidation process.

25-2 Members of the Board of Directors and of the Executive Committee

Transactions concluded in 2019 with members of the Board of Directors and of the Executive Committee are as follows:

<i>(in thousand euros)</i>	Expenses	Net amount in balance sheet
Short-term employee benefits	6,040	1,963.5
Post-employment benefits	1,079	11,938.5
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
TOTAL OF TRANSACTIONS	7,119.0	13,902.0

Directors' remunerations are not included in the above table and are disclosed under Corporate Governance – section 4.2.2.5 Directors' remunerations.

25-3 Companies in which a member of the Board of Directors or of the Executive Committee has a significant voting right

As of December 31, 2019, no such related parties were identified.



NOTE 26 OFF-BALANCE SHEET ITEMS

The following schedule summarizes the sureties, deposits and guarantees for the Group. All significant items are disclosed in this table.

No other pledge of assets or registered shares is to be reported.

26-1 Sureties, deposits and guarantees issued

None.

26-2 Sureties, deposits and guarantees received

(in thousand euros)	Due			December 31, 2019	December 31, 2018
	< 1 year	1 to 5 years	> 5 years		
Guarantees for credit lines	10,132	-	-	10,132	5,390
Trade guarantees	63	-	-	63	102
Operating lease guarantees	-	-	320	320	812
Sureties and deposits	111	285	237	633	569
Other guarantees and commitments	800	-	35	835	2,035
TOTAL	11,106	285	591	11,982	8,908

As of December 31, 2019, the guarantees for credit lines mainly related to the Group's subsidiaries in Turkey, South Korea and India for 9.8 million euros.

As of December 31, 2018, the guarantees for credit lines mainly related to the Group's subsidiaries in Turkey, South Korea and Singapore for 5.1 million euros.

26-3 Lease arrangements

(in thousand euros)	December 31, 2018	December 31, 2019
Rentals under operating leases recognized as an expense in the year (do not fall within the scope of IFRS 16)	351	528

At the balance sheet date, the Group has outstanding commitments under leases exempted from IFRS 16, which fall due as follows:

(in thousand euros)	December 31, 2018	December 31, 2019
Within one year	583	323
In the second to fifth years inclusive	94	10
Beyond five years	-	-
TOTAL	677	333

NOTE 27 CONTINGENT LIABILITIES

As of December 31, 2019, neither SOCIÉTÉ BIC nor its subsidiaries was aware of any contingent liabilities.

Contingent liabilities are, defined by IAS 37 as follows:

- possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity;

- obligations that are not recognized because:
 - settlement, involving an outflow representing economic benefits, is not probable, or
 - their amount cannot be measured reliably.

NOTE 28 CONSOLIDATED SUBSIDIARIES

All entities that are more than 50% owned are consolidated.

The main operating companies at December 31, 2019, are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Main shareholders	Percentage ownership interest (direct or indirect)	Principal activity
Fully consolidated subsidiaries				
FRANCE				
BIC Assemblage SARL	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
BIC Services SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
BIMA 83 SASU	Clichy/Cernay	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
Société du Briquet Jetable 75 SASU	Clichy/Redon	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
DAPE 74 Distribution SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Électro-Centre SASU (dormant company)	Clichy	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Technologies SA	Clichy	SOCIÉTÉ BIC SA	99.9%	Industrial equipments production
BIC Rasoirs SASU	Verberie	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Sport SASU (disposed of December 31, 2018)	Vannes	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Conté SASU	Samer	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Graphic France SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Écriture 2000 SASU	Clichy/Montévrain	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Éducation SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of IT solutions
Société Immobilière Valiton Gesnoux SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Real estate
Société Immobilière BIC Clichy SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Real estate
Stypen SASU (merged into SOCIÉTÉ BIC SA as of May 14, 2018 – retroactive fiscal effect January 1, 2018)	Clichy/Montévrain	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC International Development SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
EUROPE				
BIC Deutschland GmbH & Co. OHG	Germany	BIC Erzeugnisse GmbH BIC Verwaltungs GmbH	100.0%	Distribution of consumer products
BIC Erzeugnisse GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC Verwaltungs GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
Mondialoffice Verwaltungs-und Vertriebsgesellschaft mit beschränkter Haftung	Germany	BIC Deutschland GmbH & Co.	100.0%	Holding company
BIC (Austria) Vertriebsgesellschaft mbH	Austria	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Belgium SPRL	Belgium	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Iberia SA	Spain	SOCIÉTÉ BIC SA	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 SLU	Spain	BIC Graphic Europe SA	100.0%	Distribution of consumer products





FINANCIAL STATEMENTS

Consolidated financial statements

Name of subsidiary	Place of incorporation (or registration) and operation	Main shareholders	Percentage ownership interest (direct or indirect)	Principal activity
BIC Viorex SA	Greece	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC (Ireland) Private Company Limited By Shares	Ireland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Italia SPA	Italy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Norwood Promotional Products Italia SPA (liquidation in process)	Italy	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Netherlands B.V	Netherlands	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Polska SP ZOO	Poland	SOCIÉTÉ BIC SA	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	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC UK Ltd.	United Kingdom	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Slovakia s.r.o.	Slovakia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC CIS ZAO	Russia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Nordic AB	Sweden	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
SOCIÉTÉ BIC (Suisse) SA	Switzerland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Pazarlama Ltd. Sti.	Turkey	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Ukraine CA	Ukraine	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Services Sofia EOOD (incorporated on October 31, 2019)	Bulgaria	SOCIÉTÉ BIC SA	100.0%	Delivery of services
NORTH AMERICA				
BIC Inc.	Canada	BIC CORPORATION	100.0%	Distribution of consumer products
BIC CORPORATION	United States	SOCIÉTÉ BIC SA	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 Sport North America Inc (disposed of on December 31, 2018)	United States	BIC Sport SASU	100.0%	Manufacturing and distribution of consumer products
Wite-Out Products Inc.	United States – Delaware	BIC CORPORATION	100.0%	Holding company
Furtuna Holding Co. Ltd.	British Virgin Islands	BIC CORPORATION	100.0%	Holding company
SLS Insurance Company	United States	BIC CORPORATION	100.0%	Insurance coverage company
BIC International Co.	United States	SOCIÉTÉ BIC SA	100.0%	Delivery of services
Wite-Out Products Inc.	United States – Marinland	Wite-Out Products Inc. – Delaware	100.0%	Distribution of consumer products
OCEANIA				
BIC Australia Pty. Ltd.	Australia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Sport Australia Pty. Ltd. (disposed of on December 31, 2018)	Australia	BIC Sport SASU	100.0%	Distribution of consumer products
BIC (NZ) Ltd.	New Zealand	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
LATIN AMERICA				
BIC Argentina SA	Argentina	SOCIÉTÉ BIC SA BIC Assemblage SARL	100.0%	Distribution of consumer products
BIC Graphic Brasil Ltda. (liquidation in progress)	Brazil	BIC Amazonia SA	100.0%	Distribution of consumer products
BIC Amazonia SA	Brazil	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products



Name of subsidiary	Place of incorporation (or registration) and operation	Main shareholders	Percentage ownership interest (direct or indirect)	Principal activity
PIMACO Autoadesivos Ltda.	Brazil	BIC Amazonia SA	100.0%	Manufacturing and distribution of consumer products
BIC Chile SA	Chile	BIC Amazonia SA SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Colombia SAS	Colombia	Nelgor SA BIC Amazonia SA SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC de Costa Rica SA	Costa Rica	BIC de Guatemala SA	100.0%	Distribution of consumer products
BIC Ecuador SA	Ecuador	BIC Amazonia SA	100.0%	Manufacturing and distribution of consumer products
BIC de Guatemala SA	Guatemala	BIC CORPORATION SOCIÉTÉ BIC SA	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 Cuautitlán, SA de CV	Mexico	Industrial de Cuautitlan SA de CV No Sabe Fallar SA de CV	100.0%	Delivery of services
BIC Andina Peru SA (liquidation in March 2018)	Peru	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Uruguay SA	Uruguay	BIC Amazonia SA	100.0%	Distribution of consumer products
Nelgor SA	Uruguay	BIC Amazonia SA	100.0%	Holding company
BIC de Venezuela CA (liquidation in progress)	Venezuela	BIC Amazonia SA	100.0%	Distribution of consumer products
ASIA				
BIC Stationery (Shanghai) Co. Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Nantong) Plastic Products Co., Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Product (Korea) Ltd.	South Korea	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Cello (India) Pvt. Ltd. (ex-Cello Plastic Products private Ltd.) since September 2017	India	SOCIÉTÉ BIC SA BIC Assemblage SARL	100.0%	Manufacturing and distribution of consumer products
BIC Japan Co. Ltd.	Japan	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Malaysia) Sdn. Bhd.	Malaysia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Singapore) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Asia) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Thailand) Ltd.	Thailand	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
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.	100.0%	Holding company
BIC Middle East FZ-LLC	Dubai	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Middle East Trading FZE (Consolidated on January 30, 2018)	Dubai	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products





FINANCIAL STATEMENTS

Consolidated financial statements

Name of subsidiary	Place of incorporation (or registration) and operation	Main shareholders	Percentage ownership interest (direct or indirect)	Principal activity
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
Lucky Stationary NIG Ltd	Nigeria	SOCIÉTÉ BIC SA BIC Assemblage SARL	100.0%	Distribution of consumer products
BIC Bizerte	Tunisia	SOCIÉTÉ BIC SA BIC Assemblage SARL	100.0%	Manufacturing of consumer products
BIC Zambia Ltd.	Zambia	BIC Holdings Southern Africa (Pty.) Ltd.	99.0%	Distribution of consumer products
BIC Maroc SARL	Morocco	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC EAST AFRICA Limited (Consolidated on July 31, 2018)	Kenya	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products



NOTE 29 AUDITORS' FEES

Annual fees paid by the Group to the Statutory Auditors' and members of their networks are as follows:

	Deloitte & Associés				Grant Thornton			
	Amount (excluding VAT)		%		Amount (excluding VAT)		%	
	2018	2019	2018	2019	2018	2019	2018	2019
<i>(in thousand euros)</i>								
Audit								
Statutory audit, certification, review of statutory and consolidated financial statements								
• Issuer	327	337	17%	16%	134	138	20%	21%
• Fully consolidated subsidiaries	1,180	1,078	61%	52%	545	514	80%	79%
Other due diligence and services directly linked to the Statutory Auditors' mission								
• Issuer	223	143	12%	7%	-	-	-	-
• Fully consolidated subsidiaries	22	52	1%	3%	-	-	-	-
Subtotal	1,752	1,610	91%	78%	679	652	100%	100%
Other network services for the fully consolidated subsidiaries								
• Legal, tax, labor-related	181	444	9%	22%	-	-	-	-
Subtotal	181	444	9%	22%	-	-	-	-
TOTAL	1,933	2,054	100%	100%	679	652	100%	100%





6.2. STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual shareholders meeting,

I. OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of SOCIETE BIC for the year ended December 31, 2019.

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, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019, to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*code de déontologie*) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are for Deloitte & Associés, the report on the consolidated extra-financial performance declaration, as independent third party, and attestations on information derived from accounting and financial information, that were issued upon request of the concerned companies.

Emphasis of matter

Without qualifying our opinion expressed above, we draw your attention to Note 1-1-2 to the consolidated financial statements, "Adoption of new and revised IFRS, interpretations and amendments", setting out the impacts of the application as of January 1, 2019 of IFRIC 23, Uncertain Tax Positions.



III. JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment test of the Cello goodwill (Note 10 "Goodwill" to the consolidated financial statements)

Risk identified	Our answer
<p>The assessment of the recoverability of goodwill (€ 204 million out of € 2 392 million at December 31, 2019), and especially the one related to the Cello acquisition in India, is a matter of attention for management as the underlying business plan is ambitious, reflecting existing opportunities in the country.</p> <p>The Cello goodwill amounting to a 93 million euros gross value as of December 31, 2019 had been depreciated by 69 million euros in 2018. The annual impairment test performed in June 2019 did not result in any additional depreciation. In December 2019 and as described in note 10 to the notes of the consolidated financial statements, (i) the transfer of the Cello trademark from India to France, which triggered a depreciation of part of the trademark based on a valuation performed by an independent expert as well as (ii) the adverse business environment of Cello both in India and its major export markets, Bic performed an additional impairment test of the Cello unit which led the Group to account for the full depreciation of the Cello goodwill of 23 million euros which has now been fully written off.</p> <p>A high degree of judgement is exercised by management around the assumptions used to determine the value in use of the cash generating unit ("CGU") to which the Cello goodwill has been allocated and which was determined using discounted cash flows of the Cello Pens CGU.</p>	<p>We have reviewed how the Cello CGU value in use was determined. Besides the assessment of management's competency and objectivity, we have performed certain specific audit procedures:</p> <ul style="list-style-type: none"> • Testing of internal control related to the preparation of the most recent Cello UGT future cash flows forecast. • Verifying consistency of the main data used in the Cello CGU future cash flows forecast comparing them with both the historical performance and the strategic plan validated by the appropriate level of governance. • Corroborating the perpetual growth rate and discount rate used in the impairment test with the assistance of our valuation specialists.
<p>We have therefore considered the Cello goodwill valuation as a key audit matter.</p> <p>The main assumptions used to determine the value in use are presented in Note 10 to the consolidated financial statements.</p>	

IV. SPECIFIC VERIFICATIONS

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the board of directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code is included in Group management report, being specified that, in accordance with the provisions of Article L.823-10 of the code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information contained therein and should be reported on by an independent insurance services provider.





V. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of company Bic during the annual general meeting held on May 4, 1999 for Deloitte & Associés and May 23, 2007 for Grant Thornton.

As at December 31, 2019, Deloitte & Associés and Grant Thornton were in the 21st year and 13th year of total uninterrupted engagement respectively.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved for issuance by the Board of Directors.

VII. STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.



- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 23, 2020

The Statutory Auditors

French original signed by

Grant Thornton

Vianney MARTIN

Deloitte & Associés

Jean-Pierre AGAZZI





6.3. PARENT COMPANY FINANCIAL STATEMENTS OF SOCIÉTÉ BIC (FRENCH GAAP)

1. INCOME STATEMENT	247
2. BALANCE SHEET	248
3. CASH FLOW STATEMENT	250
4. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS	251
5. ADDITIONAL INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS	264



1. INCOME STATEMENT

<i>(In thousand euros)</i>	Notes	Dec. 31, 2018	Dec. 31, 2019
Net sales	11	691,135	675,055
Reversal of depreciation, amortization and provisions, transfer of charges		(3,147)	20,653
Other income	12	105,206	83,779
Total operating income		793,194	779,487
Purchases of goods and changes in inventories		(438,231)	(432,669)
Purchases of raw materials, other supplies and changes in inventories		(29,481)	(29,491)
Other external purchases and charges		(198,111)	(213,079)
Taxes, levies and similar payments		(3,188)	(3,096)
Payroll costs	13	(2,054)	(609)
Depreciation, amortization and provisions		(16,673)	(16,838)
Other expenses		(4,505)	(4,828)
Total operating expenses		(692,243)	(700,610)
NET INCOME FROM OPERATIONS		100,951	78,877
NET FINANCIAL INCOME	14	82,853	11,640
NON-RECURRING INCOME AND EXPENSES	15	(3,617)	(9,196)
Income tax expense	16 to 18	(30,347)	(18,224)
NET INCOME		149,840	63,097





2. BALANCE SHEET

Assets

(in thousand euros)	Notes	Dec. 31, 2018	Dec. 31, 2019		
			Net	Gross	Deprec., amort. and provisions
Research and development expenses		-	1,745	(1,745)	-
Patents and similar rights		21,138	77,611	(31,363)	46,248
Intangible assets	3, 4	21,138	79,356	(33,108)	46,248
Land		1,345	1,345	-	1,345
Buildings		1,763	16,392	(14,937)	1,455
Industrial fixtures and equipment		1,759	14,076	(12,826)	1,250
Other property, plant and equipment		3,494	6,853	(3,291)	3,562
Fixed assets under construction		649	909	(51)	858
Property, plant and equipment	3, 4	9,010	39,575	(31,105)	8,470
Equity Investments	22	1,174,439	1,317,390	(231,788)	1,085,602
Other long-term investments	3	58,444	49,902	-	49,902
Long-term investments		1,232,883	1,367,292	(231,788)	1,135,504
Non-current assets		1,263,031	1,486,223	(296,001)	1,190,222
Raw materials and supplies		1,359	1,577	-	1,577
Work-in-process goods		-	169	(169)	-
Goods		41,915	31,910	(1,878)	30,032
Inventories		43,274	33,656	(2,047)	31,609
Advances and prepayments		4,019	3,150	-	3,150
Trade receivables and related accounts	5, 6	146,770	157,727	(16,371)	141,356
Other receivables	5, 6	254,315	252,403	(10,367)	242,036
Short-term financial investments	7	4,409	3,409	-	3,409
Cash and cash equivalents		8,104	12,958	-	12,958
Prepaid expenses	5	1,184	612	-	612
Unrealized losses from foreign exchange	8	1,253	837	-	837
Current assets		463,328	464,752	(28,785)	435,967
TOTAL ASSETS		1,726,359	1,950,975	(324,786)	1,626,189



Liabilities & Shareholders' equity

<i>(in thousand euros)</i>	Notes	Dec. 31, 2018	Dec. 31, 2019
Share capital		175,761	173,933
Share issue premiums, merger, contributions		144,165	144,165
Legal reserve		22,410	22,410
General reserve		180,500	180,561
Retained earnings		653,692	610,902
Net income for the year		149,840	63,097
Shareholders' equity	9	1,326,368	1,195,068
Provisions for contingencies and losses	10	39,464	32,315
Provisions for contingencies and losses		39,464	32,315
Bank borrowings	5	7,255	51,812
Other borrowings	5	229,113	221,546
Financial liabilities		236,368	273,358
Trade payables and related accounts	5, 6	108,472	112,263
Tax and employee-related liabilities	5	7,451	6,485
Other liabilities	5	7,729	6,479
Operating liabilities		123,652	125,227
Unrealized gains from foreign exchange		507	221
Liabilities		360,527	398,806
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		1,726,359	1,626,189





3. CASH FLOW STATEMENT

<i>(in thousand euros)</i>	Notes	Dec. 31, 2018	Dec. 31, 2019
Operating activities			
Net income		149,840	63,097
Merger gain		(2,185)	-
Dividends received	14	(159,800)	(128,155)
Depreciation, amortization and provisions on non-current assets		90,312	102,828
(Gain)/Loss on the disposal of assets		-	(3)
Gross cash flow from operating activities		78,167	37,767
(Increase)/Decrease in net working capital		(12,241)	48,479
NET CASH FLOW FROM OPERATING ACTIVITIES		65,926	86,246
Investing activities			
Dividends received from subsidiaries	14	159,800	128,155
Proceeds from disposals of property, plant and equipment and intangible assets		-	3
Acquisition of property, plant and equipment	3	(1,470)	(1,130)
Acquisition of intangible assets	3	(1,599)	(27,220)
(Increase)/Decrease in treasury shares		(50,705)	(39,837)
(Increase)/Decrease in other investments	3	(138)	(34)
Acquisitions of subsidiaries	22-2	(12,640)	(23,189)
NET CASH FLOW FROM INVESTING ACTIVITIES		93,248	36,748
Financing activities			
Dividends paid	9.2	(157,762)	(155,228)
Loans/(Repayments)		(3)	(3)
Movement in current accounts		(38,632)	(8,465)
NET CASH FLOW FROM FINANCING ACTIVITIES		(196,397)	(163,696)
Net increase/(decrease) in cash and cash equivalents		(37,223)	(40,702)
Opening cash and cash equivalents		42,482	5,258
CLOSING CASH AND CASH EQUIVALENTS		5,259	(35,444)



4. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

NOTE 1	MAIN EVENTS	252	NOTE 13	MANAGEMENT COMPENSATION	257
NOTE 2	ACCOUNTING PRINCIPLES, RULES AND METHODS	252	NOTE 14	FINANCIAL INCOME	257
	<i>Notes to the balance sheet</i>		NOTE 15	NON-RECURRING INCOME AND EXPENSES	258
NOTE 3	NON-CURRENT ASSETS	253	NOTE 17	TAX GROUPING	258
NOTE 4	DEPRECIATION AND AMORTIZATION	254	NOTE 18	MAIN INCREASES/DECREASES IN THE DEFERRED TAX BASIS	258
NOTE 5	MATURITY OF RECEIVABLES AND PAYABLES	254		<i>Notes to the off-balance sheet commitments</i>	
NOTE 6	INFORMATION ON RELATED PARTIES	255	NOTE 19	OFF-BALANCE SHEET FINANCIAL INSTRUMENTS	259
NOTE 7	SHORT-TERM FINANCIAL INVESTMENTS	255		19-1 Currency derivatives	259
NOTE 8	TRANSLATION ADJUSTMENTS	255		19-2 Interest rate derivatives	259
NOTE 9	SHAREHOLDERS' EQUITY	255	NOTE 20	OFF-BALANCE SHEET COMMITMENTS	260
	9-1 Share capital	255		20-1 Guarantees	260
	9-2 Changes in Shareholders' equity	256		20-2 Pension obligations	260
NOTE 10	PROVISIONS	256		<i>Other information</i>	
	<i>Notes to the income statement</i>		NOTE 21	STOCK MARKET PRICE	260
NOTE 11	NET SALES BREAKDOWN	257	NOTE 22	EQUITY INVESTMENTS	261
NOTE 12	OTHER INCOME	257		22-1 Subsidiaries and equity interests	261
				22-2 Analysis of movements in equity investments	263





NOTE 1 MAIN EVENTS

BIC announced on October 23, 2019 the completion of the acquisition of Nigeria's leading writing instrument manufacturer, Lucky Stationary Nigeria Ltd.

In early December 2019 and with a view towards providing financial resources to the Cello subsidiary, the Cello trademark has been transferred to SOCIÉTÉ BIC for an amount of 24 million euros.

NOTE 2 ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared in accordance with the accounting policies and methods defined by the French *Plan Comptable Général*, as presented by Regulation no. 2016-07 of the French Accounting Standards Authority of November 4, 2016 and its subsequent changes repealing Regulation no. 99-03 of the French Accounting Regulatory Commission of April 29, 1999 on annual financial statements.

They have been drawn up according to the basic accounting principles of:

- going concern;
- consistency;
- independence of financial years.

The items presented in the financial statements are valued on a historical cost basis.

The main accounting rules and methods adopted are the following:

a) Intangible assets

Research and development expenditures are capitalized when major applied research and development projects in progress (above 500,000 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 amortized on a straight-line basis over a period of three to five years from the commencement of production.

Research and development expenditures that do not meet these criteria are expensed in the fiscal year.

Patents and technical processes are amortized over their period of protection or use.

Software is depreciated on a straight-line basis over a period of three to five years.

b) Property, plant and equipment

Property, plant and equipment are valued at their purchase price or production cost. Depreciation is calculated on a straight-line basis over periods depending on the asset type:

Buildings	25 years
Fixtures and fittings	8 to 10 years
Vehicles	3 to 4 years
Industrial plant, machinery and fittings	2 to 8 years
Office and IT equipment, furniture	3 to 8 years

c) Fixed assets valuation

At year end, SOCIÉTÉ BIC checks the existence of internal or external indicators that could lead to a change in the net realizable value of its assets.

When the net booked value of fixed assets exceeds the market value or the asset in use, an impairment charge is recorded.

d) Long-term investments

Long-term investments are recorded at the value at which they were brought into assets. An impairment is booked when the value in use of an investment is less than its purchase cost. The value is determined with reference to Shareholders' equity or to cash flow projections of the relevant investment, adjusted to take into consideration the importance of these companies to the Group and their development and profit perspectives. In addition, BIC shares purchased pursuant to Article L.225-209 of the French Commercial Code (*Code de commerce*), not intended exclusively for stock option plans, are recorded within long-term investments. Treasury shares are valued at purchase cost and provision for impairment is booked at year-end when the probable trading value (based on the average share market price during the last month of the fiscal year) is less than purchase cost. Loans in foreign currency are translated at the closing exchange rate.

e) Inventory and work-in-process

Goods are valued at purchase cost, including incidental expenses, in accordance with the weighted average cost method. Impairment 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 gains from foreign exchange are booked as such, while unrealized losses from foreign exchange are likewise so booked, with a provision for contingencies and losses.

Profit and loss on foreign exchange for current accounts are directly recognized in the profit and loss account and are not the subject of a translation difference.

According to the new ANC no.2015-05 related to the accounting of derivative instruments, applicable as of January 1, 2017, the method of accounting for derivative instruments varies according to whether the derivative qualifies for hedge accounting or not.

For non-hedged transactions, the global foreign exchange position is only used to calculate the provision for foreign exchange losses.

It is calculated currency-by-currency and hedging instruments and hedged items (for the hedged portion) are excluded from this global foreign exchange position.

The maturity dates of items included in the position should be in the same fiscal year and only realizable items should be included (receivables, payables, derivative instruments, etc.). Cash and cash equivalents are excluded.

For hedged transactions, the currency hedging impact is only recognized in the income statement when receivables (or payables) are settled.

g) Financial investments

Financial investments comprise investments in marketable securities, and SOCIÉTÉ BIC shares bought back pursuant to Article L.225-209 of the French Commercial Code (*Code de commerce*). Treasury shares are valued at purchase cost. An impairment provision is booked 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) at year-end is less than the purchase cost.

h) Provisions for contingencies and charges

Provisions for contingencies and charges are liabilities for which maturity or amounts cannot be precisely measured. They are calculated using the best estimate of funds required to settle the liability.

i) Borrowings

Borrowings in foreign currency are translated at the closing exchange rate.

NOTES TO THE BALANCE SHEET

NOTE 3 NON-CURRENT ASSETS

<i>(in thousand euros)</i>	Gross value as of Dec. 31, 2018	Merger	Acquisitions	Disposals	Gross value as of Dec. 31, 2019
Research and development expenses	1,745	-	-	-	1,745
Other intangible assets	50,391	-	27,220	-	77,611
TOTAL INTANGIBLE ASSETS	52,136	-	27,220	-	79,356
Land	1,345	-	-	-	1,345
Buildings	16,356	-	35	-	16,391
Industrial fixtures and equipment	13,656	-	551	(131)	14,076
Other property, plant and equipment	6,519	-	335	-	6,854
Property, plant and equipment under construction	700	-	209	-	909
TOTAL PROPERTY, PLANT AND EQUIPMENT	38,576	-	1,130	(131)	39,575
Equity Investments ^(a)	1,300,218	-	17,172	-	1,317,390
Treasury Shares ^(b)	58,082	-	59,978	(68,519)	49,541
Loans and other long-term investments	362	-	-	-	362
TOTAL LONG-TERM INVESTMENTS	1,358,662	-	77,150	(68,519)	1,367,293

(a) Equity Investments are detailed in Note 22.

(b) These refer to 508,480 treasury shares for the free share plans and 32,088 shares related to the liquidity contract.



NOTE 4 DEPRECIATION AND AMORTIZATION

<i>(in thousand euros)</i>	Deprec. and amort. as of Dec. 31, 2018	Increase in the period	Reduction in the period	Deprec. and amort. as of Dec. 31, 2019
Research and development expenses	1,745	-	-	1,745
Other intangible assets	25,532	2,110	-	27,642
TOTAL INTANGIBLE ASSETS	27,277	2,110	-	29,387
Buildings	14,592	344	-	14,936
Industrial fixtures and equipment	11,897	1,051	(122)	12,826
Other property, plant and equipment	3,025	276	(8)	3,293
TOTAL PROPERTY, PLANT AND EQUIPMENT	29,514	1,671	(130)	31,055

NOTE 5 MATURITY OF RECEIVABLES AND PAYABLES

Receivables <i>(in thousand euros)</i>	Gross	Within one year	More than one year	o/w notes receivables	o/w related parties
Other long-term investments	49,902	49,902	-	-	-
Trade receivables and related accounts	157,727	157,727	-	2,096	103,856
Other receivables	252,403	252,403	-	-	207,909
Prepayments	612	612	-	-	-
TOTAL	460,644	460,644	-	2,096	311,765

Payables <i>(in thousand euros)</i>	Gross	Within one year	More than one year	o/w notes payables	o/w related parties
Bank borrowings	51,812	51,812	-	-	-
Other borrowings	221,546	216,268	5,278	-	221,546
Trade payables and related accounts	112,262	112,262	-	-	60,477
Tax and employee-related liabilities	6,485	6,485	-	-	-
Other liabilities	6,479	6,479	-	-	637
TOTAL	398,584	393,306	5,278	-	282,660

NOTE 6 INFORMATION ON RELATED PARTIES

Gross Value <i>(in thousand euros)</i>	Dec. 31, 2019
Assets	
Equity investments	1,317,390
Trade receivables and related accounts	103,856
Other receivables	207,909
Liabilities	
Other long-term loans and investments	221,546
Trade payables and related accounts	60,477
Other debts	637
Deferred income	-

NOTE 7 SHORT-TERM FINANCIAL INVESTMENTS

Gross value <i>(in thousand euros)</i>	Dec. 31, 2019
Marketable securities ^(a)	3,409
TOTAL	3,409

(a) These are money market UCITS or short-term deposit certificates.

NOTE 8 TRANSLATION ADJUSTMENTS

Unrealized losses related to receivables and payables were recorded in unrealized losses from exchange foreign in the amount of 837 thousand euros.

NOTE 9 SHAREHOLDERS' EQUITY**9-1 Share capital**

As of December 31, 2019, the share capital of SOCIÉTÉ BIC amounted to 173,933,156.80 euros divided into 45,532,240 shares with a par value of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

To the best of the Company's knowledge, as of December 31, 2019, 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.	28.20%	38.11%
Bich family	17.20%	23.20%

As of December 31, 2019, SOCIÉTÉ BIC held 540,568 BIC shares classified as long-term investments (508,480 shares for the free share plans and 32,088 shares in relation to the liquidity contract).





FINANCIAL STATEMENTS

Parent company financial statements of SOCIÉTÉ BIC (French GAAP)

9-2 Changes in Shareholders' equity

(in thousand euros)

Shareholders' equity as of December 31, 2018 (before distribution)	1,326,368
Dividend distribution with respect to fiscal year 2018	155,228
Shareholders' equity as of December 31, 2018 (after distribution)	1,171,140
Increase in share capital	-
Decrease in share capital ^(a)	(1,828)
Share issue premium	-
Retained earnings ^(a)	(37,341)
Net income for the year	63,097
Shareholders' equity as of December 31, 2019 (before distribution)	1,195,068

(a) During fiscal year 2019, SOCIÉTÉ BIC cancelled 478,667 shares.

NOTE 10 PROVISIONS

(in thousand euros)	Dec. 31, 2018	Merger	Allocations during the year	Reversals during the year (used)	Reversals during the year (unused)	Dec. 31, 2019
Risk – Subsidiaries	970	-	1,596	-	(702)	1,864
Risk – Tax audit	488	-	559	(488)	-	559
Foreign exchange losses	156	-	311	(156)	-	311
Free share grant plans	36,365	-	(8,462)	-	-	27,903
Other provisions for contingencies	1,484	-	361	-	(167)	1,678
PROVISIONS FOR CONTINGENCIES AND LOSSES	39,463	-	(5,635)	(644)	(869)	32,315

(in thousand euros)	Dec. 31, 2018	Merger	Allocations during the year	Reversals during the year	Dec. 31, 2019
Intangible assets and Property, plant and equipment	3,772	-	-	-	3,772
Investments	125,778	-	110,365	(4,355)	231,788
Work-in-process goods	274	-	-	(106)	168
Goods	1,629	-	1,771	(1,519)	1,881
Trade receivables	15,615	-	11,285	(10,530)	16,370
Provisions for other receivables	10,027	-	663	(323)	10,367
PROVISIONS FOR IMPAIRMENT	157,095	-	124,084	(16,833)	264,346



NOTES TO THE INCOME STATEMENT

NOTE 11 NET SALES BREAKDOWN

The net sales of SOCIÉTÉ BIC break down as follows:

<i>(in thousand euros)</i>	Dec. 31, 2018			Dec. 31, 2019		
	France	Export	Total	France	Export	Total
Stationery	121,935	234,670	356,605	123,406	235,723	359,129
Lighters	22,452	212,637	235,089	20,914	193,683	214,597
Shavers	20,094	57,165	77,259	19,782	63,233	83,015
Other	4,094	18,088	22,182	3,866	14,448	18,314
TOTAL	168,575	522,560	691,135	167,968	507,087	675,055

NOTE 12 OTHER INCOME

Other income mainly comprises royalties (49,928 thousand euros) and management fees (25,617 thousand euros) invoiced to affiliates, as well as the foreign exchange gain on receivables and payables (8,232 thousand euros).

NOTE 13 MANAGEMENT COMPENSATION

<i>(in thousand euros)</i>	Dec. 31, 2018	Dec. 31, 2019
Administrative bodies	469	461
Management bodies	628	627

SOCIÉTÉ BIC has no salaried employees as of December 31, 2019.

NOTE 14 FINANCIAL INCOME

Financial income amounts to 11,639 thousand euros and is detailed as follows:

<i>(in thousand euros)</i>	Dec. 31, 2018	Dec. 31, 2019
Dividends received	159,800	128,155
Merger gain	2,185	-
Reversals/(provisions)	(78,783)	(106,473)
Foreign exchange gains and losses	1,295	(8,896)
Other	(1,644)	(1,146)
FINANCIAL INCOME	82,853	11,640

A provision for impairment of equity investments in Cello (99,379 thousand euros) was booked in 2019 in light of the adverse business environment of Cello both in India and its major export markets.



NOTE 15 NON-RECURRING INCOME AND EXPENSES

The non-recurring income and expenses break down mainly as follows:

<i>(in thousand euros)</i>	Dec. 31, 2018	Dec. 31, 2019
Capital gains/(losses) on asset disposals	(6)	(96)
Gains/(losses) on disposal of equity investments	(1,331)	-
Provision for contingencies (net of reversal)	3,151	(1,225)
Tax adjustments	76	(929)
Debt waivers for subsidiaries	-	(2,000)
Loss on liquidation of subsidiaries	(1,452)	-
Other	(4,055)	(4,946)
NON-RECURRING INCOME AND EXPENSES	(3,617)	(9,196)

NOTE 16 INCOME TAX BREAKDOWN

<i>(in thousand euros)</i>	Net income before tax	Income Tax expense	Net income after tax
Recurring net income	90,516	22,663	67,853
Non-recurring income and expenses	(9,195)	(4,439)	(4,756)
TOTAL	81,321	18,224	63,097

NOTE 17 TAX GROUPING

SOCIÉTÉ BIC is the parent company of the tax Group comprising the following companies as of December 31, 2019: Bima 83, BIC Écriture 2000, BIC Services, BIC Conté, Société Immobilière BIC Clichy, Société Immobilière Valiton Gesnouin, BIC Rasoirs, Société du Briquet Jetable 75, BIC Graphic France, BIC Assemblage, BIC Technologies, BIC International Development formerly Compagnie

de Moulages, DAPE 74 Distribution Électro-Centre and BIC Education.

As parent company, SOCIÉTÉ BIC recognizes in its financial statements the gain or loss related to the effects of the tax consolidation. In this respect, the gain recorded by SOCIÉTÉ BIC in 2019 amounts to 3,929,370 euros.

NOTE 18 MAIN INCREASES/DECREASES IN THE DEFERRED TAX BASIS

<i>(in thousand euros)</i>	Dec. 31, 2019
C3S	1,021
Provision on current accounts	663
Provision for contingencies	1,595
Provision on trade receivables	9,812
Provision on equity investments	110,364
Foreign exchange losses	(3,803)
Provision on free shares	23,406
Other	68
TOTAL	143,126
DECREASE IN DEFERRED TAX LIABILITIES	(45,829)

NOTES TO THE OFF-BALANCE SHEET COMMITMENTS

NOTE 19 OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The following are SOCIÉTÉ BIC's main off-balance sheet financial instruments:

19-1 Currency derivatives

Hedge nominals denominated in currencies other than the euro are converted to euros at December 31, 2019 closing rates.

The valuation of the hedges is calculated in accordance with market practices in terms of inputs (spot, yield curves, volatility curves) and calculation models.

Forward portfolio detail

Hedging support	Nominal (euros)	Market value (euros)	Instrument
Commercial Flows 2020	328,867,284	(2,265,631)	Forward
Commercial Flows 2021	22,250,510	212,343	Forward
Intra-Group Dividends	33,349,008	(1,286,455)	Forward
Loans/Borrowings	100,041,734	(72,784)	Currency Swap
TOTAL	484,508,535	(3,412,528)	

Options portfolio detail

Hedging support	Options purchased Nominal (euros)	Options sold Nominal (euros)	Market value (euros)	Instrument
Commercial Flows 2020	100,303,233	154,418,608	(1,184,229)	Option
Commercial Flows 2021	-	-	-	Option
Intra-Group Dividends	-	-	-	Option
TOTAL	100,303,233	154,418,608	(1,184,229)	

As of December 31, 2019, SOCIÉTÉ BIC had contracted:

- derivative contracts (foreign currency forwards and options) maturing in 2020 and 2021 for an equivalent of 605.8 million euros in gross nominal value. These contracts hedge, on the basis of forecast cash flow, a significant part of the Group's foreign currency transaction risks. The foreign currency transactions are denominated in U.S. dollars, Pounds sterling, Canadian dollars, Australian dollars, New Zealand dollars, Japanese yen, Swiss francs, Polish zloty, Romanian lei and Mexican pesos. The market value of these contracts is negative for 3.2 million euros;
- derivatives contracts (foreign currency forwards and options) maturing in 2020 for an equivalent of 33.3 million euros in gross nominal value, dedicated to the hedge of the intra-Group dividends received in foreign currencies. The market value of these contracts is negative for 1.3 million euros;

- foreign currency swaps for an equivalent of 100 million euros, in connection with the Group's foreign currency liquidity and intra-Group foreign currency loans and borrowings. The market value of these contracts is negative for 72,784 euros.

For 2020, more than 90% of the Group's foreign currency transaction exposure is hedged.

19-2 Interest rate derivatives

As of December 31, 2019, SOCIÉTÉ BIC does not have any interest rate derivatives.

All local funding needs are directly indexed on a variable rate. Borrowers' positions are insignificant and are of a too limited timescale to require any hedging.



NOTE 20 OFF-BALANCE SHEET COMMITMENTS**20-1 Guarantees**

The following schedule summarizes the off-balance sheet sureties, deposits and guarantees for SOCIÉTÉ BIC. All significant items are disclosed in this table.

No other assets or registered shares have been pledged.

Sureties, deposits and guarantees issued

<i>(in thousand euros)</i>	Dec. 31, 2018	Maturity			Dec. 31, 2019
		< 1 year	1 to 5 years	> 5 years	
Other guarantees and commitments	16,563	-	-	9,282	9,282
TOTAL	16,563	-	-	9,282	9,282

Sureties, deposits and guarantees received

<i>(in thousand euros)</i>	Dec. 31, 2018	Maturity			Dec. 31, 2019
		< 1 year	1 to 5 years	> 5 years	
Guarantees for credit lines	5,072	4,363	-	-	4,363
Sureties and deposits	2,422	912	285	63	1,260
TOTAL	7,494	5,275	285	63	5,623

20-2 Pension obligations

<i>(in thousand euros)</i>	Dec. 31, 2019
Present value of pension obligation	4,503
NET PENSION LIABILITY	4,503

OTHER INFORMATION**NOTE 21 STOCK MARKET PRICE**

<i>(in euros)</i>	Dec. 31, 2018	Dec. 31, 2019
BIC shares	89.15	62.00

NOTE 22 EQUITY INVESTMENTS**22-1 Subsidiaries and equity interests**

	Number of shares	S: Shares P: Parts	% of interest	Net book value	Share capital	Currency
I – French Subsidiaries						
BIC Assemblage SARL	1,000	P	100%	15,245	15,240	EUR
BIC International Development SASU	65,000	S	100%	1,478,761	990,600	EUR
Société du Briquet Jetable 75 SASU	2,954,600	S	100%	40,568,296	45,028,104	EUR
BIC Rasoirs SASU	131,291	S	100%	6,128,497	5,999,999	EUR
BIMA 83 SASU	23,689	S	100%	5,550,661	355,335	EUR
BIC Technologies SA	14,039,567	S	99%	4,180,056	7,440,988	EUR
BIC Services SASU	69,625	S	100%	1,042,612	1,061,085	EUR
BIC Conté SASU	5,465,181	S	100%	34,270,085	27,325,905	EUR
Électro-Centre SASU	4,000	S	100%	169,759	60,960	EUR
BIC Écriture 2000 SASU	3,202,500	S	100%	51,302,021	39,198,600	EUR
Société Immobilière Valiton Gesnouin SASU	748,440	S	100%	18,777,264	14,295,204	EUR
Société Immobilière BIC Clichy SASU	65,595	S	100%	2,498,167	997,044	EUR
BIC Éducation SASU	1,000	S	100%	818,696	1,000,000	EUR
BIC Graphic France SASU	5,000	S	100%	315,904	76,200	EUR
DAPE 74 Distribution SASU	70,000	S	100%	910,000	1,070,000	EUR
Sub total I				168,026,023		
II – Foreign subsidiaries						
BIC Erzeugnisse GmbH – Germany	2	P	100%	16,345,730	664,700	EUR
BIC Verwaltungs GmbH – Germany	2	P	100%	73,814	50,000	EUR
BIC GmbH – Germany	1	P	100%	-	25,600	EUR
BIC Portugal SA – Portugal	464,715	S	100%	6,586,179	2,323,575	EUR
BIC Slovakia SRO – Slovakia	1	P	100%	15,444,502	15,574,255	EUR
BIC Belgium SPRL – Belgium	136,410	S	100%	51,939,519	39,902,082	EUR
BIC Netherland B.V. – Netherlands	450	S	100%	9,216,000	5,204,750	EUR
BIC Nordic AB – Sweden	110,295	S	100%	12,261,705	11,029,500	SEK
BIC (Austria) Vertriebsgesellschaft mbh – Austria	1	P	100%	381,123	109,009	EUR
SOCIÉTÉ BIC (Suisse) SA – Switzerland	2,000	S	100%	7,747,853	2,000,000	CHF
BIC UK Ltd – United Kingdom	12,000,000	S	100%	85,133,465	1,500,000	GBP
BIC (Ireland) Private Company Limited – Ireland	50,000	S	100%	6,072,660	126,973	EUR
BIC Iberia SA – Spain	2,052,145	S	100%	81,612,686	12,333,391	EUR
BIC Italia Spa – Italy	5,000,000	S	100%	24,580,000	5,150,000	EUR
BIC Violex SA – Greece	13,895,505	S	51%	13,692,742	43,175,000	EUR
BIC Polska SP ZOO – Poland	485,430	P	100%	6,943,359	24,271,500	PLN
BIC (Romania) Marketing & Distribution SRL – Romania	641,818	S	100%	809,331	6,418,180	RON
BIC CIS ZAO – Russia	34,028,258	S	100%	10,049,727	357,296,709	RUB
BIC Ukraine CA – Ukraine	-	-	100%	3,300,471	34,168,470	UAH
BIC Pazarlama Ltd. Sti. – Turkey	224,260	S	99%	8,750,041	33,639,000	TRY
BIC Corporation – United States	22,769,073	S	100%	318,192,042	16,106,978	USD
BIC International Co. – United States	100	S	100%	1	1	USD
BIC Australia Pty. Ltd. – Australia	700,000	S	100%	11,927,000	700,000	AUD
BIC (NZ) Ltd. – New Zealand	332,500	S	100%	2,966,000	665,000	NZD





FINANCIAL STATEMENTS

Parent company financial statements of SOCIÉTÉ BIC (French GAAP)

	Number of shares	S: Shares P: Parts	% of interest	Net book value	Share capital	Currency
BIC Amazonia SA – Brazil	274,485,734	S	100%	18,565,900	662,059,590	BRL
BIC Argentina SA – Argentina	295,135,938	S	95%	7,858,887	295,135,938	ARS
BIC Colombia SAS – Colombia	637,483	S	71%	-	9,000,000	COP
BIC Technologies Asia Ltd. – Hong Kong	7,800,000	P	100%	-	7,800,000	HKD
BIC Stationery (Shanghai) Co. Ltd. – China	-	-	100%	1,587,750	18,408,000	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 Product (Korea) Ltd. – South Korea	345,320	S	100%	-	1,726,600,000	KRW
BIC Product (Thailand) Ltd. – Thailand	1,713,993	S	100%	102,820	171,400,000	THB
Mondial Sdn. Bhd. – Malaysia	1,140,000	S	30%	11,523	3,800,000	MYR
BIC Product (Malaysia) Sdn. Bhd. – Malaysia	1,260,000	S	100%	-	1,260,000	MYR
BIC (Nantong) Plastic Products Co. Ltd. – China	-	-	100%	12,618,892	23,300,000	USD
BIC JAPAN Co. Ltd. – Japan	750	S	100%	2,550,763	100,000,000	JPY
BIC Cello (India) Pvt – India	41,487,608	S	100%	110,010,749	476,333,350	INR
BIC Bizerte – Tunisia	277,000	P	100%	27,700,000	27,700,000	EUR
BIC Middle East FZ-LLC- UAE	20,300	P	100%	-	7,105,000	USD
BIC Middle East Trading FZE – UAE	430	S	100%	104,429	430,000	AED
BIC Maroc SARL – Morocco	791,000	P	100%	7,312,376	79,100,000	DHS
BIC East Africa Ltd. – Kenya	2,000,000	-	100%	17,771,307	2,000,000,000	KES
BIC Services Sofia EOOD -Bulgaria	195,583	S	100%	1,000,600	1,955,830	BGN
Lucky Stationary NIG Ltd – Nigeria	10,000,000	S	100%	14,831,393	10,000,000	NGN
Sub total II				916,053,338		
III – Participating interests						
BIC Graphic Europe SA - Spain	1	S	0.01%	245	1,303,330	EUR
BIC Holdings South Africa Pty. Ltd. – South Africa	41,860	S	5%	1,522,934	10,000	ZAR
BIC Chile SA – Chile	1	P	0.01%	-	480,000	USD
Sub total III				1,523,179		
TOTAL				1,085,602,539		

Net sales, net income and Shareholder's equity other than the share capital of subsidiaries and investments are not provided for reasons of confidentiality related to commercial and industrial strategy.

It is mentioned, pursuant to Article L. 232-1 of the French Commercial Code, that SOCIÉTÉ BIC has no branches.



22-2 Analysis of movements in equity investments

(in thousand euros)

Equity investments (net) as of December 31, 2018	1,174,441
Acquisitions, capital increases, creations and disposals in 2019	
BIC Pazarlama Ltd. Sti. – Turkey	440
BIC Stationery (Shanghai) Co. Ltd. – China	900
BIC Services Sofia EOOD -Bulgaria	1,001
Lucky Stationery NIG Ltd – Nigeria	14,831
(Allocations to)/Reversals of provisions in 2019	
BIC Éducation SASU	(15)
Électro-Centre SASU	(668)
BIC (Nantong) Plastic Products Co. Ltd. – China	(551)
BIC Stationery (Shanghai) Co. Ltd. – China	398
BIC Technologies SA	(82)
BIC Product (Singapore) Pte. Ltd. – Singapore	(24)
BIC Pazarlama Ltd. Sti. – Turkey	3,657
BIC Colombia SAS – Colombia	(2,084)
Mondial Sdn. Bhd. – Malaysia	(12)
BIC Cello (India) Pvt Ltd. – India	(99,379)
BIC Polska SP ZOO – Poland	300
BIC (Romania) Marketing & Distribution SRL – Romania	(204)
BIC Argentina SA – Argentina	(7,309)
BIC Product (Thailand) Ltd. – Thailand	(38)
EQUITY INVESTMENTS (NET) AS OF DECEMBER 31, 2019	1,085,602





5. ADDITIONAL INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

SOCIÉTÉ BIC five-year financial summary

(in euros)	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019
1 – Shareholders' equity at year-end					
Share capital	183,139,039	181,649,411	178,126,244	175,761,665	173,933,156
Number of shares outstanding	47,942,157	47,552,202	46,629,907	46,010,907	45,532,240
Number of bonds convertible into shares	-	-	-	-	-
2 – Net results					
Net sales excl. tax	661,573,108	675,728,517	715,515,323	691,135,323	675,054,718
Net profit before tax, deprec., amort. and provisions	280,814,295	154,721,960	782,139,238	276,813,012	186,250,089
Income tax	55,985,737	49,849,725	55,051,438	30,347,029	18,223,589
Net profit after tax, deprec., amort. and provisions	210,665,506	118,634,879	748,125,345	149,839,552	63,096,883
Dividend distribution*	278,271,488	161,060,428	158,177,021	156,486,804	155,221,268
3 – Income form operations, per share data					
Net profit after tax, but before deprec., amort. and provisions	4.69	2.21	15.59	5.36	3.69
Net profit after tax, deprec., amort. and provisions	4.39	2.49	16.04	3.26	1.39
Dividend per share	5.90	3.45	3.45	3.45	3.45
4 – Payroll					
Non-salaried staff	3	2	2	1	1
Total payroll	1,502,331	811,476	636,303	398,151	608,907
Social welfare benefits (social security, social contributions)	983,317	3,628,184	2,229,864	1,711,665	72,927

* Applicable to the issued number of shares (treasury shares deducted) as of December 31. The final amount depends on the number of shares entitled to dividends on the day of payment

Publication of customer payment periods

Article L. 441-6-1 of the French Commercial Code

(in thousand euros)	Total	Current	Overdue		
			30 days	60 days	90 days
Dec. 31, 2019	151,111	108,953	3,388	2,130	36,640
Dec. 31, 2018	153,897	119,063	2,348	1,696	30,790

Publication of supplier payment periods

Article L. 441-6-1 of the French Commercial Code

The Company has opted for the payment of supplier invoices with a due date of 60 days.

(in thousand euros)	Total	Current	Overdue		
			30 days	60 days	90 days
Dec. 31, 2019	63,022	56,303	2,654	786	3,279
Dec. 31, 2018	58,699	52,118	730	1,898	3,953



6.4. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of SOCIETE BIC,

I. OPINION

In compliance with the engagement entrusted to us by the Annual General Meeting, we have audited the accompanying financial statements of SOCIETE BIC for the year ended December 31, 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the financial statements are related, for the sole Deloitte & Associés firm, to the report, as an independent third party, on the consolidated declaration of Extra-financial performance, and attestations on information derived from accounting and financial information, that were issued upon request of the concerned companies.

III. JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.



Valuation of investments (cf. notes 2.d «Long-term investments » and 22 « Equity investments » of the notes to the financial statements)

Risk identified	Our answer
<p>As at 31 December 2019, investments are recorded in the balance sheet at a net carrying amount of €1,086 million as disclosed in note 22 of the notes to the financial statements. They are recorded at the value they were brought into assets. An impairment is booked when the value in use of an investment is below its purchase value.</p> <p>As disclosed in note 2.d) of the notes to the financial statements, the value in use is determined in reference to shareholders' equity or to cash flow projections of the relevant investment, adjusted to take into consideration the importance of the company to the Group and its development and profit perspectives.</p> <p>Given the weight of investments in the balance sheet, we considered the determination of the valuation of investments, particularly the value in use, to be a key audit matter presenting a risk of material misstatement.</p>	<p>We tested the operation of Group controls covering the process for determining the value in use of investments.</p> <p>Our procedures notably consisted in:</p> <ul style="list-style-type: none"> • For the valuation based on the shareholders' equity: <ul style="list-style-type: none"> • Controlling the shareholders' equity of the relevant investment with the financial statements of the different entities, • For the valuation based on the forecast assumptions: <ul style="list-style-type: none"> • Testing of internal control related to the preparation of the future cash flows forecast, • Verifying consistency of the main data used in the cash flow projections determination comparing them with the historical performance and the entity strategic plan validate by the appropriate level of governance, • Corroborating the perpetual growth rate and discount rate used in the impairment test with the expertise of our valuation specialists.

IV. SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law by the legal and regulated texts.

Information given in the management report and in the other documents with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

We attest to the sincerity and consistency with the financial statements of the information on the payment periods mentioned in article D. 441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received or attributed by the directors and any other commitments made in their favour, 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 controlled companies which are included in the consolidation perimeter. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

V. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Société Bic during the annual general meeting held on May 4, 1999 for Deloitte & Associés and May 23, 2007 for Grant Thornton.

As at December 31, 2019, Deloitte & Associés and Grant Thornton were in the 21st year and 13th year of total uninterrupted engagement respectively.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

VII. STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;





- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, March 23th 2020

The Statutory Auditors

French original signed by

Grant Thornton
French Member of
Grant Thornton International
Vianney MARTIN

Deloitte & Associés

Jean-Pierre AGAZZI



6.5. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Annual General Meeting to approve the financial statements for the year ended December 31, 2019

This is a free translation into English of the statutory auditors' special report on regulated agreements with related parties that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements 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 General Meeting of Société BIC,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements with related parties.

The terms of our engagement do not require us to identify such agreements, if any, but to communicate to you, based on information provided to us, the principal terms and conditions, as well as the reasons justifying the interest for the Company, of those agreements brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

In addition, we are required, where applicable, to inform you in accordance with Article R.225-31 of the French Commercial Code concerning the implementation, during the year, of the agreements previously approved by the Shareholders' Meeting.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. Those procedures consisted in verifying the information provided to us with the relevant source documents.

Agreements submitted to the approval of the Shareholders' Meeting

Agreements authorized and signed during the year

We hereby inform you that we have not been advised of any agreement authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L.225-38 of the French Commercial Code.

Agreements previously approved by the Shareholders' Meeting

Agreements approved in previous years which were performed during the year

We hereby inform you that we have not been advised of any agreement, previously approved by the Shareholders' Meetings, which would have continuing effect during the year.

Furthermore, following the information provided to us by your Board of Directors and at your request, we bring to your attention the following commitment concerning Mrs. Marie-Aimée Bich-Dufour, Managing Director until 31 March 2019 and Director since May 22, 2019, which corresponded to a regulated commitment covered by Section L. 225-90-1 of the Code of Commerce until Order 2019-1234 of November 27, 2019.

Additional pension plan of Mrs. Marie-Aimée Bich-Dufour

On May 19, 2005, the Board of Directors authorized the adoption of a "top-up" retirement plan (to replace the plan set up in 1986). The beneficiaries are grade 6 Senior Executives and Corporate Officers of BIC in France, who are also members of the Group's Executive Committee and who will finish their career with the Group.

The amount of their supplementary pension will be equal to 1.25% of the yearly last 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.

The Board of Directors, during its meeting of May 18, 2016, decided to freeze the rights of Mrs. Marie-Aimée Bich-Dufour under this plan, with effect from May 18, 2016.

This commitment did not result in implementation during the year ended 2019.

Neuilly-sur-Seine and Paris La Défense, March 23th, 2020

The Statutory Auditors
French original signed by

Grant Thornton
French Member of Grant Thornton International
Vianney MARTIN

Deloitte & Associés
Jean-Pierre AGAZZI







INFORMATIONS ABOUT THE ISSUER

7.1. INFORMATION ON THE COMPANY	272
History and development of the issuer	272
Memorandum and articles of incorporation	272
7.2. SHARE CAPITAL	274
7.3. SHAREHOLDING	276
Share capital breakdown	276
Employees' shareholding	277
Crossing of legal thresholds	277
Elements that could have influence on a take-over bid or that could delay or prevent a change of control (Article L. 225-100-3 of the French Commercial Code)	277
7.4. TREASURY SHARES AND SHARE BUYBACK	278
Treasury shares held by SOCIÉTÉ BIC as of December 31, 2019	278
Share buyback program – operations carried out in 2019	278
Description of the share buyback program submitted to the Shareholders' Meeting of May 20, 2020	278
7.5. INVESTOR RELATIONS	279
7.6. SHARE INFORMATION	280
Share custodial service	280





7.1. INFORMATION ON THE COMPANY

HISTORY AND DEVELOPMENT OF THE ISSUER

Legal and commercial name of the issuer

Legal name: SOCIÉTÉ BIC

Commercial name: BIC

Place of registration of the issuer and registration number

Place of registration: Nanterre

Registration number: 552 008 443

APE Code:

- 7010Z – Registered offices activities
- 3299Z – Other manufacturing activities

Date of incorporation and length of life of the issuer

Date of incorporation: March 3, 1953

Date of expiration: March 2, 2052, unless an Extraordinary Shareholders' Meeting decides to wind up the Company earlier or to extend it.

Registered office and legal form of the issuer

Registered office: 14 rue Jeanne d'Asnières – 92110 Clichy – France

Telephone: 33 (0)1 45 19 52 00

Legal form and legislation governing the issuer: Limited Company (société anonyme) governed by French law and subject to all texts applicable to commercial companies in France and in particular the French Commercial Code.

Significant change in the issuer's financial or trading position

No significant event has occurred since the end of the last fiscal period.

Important events in the development of the issuer's business

No events to report other than those mentioned in *Group Presentation, Prospects & Strategy – section 1.1 History*.

MEMORANDUM AND ARTICLES OF INCORPORATION

The memorandum and articles of incorporation can be consulted at the registered office of the Company. The articles of incorporation are also available on the website www.bicworld.com (under Regulated information).

Corporate purpose

Extract from the articles of incorporation (Article 3) – "Corporate Purpose"

"The Company's corporate purpose is, in all countries, the purchase, sale, commissioning, brokerage, representation, manufacturing, operation, import and export of all tangible and intangible property, and in particular of all items that are used for writing.

And generally all movable property, real property, industrial or commercial operations pertaining directly or indirectly to the abovementioned purpose or to all similar or related purposes or to purposes that could serve to promote the extension or development of the above-mentioned purpose.

The Company may carry out all operations falling within its purpose, either alone and for its own account, or for the account of third parties, as representative, licensee or intermediary, for the commissioning, brokerage, subcontracting, as lessee, farmer, manager, in a joint venture or partnership, in any form whatsoever."

Members of the administrative and management bodies

See *Corporate Governance – section 4.1 Administrative and Management Bodies*.

Rights, preferences and restrictions attached to each class of existing shares

Double voting rights

Extract from the articles of incorporation (Article 15.5) – "Shareholders' Meetings"

"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 at no charge to a Shareholder on account of existing shares for which he or she enjoys this right."

Indivisibility of the shares

Extract from the articles of incorporation (Article 8 ter) – "Indivisibility of the shares".

1. "The shares are indivisible vis-à-vis the Company. Joint owners of shares are represented at Shareholders' Meetings by one of them or by a joint representative of their choice. If they are unable to agree, a representative will be appointed by the Presiding Judge of the Commercial Court, ruling in chambers (référé), at the request of the most diligent joint-owner.
2. If the shares are burdened with a right of usufruct, the entry in the books recording their registration will mention this right of usufruct. Unless the Company is informed of an agreement to the contrary, the voting right will belong to the usufructuary at Ordinary Shareholders' Meetings and to the bare owner at Extraordinary Shareholders' Meetings. However, notwithstanding any agreement to the contrary, when the usufruct results from a donation of the bare ownership of shares performed under the provisions of Article 787 B of the General Tax Code, the usufructuary's voting right will be limited to decisions concerning the allocation of profits. For all other decisions that lie within the competence of an Ordinary or Extraordinary Shareholders' Meeting, the voting right will belong to the bare owner. The usufructuary and the bare owner must notify the Company that they intend to take advantage of these provisions."

Action necessary to change the Shareholders' rights

The articles of incorporation do not contain any special condition relating to changing the Shareholders' rights.

Shareholders' Meetings – Methods of calling meetings – Conditions of admission – Conditions for exercising voting rights

Extract from the articles of incorporation (Article 15) – "Shareholders' Meetings".

"15.1 Shareholders' Meetings are convened and deliberate under the conditions stipulated by law and the decrees in force.

Meetings take place either at the registered office or at any other place specified in the notice.

15.2 Any Shareholder may take part, personally or by proxy, in the Shareholders' Meetings, upon presenting proof of his/her identity and of the ownership of his/her shares, in accordance with the terms and conditions provided for by the laws and regulations in force.

Upon decision of the Board of Directors published in the notice of meeting, the Shareholders can participate and vote at the Shareholders' Meeting by videoconference or by telecommunication or teletransmission means allowing their identification, in compliance with legal and regulatory conditions in force at the moment of their use. These Shareholders are deemed present or represented.

15.3 Remote voting is exercised in compliance with legal and regulatory conditions in force.

Upon decision of the Board of Directors published in the notice of meeting, Shareholders can use for this purpose, within the mandatory deadlines, the electronic remote proxy or voting form available on the website put in place by the Meeting's centralizing agent. These Shareholders are deemed present or represented.

The proxy or the vote addressed by such electronic means before the Meeting, as well as their acknowledgement of receipt, will be deemed irrevocable written instructions enforceable on all parties, it being specified that if the shares are sold before the record date provided by Article R. 225-85 of the French Commercial Code, the Company shall invalidate or amend accordingly, as the case may be, the proxy or vote expressed before such date and time."

Provision that would have an effect of delaying, deferring or preventing a change in control of the issuer

See section 7.3 Shareholding.

Provision setting the ownership threshold above which Shareholder ownership must be disclosed

Extract from the articles of incorporation (Article 8 bis) – "Crossing thresholds".

"In addition to the disclosure thresholds provided for in the applicable laws and regulations, any individual or legal entity, acting alone and/or in concert, coming into possession, directly or indirectly, in any manner whatsoever within the meaning of Articles L. 233-7 et. seq. of the French Commercial Code, of a number of securities representing a fraction of the capital equal to or higher than 1% of the capital and/or voting rights must communicate to the Company the total number of shares, voting rights and securities giving future access to the capital (and voting rights potentially attached to these securities), that this individual or legal entity holds, alone and/or in concert, directly and/or indirectly. The information shall be sent by registered letter with acknowledgement of receipt within five (5) trading days of the date on which the threshold is crossed.

Once a Shareholder's interest exceeds the above-mentioned 1% threshold, said Shareholder must notify the Company each time an additional threshold of 0.5% of the capital or voting rights is crossed, even when such notification is not required under the disclosure obligations provided for in the applicable laws and regulations. This obligation applies under the same conditions and within the same deadline, when the holding in the share capital falls below the foregoing threshold.

Upon request, recorded in the minutes of the Shareholders' Meeting, of one or several Shareholders holding at least 2% of the capital and/or of the voting rights of the Company, the Shareholder who has not carried out the declarations provided for in the present article is deprived of the voting rights attached to the shares exceeding the fraction of the capital that has not been declared. Withdrawal of voting rights will apply to any Shareholders' Meeting held until the expiry of a two-year period following the date at which such disclosure is properly made."

Conditions imposed by the articles of incorporation, governing changes in the capital, where such conditions are more stringent than is required by law

Not applicable.



7.2. SHARE CAPITAL

As of December 31, 2019, the outstanding capital of SOCIÉTÉ BIC amounts to 173,933,156.80 euros divided into 45,532,240 shares with a par value of 3.82 euros each. Issued shares are fully paid-up.

SHARE CAPITAL EVOLUTION OVER THE LAST THREE YEARS

Date	Type of 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
2019 (Dec. 10 BM)	Cancellation of treasury shares as authorized by AGM of May 22, 2019	(1,828,507.94)	(37,341,116.17)	173,933,156.80	45,532,240
2019 (Dec. 10 BM)	Issue of shares following exercise of share subscription options, in accordance with stock option plans	86,026.40	1,348,722.80	175,761,664.74	46,010,917
2018 (Dec. 5 BM)	Cancellation of treasury shares as authorized by AGM of May 16, 2018	(2,625,852.72)	(51,399,039.23)	175,675,638.34	45,988,387
2018 (Dec. 5 BM)	Issue of shares following exercise of share subscription options, in accordance with stock option plans	228,898.22	3,378,885.27	178,143,576.08	46,675,783
2017 (Dec. 13 BM)	Cancellation of treasury shares as authorized by AGM of May 10, 2017	(3,804,162.28)	(93,333,700.56)	177,914,677.86	46,615,862
2017 (Dec. 13 BM)	Issue of shares following exercise of share subscription options, in accordance with stock option plans	334,570.88	4,095,176.58	181,718,840.14	47,611,716

BM: Board Meeting.

AGM: Annual General Meeting.

AUTHORIZATIONS TO INCREASE THE CAPITAL AT THE CLOSING OF THE 2019 FISCAL YEAR

SOCIÉTÉ BIC has, as at December 31, 2019, the following authorizations which were granted by the Annual General Meeting and which was not used during the past fiscal year:

I. Authorization to increase the capital with Shareholders' pre-emptive subscription rights ^(a)

Maximum amount (in million euros)	Shares: 50 Complex capital securities: 650
Date	May 16, 2018 (resolutions 17 and 18)
Term	26 months
Expiration date	July 15, 2020
Use in 2019	No
Issuance price	The issuance price of new ordinary shares and/or complex capital 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 law and regulations in force.

(a) Articles L. 225-129, L. 228-91 and L. 228-92 of the French Commercial Code.

II. Authorization to increase the capital by capitalization of reserves, profits, premiums or other^(b)

Maximum amount	Total maximum amount of reserves, profits and/or premiums or other sums that may be capitalized into the share capital and which will exist at the moment of the decision to increase the share capital, net of the amount that may be necessary to preserve, in compliance with the law, the rights of bearers of already issued securities giving right to the shares of the Company.
Date	May 16, 2018 (resolution 19)
Term	26 months
Expiration date	July 15, 2020
Use in 2019	No

(b) Articles L. 225-129 and L. 225-130 of the French Commercial Code.

III. Authorizations to increase the capital in favor of employees and corporate officers

	Issue of shares reserved for members of an employee savings plan^(c)	Grantings of free shares to be issued^(d)	Share options^(e)
Maximum amount	3% of the share capital	4% of the share capital over 38 months (with a maximum of 0.4% for the Corporate Officers) and 6% of the share capital (taking into account the stock options)	2% of the share capital over 38 months (with a maximum of 0.8% for the Corporate Officers) and 6% of the share capital (taking into account the free grant of shares)
Date	May 16, 2018 (resolution 20)	May 16, 2018 (resolution 22)	May 16, 2018 (resolution 23)
Term	26 months	38 months	38 months
Expiration date	July 15, 2020	July 15, 2021	July 15, 2021
Use in 2019	No	179,575	No
Issuance price	Determined by the Board of Directors pursuant to Article L. 3332-19 of the French Labor Code	-	Cannot be lower than the average share price on the Paris Stock Exchange, on the market with monthly payment, during the twenty sessions of the Paris Stock Exchange before the day the options are granted

(c) Articles L. 225-138 and L. 225-138-1 of the French Commercial Code and L. 3332-1 et seq. of the French Labor Code.

(d) Articles L. 225-197-1 et seq. of the French Commercial Code.

(e) Articles L. 225-177 et seq. of the French Commercial Code.

The text of these delegations is available on the website www.bicworld.com/en/investors/shareholders/AGM.



7.3. SHAREHOLDING

SHARE CAPITAL BREAKDOWN

The table below lists the Shareholders who, to the best of the Company's knowledge, hold more than 5% of the share capital and/or of the voting rights of the Company. The Company is not

aware of any other Shareholder holding more than 5% of the share capital or of the voting rights. This table also gives information regarding treasury shares owned by SOCIÉTÉ BIC.

Name	Dec. 31, 2019					
	Number of shares	% of shares (approx.)	Number of theoretical voting rights ^(c) ^(d)	% of theoretical voting rights	Number of voting rights exercisable in SM ^(c) ^(d)	% of voting rights exercisable in SM
Bich family concert, including ^(a) :	20,672,829	45.40	41,098,563	61.31	41,098,563	61.81
• SOCIÉTÉ M.B.D.	12,840,000	28.20	25,545,000	38.11	25,545,000	38.42
• Bich family (excluding M.B.D.)	7,832,829	17.20	15,553,563	23.20	15,553,563	23.39
Other Shareholders	24,318,843	53.41	25,395,963	37.88	25,395,963	38.19
Treasury shares ^(b)	540,568	1.19	540,568	0.81	-	-
TOTAL	45,532,240	100	67,035,094	100	66,494,526	100

Name	Dec. 31, 2018					
	Number of shares	% of shares (approx.)	Number of theoretical voting rights ^(c) ^(d)	% of theoretical voting rights	Number of voting rights exercisable in SM ^(c) ^(d)	% of voting rights exercisable in SM
Bich family concert, including ^(a) :	20,599,491	44.77	41,035,351	60.93	41,035,351	61.52
• SOCIÉTÉ M.B.D.	12,735,000	27.68	25,424,506	37.75	25,424,506	38.12
• Bich family (excluding M.B.D.)	7,864,491	17.09	15,610,845	23.18	15,610,845	23.40
Other Shareholders	24,759,003	53.81	25,664,296	38.10	25,664,296	38.48
Treasury shares ^(b)	652,413	1.42	652,413	0.97	-	-
TOTAL	46,010,907	100	67,352,060	100	66,699,647	100

Name	Dec. 31, 2017					
	Number of shares	% of shares (approx.)	Number of theoretical voting rights ^(c) ^(d)	% of theoretical voting rights	Number of voting rights exercisable in SM ^(c) ^(d)	% of voting rights exercisable in SM
Bich family concert, including ^(a) :	20,566,738	44.11	40,946,702	60.14	40,946,702	60.84
• SOCIÉTÉ M.B.D.	12,705,000	27.25	25,347,000	37.23	25,347,000	37.66
• Bich family (excluding M.B.D.)	7,861,738	16.86	15,599,702	22.91	15,599,702	23.18
Other Shareholders	25,281,674	54.22	26,352,963	38.71	26,352,963	39.16
Treasury shares ^(b)	781,495	1.68	781,495	1.15	-	-
TOTAL	46,629,907	100	68,081,160	100	67,299,665	100

(a) The Bich family concert is composed of SOCIÉTÉ M.B.D. (a company - société en commandite par actions) and of Bich family members holding direct interests in SOCIÉTÉ BIC. Most Bich family members hold direct interests in SOCIÉTÉ BIC as well as indirect interests through SOCIÉTÉ M.B.D.

(b) Treasury shares without voting rights.

(c) The difference between the number of shares and the number of voting rights is caused by double voting rights (see section 7.1. "Information on the Company").

(d) Voting rights attached to treasury shares are included in the number of theoretical voting rights but excluded from the number of exercisable voting rights.

To the best of the Company's knowledge, there are no agreements between the Shareholders providing preferential transfer or purchase conditions for BIC shares or agreements whose implementation could result in a change of control.

It is specified that the Bich family holding, SOCIÉTÉ M.B.D., which holds more than 20% of the share capital and of the voting rights, has concluded various collective agreements relating to the retention of at least 12 million BIC securities. These agreements date back as far as December 15, 2003 for the oldest. They include various members of the family's concert in order to allow these members, if the need arises, to take advantage of Article 787 B of the French General Tax Code. The following officer is part of all or of some of these agreements: Gonzalve Bich. All the signatories have close personal links with Gonzalve Bich and none of them – with the exception of SOCIÉTÉ M.B.D. – holds more than 5% of the share capital or of the voting rights of the Company.

Except for the granting of double voting rights to nominative shares owned for at least two years, no special voting rights are granted to the main Shareholders.

The Company is controlled as described in the table above. The prevention of potential abusive exercise of its power by a Shareholder is ensured by regular meetings of the Board of Directors and by the presence of five Independent Directors who are in the majority in the committees (Audit Committee, Remuneration Committee and Nominations, Governance and CSR Committee).

EMPLOYEES' SHAREHOLDING

No profit sharing scheme exists in respect of the issuer (SOCIÉTÉ BIC has no employees) but each subsidiary can have its own agreement in accordance with the applicable law. Stock options plans and free share plans are described in Note 23 to the consolidated financial statements. As of December 31, 2019, there is no employees' shareholding (as defined in Article L. 225-102 of French Commercial Code).

CROSSING OF LEGAL THRESHOLDS

On September 11, 2019, Alecta Pensionsförsäkring declared that it had crossed in the upward direction, on December 5, 2018, the threshold of 5% of the capital of SOCIÉTÉ BIC and that it held, as of that date 2,320,000 SOCIÉTÉ BIC shares representing 3,45% voting rights.

On October 21, 2019, Silchester International Investors LLP declared that it had crossed in the upward direction, on October 18, 2019, acting on behalf of clients and funds that it manages, the threshold of 5% of the capital of SOCIÉTÉ BIC and that it held, as of that date, 2,310,819 SOCIÉTÉ BIC shares representing 3,42% voting rights.

ELEMENTS THAT COULD HAVE INFLUENCE ON A TAKE-OVER BID OR THAT COULD DELAY OR PREVENT A CHANGE OF CONTROL (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

To the best of the Company's knowledge, no element other than those mentioned below is likely to have an influence on a take-over bid, or have the effect of delaying or preventing a change of control:

- SOCIÉTÉ M.B.D., SOCIÉTÉ BIC's family holding, is a *société en commandite par actions*;
- the articles of incorporation provide:
 - the granting of double voting right to nominative shares owned for at least two years (see section 7.1 "Information on the Company");
 - the obligation to inform the Company when the holding of share capital or of voting rights becomes equal to or higher than 1% and, beyond this threshold, higher than a whole multiple of 0.5% (see section 7.1 "Information on the Company");
- Shareholders' Meeting authorizations to increase the share capital (see section 7.2 Share Capital – "Table relating to these authorizations").



7.4. TREASURY SHARES AND SHARE BUYBACK

TREASURY SHARES HELD BY SOCIÉTÉ BIC AS OF DECEMBER 31, 2019

Purpose ^(a)	Number of shares	% capital	Nominal value (in euros)
Liquidity agreement	32,088	0.07	122,576.16
Free share grants	508,480	1.12	1,942,393.60
Cancellation	-	-	-
External growth operations	-	-	-
TOTAL^(b)	540,568	1.19	2,064,969.76

(a) Article L. 225-209 of the French Commercial Code.

(b) As of December 31, 2019, the book value of BIC shares held by SOCIÉTÉ BIC in accordance with Articles L. 225-209 et seq. of the French Commercial Code amounts to 49,505,639.88 euros. As of the same date, the market value of these shares is 33,515,216.00 euros (on the basis of the closing price at this date, i.e. y 62.00 euros).

SHARE BUYBACK PROGRAM – OPERATIONS CARRIED OUT IN 2019

Operation	Number of shares	% capital	Nominal value (in euros)	Average sale/ purchase price (in euros)
Share buyback (excl. liquidity agreement) ^(a)	478,667	1.05	1,828,507.94	81.83
Liquidity agreement ^(a) :				
• Share buyback	304,728	0.67	1,164,060.96	67.28
• Sale of shares	287,373	0.63	1,097,764.86	66.96
Shares transferred under free share plans	129,200	0.28	493,544.00	89.21
Cancelled shares	478,667	1.05	1,828,507.94	81.83
Shares used for external growth operations	-	-	-	-

(a) Brokerage fees related to sale and buy-back transactions disclosed above amounted to 199,090.26 euros.

During the last 24 months, the Board of Directors cancelled 1,166,063 shares, representing 2.56% of the share capital as of December 31, 2019.

DESCRIPTION OF THE SHARE BUYBACK PROGRAM SUBMITTED TO THE SHAREHOLDERS' MEETING OF MAY 20, 2020

The Board of Directors will submit to the Shareholders' Meeting of May 20, 2020, a resolution authorizing the Board of Directors to undertake operations with regards to the shares of the Company (see section 8 "Board of Directors' Report and draft resolutions to the Shareholders' Meeting of May 20, 2020 - Resolution 5"). If this

resolution is approved by the Shareholders, the Board of Directors will implement the share buyback program described below. This paragraph constitutes the description of the share buyback program provided by Articles 241-1 et seq. of the General Regulation of the AMF.

TREASURY SHARES HELD BY SOCIÉTÉ BIC AS OF MARCH 1ST, 2020

Purpose	Number of shares
Liquidity agreement	41,846
Free share grants	508,480
Cancellation	48,818
External growth operations	-
TOTAL	599,144

If the Shareholders' Meeting of May 20, 2020 approves the above-mentioned resolution, the Board of Directors will be authorized to buy back shares representing a maximum of 10% of the share capital on the date of the decision to buy back the shares (as of March 1, 2020 and for information purposes: 4,553,224 shares), for a maximum amount of 1.4 billion euros and in order to:

- provide liquidity and stimulate the market of the shares of the Company through an investment service provider acting pursuant to a liquidity agreement compliant with professional ethics standards recognized by the French Financial Markets Authority;
- hold them in order to subsequently remit them as payment, as exchange or otherwise, within the scope of potential external growth operations in accordance with the market practices approved by the French Financial Markets Authority;
- remit them at the moment of the exercise of rights attached to securities giving access to the Company's share capital by redemption, conversion, exchange, presentation of a warrant or by any other means;
- allocate them to employees and officers, notably within the scope of sharing in the Company's success, employee profit-sharing schemes, the stock option program, the free share plan or through an employee savings scheme;
- cancel them entirely or partly, in accordance with the conditions provided by the regulations in force, within the limit of 10% of the capital existing on the cancellation date, per period of 24 months;

- deliver them in a payment, exchange or contribution transaction carried out in connection with an external growth transaction, merger, demerger or asset contribution, within the limits specified in the applicable regulations;
- implement all market practices that may be authorized by the French Financial Markets Authority.

If some shares are bought back in order to hold them and to subsequently remit them as payment or exchange within the scope of a merger, demerger or contribution operation, the above-mentioned limits shall be decreased to 5% of the share capital on the date of the decision to buy back the shares (as of March 1, 2020 and for information purposes: 2,276,612 shares) and to a maximum amount of 700 million euros. The Company will not at any time hold more than 10% of the total number of its own shares forming the share capital.

The purchase price may not be higher than 300 euros per share.

The authorization so given by the Shareholders' Meeting would be valid for a period of 18 months starting from May 20, 2020.

It could be used during public offers on the Company's shares in accordance with the legislation in force.

The purchase of shares of the Company carried out pursuant to this authorization shall also comply with the rules enacted by the French Financial Markets Authority regarding the conditions and the periods of intervention on financial market.

7.5. 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 on the Company's website: <http://www.bicworld.com/> or by addressing an email to **investors.info@bicworld.com** (or by sending a written letter 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 during roadshows and brokers' conferences in the major financial marketplaces. In 2019, meetings were

organized in Paris, London, New York City, Frankfurt, Stockholm and Edinburgh. We also held meetings with dedicated SRI (Socially Responsible Investment) investors.

At the individual shareholder level, BIC continued its proactive communication policy, issuing its Shareholders' newsletters four times a year. In 2019, the Investor Relations Department met individual shareholders in Paris.

A free information on hotline is also available to the individual shareholders to +33 (0)800 10 12 14 (toll-free number for France).





7.6. SHARE INFORMATION

BIC shares are listed on Euronext Paris (continuous quotation) and are part of the SBF 120 and CAC Mid 60 indexes.

BIC is also part of the following Socially Responsible Investment indexes: CDP Climat 2019: Leadership Level A- and CDP Supplier Engagement Rating 2019: Leadership Level A-, FTSE4Good indexes,

Ethibel Pioneer and Ethibel Excellence Investment Registers, Ethibel Sustainability Index (ESI) Excellence Europe, Stoxx Global ESG Leaders Index.

Its ISIN code is FR0000120966.

BIC SHARE PRICE IN 2019

	Closing price	Average price (closing)	Highest traded	Lowest traded	Number of shares traded	Trading amounts (in thousand euros)
December 2018	89.15	89.96	96.70	87.05	1,930,266	174,089
January 2019	87.55	88.81	92.45	84.20	2,219,268	195,787
February 2019	83.15	85.67	91.65	81.60	2,638,739	225,947
March 2019	79.45	80.48	83.75	77.30	1,848,739	148,891
April 2019	76.85	78.65	83.05	73.75	2,944,425	230,795
May 2019	69.90	74.72	77.30	68.85	2,611,168	194,911
June 2019	67.05	67.61	70.55	64.90	2,856,461	192,281
July 2019	62.90	68.81	71.05	61.90	3,071,043	209,814
August 2019	58.10	58.79	62.65	56.65	3,001,125	177,309
September 2019	61.60	60.21	62.65	57.25	3,831,673	230,560
October 2019	62.25	62.67	65.10	60.00	4,190,731	262,154
November 2019	62.50	63.58	68.25	60.50	6,506,194	411,686
December 2019	62.00	61.63	63.10	59.80	2,853,577	175,766
January 2020	60.95	60.88	62.90	59.05	2,022,318	123,146
February 2020	54.75	60.40	65.05	54.75	3,050,352	166,308

SHARE CUSTODIAL SERVICE

SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES

Département des Titres

32, rue du Champ de Tir

BP 81236

44312 Nantes Cedex 3 (France)



BOARD OF DIRECTORS' REPORT AND DRAFT RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 20, 2020

8.1. ORDINARY SHAREHOLDERS' MEETING	283
Draft resolutions 1 to 3	283
Approval of the financial statements – Appropriation of earnings and setting of dividend	283
Draft resolution 4	284
Determination of the amount of the Directors' fees	284
Draft resolution 5	285
Authorization to be given to the Board of Directors to undertake operations with regard to the shares of the Company	285
Draft resolutions 6 to 7	288
Renewal of Marie-Pauline Chandon-Moët et Candace Matthews as Directors	288
Draft resolution 8	290
Ratification of the co-optation of Timothée Bich as a Director to succeed a Director who has resigned	290
Draft resolution 9	291
Renewal of Timothée Bich as Director	291
Draft resolution 10	291
Appointment of Jake Schwartz as Director	291
Draft resolutions 11 to 14	293
Approval of the compensation elements and benefits of any type paid or granted for 2019 to the Chairman of the Board, the Chief Executive Officer and the Executive Vice-Presidents	293
Draft resolution 15	300
Compensation policy of the Chairman, Chief Executive Officer and Executive Vice-President	300
8.2. EXTRAORDINARY SHAREHOLDERS' MEETING	301
Draft resolution 16	301
Authorization to be given to the Board of Directors to reduce the share capital by cancellation of shares acquired in accordance with Article L. 225-209 of the French Commercial Code	301
Draft resolution 17	302
Delegation of authority to be given to the Board of Directors to increase the share capital by issuing new ordinary shares and/or securities giving access to the share capital, with preservation of Shareholders' preferential rights of subscription	302
Draft resolution 18	304
Delegation of authority to be given to the Board of Directors to increase the number of securities to be issued in the event of a share capital increase decided by the Board of Directors under resolution 17	304





Draft resolution 19	304
Delegation of authority to be given to the Board of Directors in order to decide to increase the share capital on one or several occasions by incorporation of reserves, profits or premiums or other sums of money whose capitalization shall be accepted	304
Draft resolution 20	306
Delegation of authority to be given to the Board of Directors in order to proceed with one or several share capital increase(s) reserved for employees	306
Draft resolution 21	307
Cancellation of preferential rights of subscription in the event of a share capital increase(s) reserved for employees as described in Resolution 20	307
Draft resolution 22	308
Amendment to Article 10 bis of the Articles of incorporation in order to comply with the new legal requirements concerning the appointment of Directors representing employees	308
Draft resolution 23	309
Amendment to Article 11 of the Articles of incorporation in order to enable the Board of Directors to take decisions by way of written consultation as permitted by the applicable laws and regulations	309
Draft resolution 24	309
Amendment to Article 13 of the Articles of incorporation related to the directors' compensation	309
8.3. ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING	310
Draft resolution 25	310
Authorization to perform formalities	310



8.1. ORDINARY SHAREHOLDERS' MEETING

DRAFT RESOLUTIONS 1 TO 3

Approval of the financial statements – Appropriation of earnings and setting of dividend

Board of Directors' Report:

By voting on the first and second resolutions, we ask you to approve the statutory and consolidated financial statements of the fiscal year ending December 31, 2019.

The third resolution aims at allocating the 2019 net income and set the dividend.

We propose the distribution of a total dividend of 110,229,596.40 euros corresponding to a dividend per share of 2.45 euros. The dividend will be paid as from June 3, 2020. If the number of shares carrying rights to the dividend is not 44,991,672, 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.

The gross amount of the dividend is subject to social charges amounting to 17.2%, plus a lump-sum levy at a single rate of 12.8% for the income tax of natural persons resident of France (article 117 *quater* and 200-A of the French Tax Code). In the event of a taxpayer's overall option for the progressive income tax scale, this dividend will be eligible for the 40% tax allowance (article 158-3 and 243 *bis* of the French Tax Code).

We remind you the amount of the dividends paid during the last three years (income eligible for the tax allowance provided for in article 158-3 of the French Tax Code):

- 3.45 euros in respect of fiscal year 2016;
- 3.45 euros in respect of fiscal year 2017;
- 3.45 euros in respect of fiscal year 2018.

Draft resolution 1

Approval of the statutory financial statements of Fiscal year 2019

The Shareholders, after having considered the reports of the Board of Directors and the Statutory Auditors and having heard the additional explanations given during the meeting, approve the statutory financial statements of the fiscal year ending December 31, 2019. They also approve all transactions presented in these statutory financial statements or summarized in these reports.

Draft resolution 2

Approval of the consolidated financial statements of fiscal year 2019

The Shareholders, after having considered the reports of the Board of Directors and the Statutory Auditors and having heard the additional explanations given during the meeting, approve the consolidated financial statements of the fiscal year ending December 31, 2019. They also approve all transactions presented in these consolidated financial statements or summarized in these reports.

Draft resolution 3

Appropriation of earnings and setting of dividend

The Shareholders approve the total net income after deduction of income tax for the fiscal year ending December 31, 2019 of 63,096,883.55 euros and decide to allocate this amount as follows (in euros):

<i>Net income for 2019</i>	63,096,883.55
To add:	
• Retained earnings from previous year	610,901,771.28
Total distributable income	673,998,654.83
Appropriation of earnings:	
• Works of art special reserve	57,562.02
• Dividends (excluding treasury shares)	110,229,596.40
• Retained earnings	563,711,496.41
TOTAL EQUAL TO DISTRIBUTABLE INCOME	673,998,654.83





The amount of the dividends for the fiscal year ending December 31, 2019 will be 110,229,596.40 euros corresponding to a dividend per share of 2.45 euros. It will be paid as from June 3, 2020. If the number of shares carrying rights to the dividend is not 44,991,672, 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.

The gross amount of the dividend is subject to social charges amounting to 17.2%, plus a lump-sum levy at a single rate of 12.8% for the income tax of natural persons resident of France (articles 117 quater and 200-A of the French Tax Code). In the event of a taxpayer's overall option for the progressive income tax scale, this dividend will be eligible for the 40% tax allowance (articles 158-3 and 243 bis of the French Tax Code).

In accordance with the law, we also remind you that the following dividends were distributed during the last three years:

Fiscal year	Number of shares	Dividend per share (in euros)	Dividend entitled to the tax allowance defined in Art. 158-3 of the CGI ^(a) (in euros)
2016	46,679,869	3,45	3,45
2017	45,728,162	3,45	3,45
2018	45,358,494	3,45	3,45

(a) French Tax Code (CGI).

DRAFT 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 2020 at 500,000 euros (unchanged compared to 2019).

Draft resolution 4

Determination of the amount of the Directors' fees

The Shareholders decide to set the annual amount of the Directors' fees to be allocated to the Board of Directors for fiscal year 2020 at 500,000 euros.



DRAFT RESOLUTION 5**Authorization to be given to the Board of Directors to undertake operations with regard to the shares of the Company****Board of Directors' Report:**

We propose that you authorize the Board of Directors to buy back by any means, on one or more occasions, shares of the Company in accordance with the legislation in force.

This authorization may be used during public offers on the Company's shares in compliance with Article L. 233-32 of the French Commercial Code, i.e. subject to the powers expressly assigned to the Shareholders within the limit of the Company's interest.

The Company would be authorized, during a period of 18 months, to buy back its own shares for a maximum price per share of 300 euros:

- **within the limit of 10% of the share capital** on the date of the Board of Directors' decision to buy back the shares and for a maximum amount of 1.4 billion euros. This authorization would be used to fulfill the following objectives:
 - provide liquidity in the securities market pursuant to a liquidity agreement managed by an external service provider,
 - allow their subsequent remittance as payment, exchange or otherwise, within the scope of external growth operations (with the exception of mergers, demergers or contribution operations mentioned below),
 - remit the shares at the moment of the exercise of rights attached to securities giving access to the Company's share capital,
 - allocate them to employees and/or officers (in the scope of an employee saving scheme, a stock option program, free allocations of shares, etc.),
 - cancel the shares,
 - deliver them in a payment, exchange or contribution transaction carried out in connection with an external growth transaction, merger, demerger or asset contribution, within the limits specified in the applicable regulations,
 - implement any market practice authorized by the French Financial Markets Authority (AMF);
- **within the limit of 5% of the share capital** on the date of the Board of Directors' decision to buy back the shares and for a maximum global amount of 700 million euros. The shares would be bought back to be kept and subsequently remitted as payment or exchange within the scope of a merger, demerger or contribution operation.

SHARE BUYBACK PROGRAM - OPERATIONS CARRIED OUT IN 2019

Operation	Number of shares	% capital	Nominal value (in euros)	Average sale/purchase price (in euros)
Share buyback (excl. liquidity agreement) ^(a)	478,667	1.05	1,828,507.94	81.83
Liquidity agreement ^(a) :				
• Share buyback	304,728	0.67	1,164,060.96	67.28
• Sale of shares	287,373	0.63	1,097,764.86	66.96
Shares transferred under free share plans	129,200	0.28	493,544.00	89.21
Cancelled shares	478,667	1.05	1,828,507.94	81.83
Shares used for external growth operations	-	-	-	-

(a) Brokerage fees related to sale and buy-back transactions disclosed above amounted to 199,090.26 euros.

During the last 24 months, the Board of Directors cancelled 1,166,063 shares, representing 2.56% of the share capital as of December 31, 2019. More information is available in section 7.4. - *Treasury shares and share buyback* of the 2019 Universal Registration Document.



Draft resolution 5

Authorization to be given to the Board of Directors to undertake operations regarding the shares of the Company

The Ordinary Shareholders' Meeting, deliberating in compliance with the provisions of Article L. 225-209 of the French Commercial Code, of the General Regulation of the French Financial Markets Authority (AMF), of Regulation No. 596/2014 of the European Parliament and after considering the report of the Board of Directors, authorizes the Board of Directors to buy back by any means, on one or more occasions, the shares of the Company:

1. Within the limit of a number of shares representing a maximum of 10% of its share capital on the date of the Board of Directors' decision to buy back the shares:

- for a maximum amount of 1.4 billion euros, under the conditions and limits provided by the laws and regulations in force;
- for a maximum purchase price of 300 euros, exclusive of costs.

In accordance with the above-mentioned provisions and with the market practices allowed by the French Financial Markets Authority (AMF), this authorization can be used by the Board of Directors in order to:

- provide liquidity and stimulate the market for the securities of the Company through an investment services 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 French Financial Markets 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 French Financial Markets Authority;
- remit the shares at the moment of the exercise of rights attached to securities giving access to the Company's share capital by redemption, conversion, exchange, presentation of a warrant or by any other means;
- allocate them to employees and officers under the conditions and according to the methods prescribed by the law, notably within the scope of employee profit-sharing and incentive schemes, the stock option program, the free allocation of shares plan or through an employee savings scheme;
- cancel them entirely or partly, according to the conditions provided by the regulations in force, by reducing the share capital accordingly, within the limit of 10% of the capital existing on the cancellation date, per period of 24 months;
- deliver them in a payment, exchange or contribution transaction carried out in connection with an external growth transaction, merger, demerger or asset contribution, within the limits specified in the applicable regulations;
- implement all market practices that may be authorized by the French Financial Markets Authority.

2. Within the limit of a number of shares representing a maximum of 5% of its share capital on the date of the Board of Directors' decision to buy back the shares:

- for a maximum amount of 700 million euros;
- for a maximum purchase price fixed at 300 euros, exclusive of costs;

and in order to hold them and to subsequently remit them as payment or exchange within the scope of a merger, demerger or contribution operation.

The limits provided in paragraphs 1 and 2 above are not cumulative and the Company cannot at any time, directly or through a third party, hold more than 10% of the total number of its own shares forming the share capital.

The acquisition, assignment, transfer or exchange of shares can be carried out by the Board of Directors by any means, on one or more occasions, notably on the market, over the counter or in block and if necessary, using option mechanisms or to derivative financial instruments negotiated on a regulated market or by mutual consent, excluding the sale of put options, in accordance with the conditions authorized by the legal, regulatory and stock exchange rules in force, and at the times that the Board of Directors or its proxy shall deem appropriate, or by a third party acting on behalf of the Company in compliance with the provisions of the last paragraph of Article L. 225-206 of the French Commercial Code. It is specified that the part of the share buyback program realized by acquisition or transfer of blocks of shares may represent the entire program.

The Ordinary Shareholders' Meeting decides that the maximum purchase price per share, excluding costs, should not exceed that of the last independent transaction or, if it is higher, that of the highest current independent offer on the market where the purchase is made.

In the case where the options provided in the fifth paragraph of Article L. 225-209 of the French Commercial Code were used, the sale price (in the event that such a sale price would be necessary) shall thus be determined in accordance with the legal provisions in force.

The acquisition of shares of the Company realized pursuant to this authorization shall also comply with the rules enacted by the applicable regulations regarding the conditions and the periods of intervention on the market. The Company shall abstain from buying more than 25% of the daily average quantity of shares traded on the regulated market where the purchase is made.

This authorization replaces the previous authorization given at the Shareholders' Meeting on May 22, 2019 (Resolution 5). This authorization is given to the Board of Directors for a period of 18 months starting from the date of this Shareholders' Meeting.

This authorization may be used during public offers on the Company's shares in compliance with the legislation in force.

In accordance with the provisions of Article L.225-210 of the French Commercial Code, the shares of the Company acquired pursuant to this authorization must be registered and must be entirely paid up upon their acquisition. These acquisitions must not have the effect of reducing the net equity to an amount lower than that of the capital increased by non-distributable reserves. Finally, the Company must have reserves (other than the legal reserve) amounting to at least the value of all the shares that the Company owns directly or through a third party.

Within the scope of its global financial management, the Company reserves itself the possibility of using part of its available financial resources to finance the purchase of the shares and to resort to debt to finance the additional needs that may exceed its internal financing.

The Board of Directors shall inform the Shareholders, in its management report to the Annual Ordinary Shareholders' Meeting, of the operations realized pursuant to this authorization.

The Shareholders' Meeting confers all powers on the Board of Directors to implement this share buyback program and notably to:

- assess opportunities and proceed with the share buyback authorized by this resolution;
- prepare and publish, before the realization of a share buyback program, a description of the share buyback program, in accordance with the conditions and methods set by the General Regulation of the French Financial Markets Authority;
- place all stock market orders, conclude all agreements in particular regarding the holding of the purchases and sales register;
- inform the market and the French Financial Markets Authority of operations carried out, in compliance with the General Regulation of the French Financial Markets Authority;
- delegate to the Chief Executive Officer or, in agreement with the latter, to one or several Executive Vice-Presidents, the authority necessary for the realization of the share buyback program;
- make all declarations and carry out any other formalities and, as a general rule, do all that is necessary to carry out the forgoing authorization.

DRAFT RESOLUTIONS 6 TO 7**Renewal of Marie-Pauline Chandon-Moët et Candace Matthews as Directors****Board of Directors' Report:**

It is proposed to the Shareholders to renew Marie-Pauline CHANDON-MOËT and Candace MATTHEWS as Directors for a period of three fiscal years expiring at the end of the Shareholders' Meeting called to vote in 2023 upon the approval of the financial statements of the fiscal year ending 2022.

**MARIE-PAULINE
CHANDON-MOËT
(Maiden name: BICH)**

Director



53 years old

Nationality:

French

Number of BIC shares held:

Holds directly more than 100,000 BIC shares and indirectly shares through the family holding, SOCIÉTÉ M.B.D. On December 31, 2019, SOCIÉTÉ M.B.D. held 12,840,000 shares, i.e. 28.20% of SOCIÉTÉ BIC share capital and 38.11% of the voting rights.

Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

No

Date of 1st appointment

Annual Shareholders' Meeting of May 28, 2003

Expiration date

Annual Shareholders' Meeting in 2020, for fiscal year 2019

Member of a committee

No

Professional address

SOCIÉTÉ BIC - 14 rue Jeanne d'Asnières - 92110 Clichy - France

Main position

- President of Château de Ferrand SAS - France

Other current mandates or functions

- Member and treasurer of the office of the Academy of Bordeaux Wines

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

- Member of the Supervisory Board - SOCIÉTÉ M.B.D. - France

Biography

Marie-Pauline Chandon-Moët has been a director of the Board of SOCIÉTÉ BIC since May 28, 2003. She was European real estate projects manager for BIC Group until December 31, 2010. Before this, she successively held, since 1991, the positions of Sales Administration assistant, Sales Administration manager (France then Europe), as well as Supply Chain manager for Europe. Marie-Pauline Chandon-Moët has a Bachelor of Science degree from Northeastern University in Boston (U.S.A.).

CANDACE MATTHEWS

Director



61 years old

Nationality:
AmericanNumber of BIC shares held:
500**Basis of the appointment**

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Date of 1st appointment

Annual Shareholders' Meeting of May 10, 2017

Expiration date

Annual Shareholders' Meeting in 2020 for fiscal year 2019

Member of a committee

- Audit Committee
- Nominations, Governance and CSR Committee

Professional address

AMWAY - 7575 Fulton Street East - Ada - MI 49355-0001 - U.S.A.

Main position

- Region President - The Americas - Amway - U.S.A.

Other current mandates or functions

- Member of the Board - Fifth Third Bank, Western Michigan - U.S.A. (listed company)

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

- Member of the Board - Popeyes Louisiana Kitchen Inc. - U.S.A. (listed company)

Biography

Since November 2014, Candace Matthews has been Region President, Americas, Amway. She was recruited to Alticor, the parent company of Amway, in December 2007, as Global Chief Marketing Officer.

Prior to joining Amway, she was Executive President from 2001 to 2007 of Soft Sheen-Carson, recently acquired by L'Oréal.

Before that, she held different positions in Marketing at General Mills, Procter & Gamble, Bausch & Lomb and in Management at Novartis and The Coca-Cola company, in the United States.

Candace Matthews has a Bachelor of Science degree in Engineering from Carnegie Mellon University in Pittsburgh, Pennsylvania (U.S.A.) and an MBA in Marketing from Stanford University Graduate School of Business in Palo Alto, California (U.S.A.).

Independent Director

Draft resolution 6**Renewal of Marie-Pauline CHANDON-MOËT as Director**

The Shareholders' Meeting decides to renew, for a period of three years, the mandate of Marie-Pauline CHANDON-MOËT as Board Member.

The term of the mandate of Marie-Pauline CHANDON-MOËT will thus expire at the end of 2023 Shareholders' Meeting called to vote upon the approval of the financial statements for the fiscal year ending December 31, 2022.

Draft resolution 7**Renewal of Candace MATTHEWS as Director**

The Shareholders' Meeting decides to renew, for a period of three years, the mandate of Candace MATTHEWS as Board Member.

The term of the mandate of Candace MATTHEWS will thus expire at the end of 2023 Shareholders' Meeting called to vote upon the approval of the financial statements for the fiscal year ending December 31, 2022.


8



DRAFT RESOLUTION 8**Ratification of the co-optation of Timothée Bich as a Director to succeed a Director who has resigned****Board of Directors' Report:**

It is proposed to the Shareholders that you ratify the co-optation of Timothée BICH as a Director to succeed to François BICH, who has resigned. Timothée Bich's term of mandate is that of François Bich's term. Timothée Bich's mandate will therefore expire at the end of this General Meeting called to approve the financial statements for the 2019 fiscal year.

Timothée BICH will provide to the Board his expertise in finance.

TIMOTHEE BICH	Director
	Basis of the appointment Article L. 225-24 of the French Commercial Code
34 years old	Independent Director No
Nationality: French	Date of 1st appointment Board of Directors of December 10, 2019
Number of BIC shares held: Holds directly more than 100,000 BIC shares and indirectly shares through the family holding, SOCIÉTÉ M.B.D. On December 31, 2019, SOCIÉTÉ M.B.D. held 12,840,000 shares, i.e. 28.20% of SOCIÉTÉ BIC share capital and 38.11% of the voting rights.	Expiration date Annual Shareholders' Meeting in 2020, for fiscal year 2019
	Member of a committee No
	Professional address SOCIÉTÉ BIC - 14 rue Jeanne d'Asnières -92110 Clichy - France
	Main position Portfolio manager
	Other current mandates or functions None
	Expired mandates or functions in the previous five years (non-BIC Group companies) None
	Biography Timothée Bich was a portfolio manager at Stone Milliner Asset Management LLP until December 2019. He joined Stone Milliner as an execution trader from its launch in 2012 and was appointed Head of Execution in 2016. Before joining Stone Milliner, he worked as an analyst at Moore Europe Capital Management, supporting credit and macro portfolio managers (2010-2011). Timothée Bich holds a Master of Science in Risk and Asset Management from EDHEC and a degree in Finance from University Paris Dauphine.

Draft resolution 8**Ratification of the co-optation of Timothée BICH as a Director to succeed a Director who has resigned**

The Shareholders' Meeting decides to ratify the co-optation of Timothée BICH as a Director for the duration of the term of mandate of François Bich, who has resigned.

DRAFT RESOLUTION 9**Renewal of Timothée Bich as Director****Board of Directors' Report:**

It is proposed to the Shareholders to renew Timothée BICH as Director for a period of three years expiring at the end of the Shareholders' Meeting called to vote in 2023 upon the approval of the financial statements of the fiscal year ending 2022.

Draft resolution 9**Renewal of Timothée BICH as Director**

The Shareholders' Meeting decides to renew, for a period of three years, the mandate of Timothée BICH as Director.

The term of the mandate of Timothée BICH will thus expire at the end of 2023 Shareholders' Meeting called to vote upon the approval of the financial statements for the fiscal year ending December 31, 2022.

DRAFT RESOLUTION 10**Appointment of Jake Schwartz as Director****Board of Directors' Report:**

It is proposed to the Shareholders to appoint Jake Schwartz as Director for a period of three years expiring at the end of the Shareholders' Meeting called to vote in 2023 upon the approval of the financial statements of the fiscal year ending 2022.

Jake SCHWARTZ will provide to the Board his expertise in finance and his experience as Chief Executive Officer.

He will join the Board as an Independent Director in the light of the independence criteria set out in the AFEP-MEDEF Code (§ 8):

Criterion	Jake SCHWARTZ
Criterion 1: <i>Not an employee or corporate officer within the past 5 years</i>	✓
Criterion 2: <i>No cross-directorships</i>	✓
Criterion 3: <i>No significant business relationships</i>	✓
Criterion 4: <i>No family ties</i>	✓
Criterion 5: <i>Not an auditor</i>	✓
Criterion 6: <i>Period of office not exceeding 12 years</i>	✓
Criterion 7: <i>No compensation linked to the Company's or Group's performance</i>	✓
Criterion 8: <i>Not representing a major shareholder</i>	✓



JAKE SCHWARTZ

To be appointed as Director



41 years old

Nationality:
American

Number of BIC shares held:
0
Basis of the appointment

Article L. 225-18 of the French Commercial Code

Independent Director

Yes

Professional address

GENERAL ASSEMBLY - 902 Broadway - 4th floor - New York - NY 10010 - U.S.A.

Main position

- Chief Executive Officer – General Assembly – U.S.A.

Other current mandates or functions

- Chairman, Brave Health – U.S.A.

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

None

Biography

Jake Schwartz is co-founder and Chief Executive Officer of General Assembly. Founded in 2011 in New York, General Assembly is a pioneer and leader in continuing education in the digital and new technology skills. Prior to founding General Assembly, he was Senior Associate at Associated Partners LP, a private equity fund (2008-2010) and Investment Advisor at Capital Counsel in New York City (2003-2005).

Jake Schwartz holds a Bachelor degree in American Studies from Yale University and an MBA in Entrepreneurial Management from the Wharton School – University of Pennsylvania.



Independent Director

Draft resolution 10**Appointment of Jake Schwartz as Director**

The Shareholders' Meeting decides to appoint, for a period of three years, Jake SCHWARTZ as Director.

The term of the mandate of Jake SCHWARTZ will thus expire at the end of 2022 Shareholders' Meeting called to vote in 2023 upon the approval of the financial statements for the fiscal year ending December 31, 2022.

DRAFT RESOLUTIONS 11 TO 14

Approval of the compensation elements and benefits of any type paid or granted for 2019 to the Chairman of the Board, the Chief Executive Officer and the Executive Vice-Presidents

Board of Directors' Report:

In accordance with the provisions of paragraph II of Article L. 225-100 of the French Commercial Code, the table below presents the compensation elements and benefits of any type paid or granted to Pierre VAREILLE, Gonzalve BICH, James DIPIETRO and Marie-Aimée BICH-DUFOUR for the fiscal year 2019. These elements are described in more detail in the 2019 Universal Registration Document (see section 4.2. *Corporate Officers' Compensation*).

PIERRE VAREILLE, CHAIRMAN OF THE BOARD

Compensation elements and benefits of any type paid or granted for 2019	Amounts or accounting valuation submitted for approval	Presentation
Fixed compensation	300,000 EUR	
Annual variable compensation	N/A	Absence
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	N/A	Absence
Directors' compensation	N/A	Absence
Valuation of any benefits-in-kind	N/A	Absence
Sign-on bonus	N/A	Absence
Termination payment	N/A	Absence
Non-competition benefits	N/A	Absence
Supplementary pension plan	N/A	Absence





GONZALVE BICH, CHIEF EXECUTIVE OFFICER

Compensation elements and benefits of any type paid or granted for 2019	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Fixed compensation	735,008 USD (656,492 EUR)	+8.9% versus the annualized fixed compensation rate as CEO from May 2018 and +17.0% versus fixed compensation paid for all of 2018
Annual variable compensation whose payment requires a positive ex post vote of the Shareholders' Meeting, under the new provisions of Article L.225-100 (II paragraph 2) of the French Commercial Code.	798,431 USD (713,140 EUR). The annual bonus awarded is 108.63% of annual base compensation and represents 86.9% of the target bonus.	<p>Target bonus is 125% of the annual base compensation. The maximum bonus is 187.5%, equivalent to 150% of target bonus.</p> <p>The bonus is calculated on the basis of six criteria:</p> <ul style="list-style-type: none"> • net sales (20%); • income from operations (20%); • net income (10%); • inventories (10%); • accounts receivable (10%); • individual objectives (30%). <p>The individual part of the bonus cannot exceed 56.25% of the annual base compensation.</p>
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	<p>17,000 performance shares granted in 2019 and subject to performance conditions.</p> <p>Accounting valuation: 1,379,380 EUR.</p> <p>With regard to performance share plans, Gonzalve Bich received gross remuneration of 34,409 USD (30,734 EUR) equivalent to the unpaid dividends on the vested shares held by SOCIÉTÉ BIC until the end of the compulsory holding period.</p>	<p>Share acquisition depends on two performance conditions:</p> <ul style="list-style-type: none"> • net sales growth; • cash flow from operations and change in inventory, as a percentage of net sales. <p>These criteria are demanding by nature (growth versus value).</p> <p>The grant represents 0.04% of the share capital.</p> <p>Shareholders' Meeting authorization date: May 16, 2018.</p> <p>Board of Directors' Meeting grant date: May 16, 2018.</p>
Directors' compensation	N/A	Absence
Valuation of any benefits-in-kind	88,272 USD (78,843 EUR). Includes 33,971 USD in social charges (30,342 EUR)	<p>Car allowance: 15,600 USD (13,934 EUR)</p> <p>Company contributions to Company U.S. savings plan:</p> <ul style="list-style-type: none"> • 401K: 8,400 USD (7,502 EUR); • Executive Compensation Plan: 29,400 USD (26,259 EUR). <p>Social charges: 33,971 USD (30,342 EUR)</p> <p>Life Insurance Premium: 901 USD (805 EUR)</p>
Sign-on bonus	N/A	Absence
Termination payment	N/A	Absence
Non-competition benefits	N/A	Absence



Compensation elements and benefits of any type paid or granted for 2019	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Supplementary pension plan	No payment is due in respect of the fiscal year ended	<p>Gonzalve Bich participates in the BIC CORPORATION Restoration Plan, a supplementary pension plan in the U.S.A, which has existed since 2006 and which benefits selected Company executives whose compensation taken into account in the U.S. Qualified Pension Plan is restricted by regulations.</p> <ul style="list-style-type: none"> • The plan benefit is subject to having been a participant in the plan for at least five years. • Method for determining the pensionable compensation: <ul style="list-style-type: none"> • the pensionable compensation is the average remuneration which is based on the highest three consecutive years within the last 10 years. • Rate of acquisition of rights: <ul style="list-style-type: none"> • this plan provides for a single life annuity, payable at normal retirement age (65) equal to 1.1% of the Social Security ceiling plus 1.5% of average pay in excess of the Social Security ceiling, multiplied by the number of years of service, which may not exceed 35 years, plus 1.4% of average pay per year of service in excess of 35 years. The plan includes the pension granted by the U.S. Qualified Pension Plan. Full vesting in the Restoration Plan occurs at age 52 with fifteen or more years of service or at age 60 with five years of participation in the plan. Full vesting in the U.S. Qualified Plan occurs at 5 years of service; • in addition, the Plan provides early retirement benefits for beneficiaries prior to age 65 (or age 62 if they retire at or after age 55 with 10 or more years of service); • the commitments arising from this plan are provisioned in BIC CORPORATION's financial statements in accordance with IAS 19. • Maximum payments: <ul style="list-style-type: none"> • not applicable. • Method of funding: <ul style="list-style-type: none"> • the Restoration Plan is unfunded. The U.S. Qualified Pension Plan is funded through a trust. • Other expenses paid by the Company: <ul style="list-style-type: none"> • BIC pays the cost of administration, accounting valuations under IAS 19 and funding valuations for the U.S. Qualified Pension Plan. <p>At December 31, 2019, Gonzalve Bich had accrued a pension benefit equivalent to 24.56% of the average remuneration of the last three years of service out of his 16.9 years of service <i>i.e.</i>, for information, an annual pension equal to 265,664 U.S. dollars payable at age 65 (inclusive of the U.S. Qualified Pension Plan benefit), assuming he had stopped his activity on December 31, 2019. He has elected to receive his Restoration Plan benefit as a lump sum.</p>

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2019 (1 euro = 1.1196 U.S. dollars).





JAMES DIPIETRO, EXECUTIVE VICE-PRESIDENT

Compensation elements and benefits of any type paid or granted for 2019	Amounts or accounting valuation submitted for approval ^(a)	Presentation
Fixed compensation	572,853 USD (511,658) EUR	+1.75% versus 2018
Annual variable compensation whose payment requires a positive ex post vote of the Shareholders' Meeting, under the new provisions of Article L.225-100 (II paragraph 2) of the French Commercial Code	321,800 USD (287,424) EUR The annual bonus equals 56.17% of annual base compensation and represents 74.9% of the target bonus.	The target bonus is 75% of the annual base compensation. The maximum bonus is 112.50%, equivalent to 150% of target bonus. The bonus is calculated on the basis of six criteria: <ul style="list-style-type: none"> • net sales (20%); • income from operations (20%); • net income (10%); • inventories (10%); • accounts receivable (10%); • individual qualitative objectives (30%). The qualitative part of the bonus cannot exceed 33.75% of the annual base compensation.
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock-options, performance shares and any other element of long-term compensation	8,000 performance shares granted in 2019. Accounting valuation: 649,120 EUR. With regard to performance share plans, James DiPietro received gross remuneration of 67,731 USD (60,496 EUR) equivalent to the unpaid dividends on the vested shares held by SOCIÉTÉ BIC until the end of the compulsory holding period.	Share acquisition depends on two performance conditions: <ul style="list-style-type: none"> • net sales growth; • cash flow from operations and change in inventory, as a percentage of net sales. These criteria are demanding by nature (growth versus value). The grant represents 0.02% of the share capital. Annual Shareholders' Meeting authorization date: May 16, 2018. Board of Directors' Meeting grant date: May 16, 2018.
Directors' compensation	N/A	Absence
Valuation of any benefits-in-kind	78,943 USD (70,510) EUR). Includes 29,684 social charges (26,513) EUR)	Car allowance: 13,800 USD (12,325) EUR). Company contributions to Company U.S. savings plan: <ul style="list-style-type: none"> • 401K: 9,500 USD (8,485) EUR); • Executive Compensation Plan: 22,914 USD (20,466) EUR); • Social charges: 29,684 USD (26,513) EUR); • Life Insurance Premium: 3,045 USD (2,719) EUR).
Sign-on bonus	N/A	Absence
Termination payment	N/A	Absence
Non-competition benefits	N/A	Absence
Supplementary pension plan	No payment is due in respect of the fiscal year ended.	James DiPietro participates in the BIC CORPORATION Supplementary Executive Retirement Plan, a supplementary pension plan in the U.S. that has existed since 1970 and which benefits the main executives of BIC Corporation.



Compensation elements and benefits of any type paid or granted for 2019	Amounts or accounting valuation submitted for approval ^(a)	Presentation
		<ul style="list-style-type: none"> • The plan benefit is subject to having been a participant in the plan for at least five years. • Method for determining the pensionable compensation. <ul style="list-style-type: none"> • the pensionable compensation is the average remuneration (base + bonus) of the best three years of the last five years of service. • Rate of acquisition of rights: <ul style="list-style-type: none"> • this plan provides, by year of seniority, an annual pension equal to 2.5% of the average pensionable compensation with a maximum of 50% (i.e. 20 years of service), including the pension granted by the U.S. Qualified Pension Plan; • full vesting in the Supplementary Executive Retirement Plan occurs at age 52 with fifteen or more years of service or at age 60 with five years of participation. Full vesting in the U.S. Qualified Pension Plan occurs at five years of service; • the commitments arising from this plan are recorded in BIC CORPORATION in accordance with IAS 19. • Maximum payments: <ul style="list-style-type: none"> • maximum of 50% (i.e., 20 years of service), including the pension granted to the U.S. Qualified Pension Plan. • Method of funding: <ul style="list-style-type: none"> • the Supplementary Executive Retirement Plan is unfunded. However, BIC invests in life insurance policies to offset the cost of the plan. The U.S. Qualified Pension Plan is funded through a trust. • Other expenses paid by the Company: <ul style="list-style-type: none"> • BIC pays the cost of administration, accounting valuations under IAS 19 and actuarial valuations for the U.S. Qualified Pension Plan. <p>As of December 31, 2019, James DiPietro had accrued a pension benefit equivalent to 50.00% of the average remuneration of the last three years of service out of his 21.5 years of service i.e., for information, an annual pension equal to 472,219 U.S. dollars (including the benefit from the U.S. Qualified Pension Plan) as a single life annuity payable at age 60 (inclusive of the U.S. Qualified Pension Plan benefit), assuming he had stopped his activity on December 31, 2019. He has elected to receive his Supplementary Executive Retirement Plan benefit as a lump sum.</p>

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2019 (1 euro = 1.1196 U.S. dollars)





MARIE-AIMÉE BICH-DUFOUR, EXECUTIVE VICE-PRESIDENT UP TO MARCH 31, 2019

Compensation elements and benefits of any type paid or granted for 2019	Amounts or accounting valuation submitted for approval	Presentation
Fixed compensation	50,000 EUR	200,000 EUR per year <i>pro rated</i> for 3 months as Executive Vice-President = 50,000 EUR.
Annual variable compensation whose payment requires a positive ex post vote of the Shareholders' Meeting, under the new provisions of Article L. 225-100 (II paragraph 2) of the French Commercial Code	No payment for 2019	Absence
Deferred variable compensation	N/A	Absence
Multi-year variable compensation	N/A	Absence
Exceptional compensation	N/A	Absence
Stock options, performance shares and any other element of long-term compensation	3,250 performance shares granted in 2019. Accounting valuation: 263,705 EUR.	Share acquisition depends on two performance conditions: <ul style="list-style-type: none">• net sales growth;• cash flow from operations and change in inventory, as a percentage of net sales. These criteria are demanding by nature (growth <i>versus</i> value). The grant represents 0.01% of the share capital. Annual Shareholders' Meeting authorization date: May 16, 2018. Board of Directors' Meeting grant date: May 16, 2018.
Directors' compensation	N/A	Absence
Valuation of any benefits-in-kind	1,829 EUR	Company car
Sign-on bonus	N/A	Absence
Termination payment	N/A	Absence
Non-competition benefits	N/A	Absence
Supplementary pension plan	No payment is due in respect of the fiscal year ended.	Marie-Aimée Bich-Dufour benefits from the Supplementary Executive Retirement Plan (governed by Article L. 137-11 of the French Social Security Code) for BIC Group executives in France. <ul style="list-style-type: none">• Condition for pension benefit eligibility:• a minimum period of five years of participation is necessary to benefit from the plan;• be officially qualified for a pension under the Social Security scheme;• retire from BIC in accordance with the provisions of Article L. 137-11 of the French Social Security Code.



Compensation elements and benefits of any type paid or granted for 2019	Amounts or accounting valuation submitted for approval	Presentation
<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Method for determining the pensionable compensation: <ul style="list-style-type: none"> • the pensionable compensation is the average remuneration of the last three years of service; • to determine the pensionable compensation, only gross annual base and annual bonus are included, all other direct or indirect payments are excluded. • Rate of pension rights acquisition: <ul style="list-style-type: none"> • the supplementary pension is equal to 1.25% of the average compensation per year of membership of the plan, with a maximum of 25% (i.e. 20 years); • on May 18, 2016, Société BIC's Board of Directors decided to freeze the acquisition rights of Marie-Aimée Bich-Dufour in this plan during her new mandate; • the commitments arising from this plan are provisioned by SOCIÉTÉ BIC in accordance with IAS 19. • Maximum Payments: <ul style="list-style-type: none"> • the consolidation of all pension rights (mandatory and supplementary) cannot exceed 50% of the last annual compensation. This ceiling is verified at the date of retirement. • Method of funding: <ul style="list-style-type: none"> • the employer funds the entirety of the rights through contributions to an insurance contract. • Other expenses paid by the Company: <ul style="list-style-type: none"> • the employer pays the Fillon tax, which is 24% of the contributions to the insurance contract. <p>On December 31, 2019, the supplementary pension which has been determined based on seniority in the Plan and on her compensation as of May 18, 2016, amounts to 107,318 EUR (for information purposes).</p> <p>The regulated agreements procedure was followed for this pension plan.</p> <p>Board of Directors' Meeting decision date: May 19, 2005.</p> <p>Shareholders' Meeting decision date: May 24, 2006 (Resolution 5).</p>



Draft resolution 11

Approval of the compensation elements and benefits of any type paid or granted for 2019 to Pierre VAREILLE, Chairman of the Board of Directors

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2019 to Pierre VAREILLE, Chairman of the Board of Directors, as described in the Board of Directors' Report and in the 2019 Universal Registration Document (see section 4.2. - *Corporate Officers' Compensation*).

Draft resolution 12

Approval of the compensation elements and benefits of any type paid or granted for 2019 to Gonzalve BICH, Chief Executive Officer

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2019 to Gonzalve BICH, Chief Executive Officer, as described in the Board of Directors' Report and in the 2019 Universal Registration Document (see section 4.2. - *Corporate Officers' Compensation*).

Draft resolution 13

Approval of the compensation elements and benefits of any type paid or granted for 2019 to James DIPIETRO, Executive Vice-President

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2019 to James DIPIETRO, Executive Vice-President, as described in the Board of Directors' Report and in the 2019 Universal Registration Document (see section 4.2. - *Corporate Officers' Compensation*).

Draft resolution 14

Approval of the compensation elements and benefits of any type paid or granted for 2019 to Marie-Aimée BICH-DUFOUR, Executive Vice-President up to March 31, 2019

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, approves the compensation elements and benefits of any type paid or granted in respect of fiscal year 2019 to Marie-Aimée BICH-DUFOUR, Executive Vice-President up to March 31, 2019, for the fiscal year ended December 31, 2019, as described in the Board of Directors' Report and in the 2019 Universal Registration Document (see section 4.2. - *Corporate Officers' Compensation*).

DRAFT RESOLUTION 15

Compensation policy of the Chairman, Chief Executive Officer and Executive Vice-President

Board of Directors' Report:

In application of Article L.225-37-2 of the French Commercial Code, the Board of Directors submits for the approval of the Shareholders' Meeting the principle and criteria applicable to the determination, distribution and allocation of the fixed, variable and exceptional elements of the total compensation and benefits of any type attributable, in respect of their mandate, to the Chairman, Chief Executive Officer and Executive Vice-President and comprising the compensation policy relating to them (*ex ante* vote).

These principles and criteria adopted by the Board of Directors upon the recommendation of the Remuneration Committee are presented in the Corporate Governance report as provided for by Article L.225-37 of the French Commercial Code and laid down in section 4 of the 2019 Universal Registration Document.

In application of Article L.225-100 of the French Commercial Code, amounts resulting from the implementation of these principles and criteria will be submitted for the approval of the Shareholders' Meeting ruling in 2021 on financial statements closed on December 31, 2020 (*ex post* vote).

Draft resolution 15

Compensation policy applicable to the Chairman, Chief Executive Officer and Executive Vice-President

The Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings and having reviewed the report provided for by Article L.225-37 of

the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional items comprising the total compensation and benefits of any type presented in the aforementioned report and attributable, in respect of their mandate, to the Chairman, Chief Executive Officer and Executive Vice-President.



8.2. EXTRAORDINARY SHAREHOLDERS' MEETING

DRAFT RESOLUTION 16

Authorization to be given to the Board of Directors to reduce the share capital by cancellation of shares acquired in accordance with Article L. 225-209 of the French Commercial Code

Board of Directors' Report:

We propose that you renew the authorization given to the Board of Directors, for a period of 18 months, to:

- cancel, within the limit of 10% of the share capital per period of 24 months, all or part of the shares held in the framework of the share buyback program and to decrease the share capital accordingly;
- charge the difference between the buyback price of the cancelled shares and their nominal value to premiums and available reserves.

Draft resolution 16

Authorization to be given to the Board of Directors to reduce the share capital by cancellation of shares acquired in accordance with Article L. 225-209 of the French Commercial Code

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and the Statutory Auditor's Report, deliberating in accordance with the provisions of Article L. 225-209 of the French Commercial Code, authorizes the Board of Directors:

- on its sole deliberations, at the times it deems appropriate, to cancel on one or more occasions, by a corresponding reduction of share capital, all or part of the shares of the Company acquired or to be acquired by the Company under the buyback of shares authorized by previous Shareholders' Meetings or authorized by the fifth resolution above, within the limit of 10% of the share capital existing on the date of the Shareholders' Meeting, per period of 24 months;
- to charge the difference between the buyback price of the cancelled shares and their nominal value to available premiums and reserves.

The Extraordinary Shareholders' Meeting delegates to the Board of Directors all authority to proceed with the cancellation(s) of these shares, to take note of the corresponding reduction(s) in share capital, to charge the difference between the carrying amount of cancelled shares and their nominal value to all reserve accounts or others, to proceed with the modification of the articles of incorporation accordingly, to carry out all formalities, make all declarations with all authorities or administrative bodies and in a general manner, do all that may be necessary to carry out the foregoing authorization.

This authorization is given for a period of 18 months starting from the date of this Shareholders' Meeting and replaces that given by the Shareholders' Meeting held on May 22, 2019 (Resolution 16).



DRAFT RESOLUTION 17

Delegation of authority to be given to the Board of Directors to increase the share capital by issuing new ordinary shares and/or securities giving access to the share capital, with preservation of Shareholders' preferential rights of subscription

Board of Directors' Report:

We propose that you delegate to the Board of Directors the authority to proceed, in France or abroad, with one or several issuance(s) of new ordinary shares of the Company and/or of securities giving access by any means to the Company's share capital, with preservation of Shareholders' preferential rights of subscription.

This system is intended to give your Board of Directors the opportunity to react quickly to the financial needs of the Company, allowing it also to select, in due time, the most appropriate type of securities to be issued. The authorization would cover the issuance of ordinary shares and/or any securities giving access to the share capital, notably for example, shares with warrants, bonds with share subscription warrants, bonds convertible into shares or equity warrants.

The total nominal amount of issuances likely to be realized would not exceed:

- 50 million euros for issuance of ordinary shares;
- 650 million euros for issuance of Complex Capital Securities, such an amount including the nominal value of shares to which these securities would give right.

To these amounts shall be added, if necessary, the additional nominal amount of securities to be issued in order to preserve, in accordance with the law, the rights of bearers of already issued investment securities giving right to shares.

We remind you that the decision to issue securities giving right to the share capital would also entail waiver by the Shareholders of their preferential rights of subscription to the share capital to which the securities issued would give right.

We propose that you decide that if the subscriptions on an irreducible basis and, if applicable, on a reducible basis, do not absorb all the ordinary shares and/or securities issued, the Board may offer to the public all or part of the unsubscribed shares.

This delegation of authority would be given for a period of 26 months starting from the date of this Shareholders' Meeting and would replace the delegation given to the Board of Directors at the Shareholders' Meeting of May 16, 2018 (Resolution 17).

This delegation may be used during public offers on the Company's shares in accordance with Article L. 233-32 of the French Commercial Code, subject to the powers expressly assigned to the Shareholders' Meeting within the limits of the Company's interest.

If necessary, the Board of Directors will keep you informed about the use of this delegation of authority under the conditions provided by law.

Draft resolution 17

Delegation of authority to be given to the Board of Directors to increase the share capital by issuing new ordinary shares and/or securities giving access to the capital, with preservation of Shareholders' preferential rights of subscription

The Extraordinary Shareholders' Meeting, after having noted that the share capital of the Company is fully paid up and after having considered the Board of Directors' Report and the Statutory Auditors' Report, deliberating in compliance with Articles L. 225-129 *et seq.*, L. 228-91 and L. 228-92 of the French Commercial Code, delegates authority to the Board of Directors to decide, immediately or in the future, with preservation of Shareholders' preferential rights of subscription, in France and/or abroad, either in euros, in foreign currency or in any unit of account established by reference to a set of currencies:

- one or several increases of the share capital, by cash contribution and issuing new ordinary shares of the Company; and/or
- one or several issues of securities (hereinafter the "Complex Capital Securities" "*Valeurs Mobilières Composées*") giving access by any means to the Company's share capital.

The Extraordinary Shareholders' Meeting decides that the total nominal amount of issuances likely to be realized shall not exceed:

- 50 million euros for issuance of ordinary shares;
- 650 million euros for issuance of Complex Capital Securities, such amount including the nominal value of shares to which these Investment Securities will give right;

it being specified that to these amounts, shall be added, if necessary, the additional nominal amount of shares to be issued in order to preserve, in accordance with the law, the rights of the bearers of already issued investment securities giving right to shares.



Consequently, the Extraordinary Shareholders' Meeting delegates authority to the Board of Directors to, notably, and without this list being exhaustive:

- assess the timeliness of deciding whether or not to carry out one or several increase(s) of the share capital by issuing new ordinary shares of the Company and/or one or several issuance(s) of Complex Capital Securities;
- decide the nature and characteristics of the Complex Capital Securities;
- set the amount of the increase(s) of the share capital by issuing new ordinary shares and/or issuance of Complex Capital Securities;
- determine the conditions and methods of realization of the share capital increase(s) and/or of the issuance of Complex Capital Securities, notably set the issuance price of the new ordinary shares and/or of the Complex Capital Securities (and the shares to which the latter shall give right), with or without premium, in accordance with the rules and regulations in force;
- set the opening and closing dates of subscriptions, extend these dates if necessary, organize receipt of funds and more generally acknowledge the final realization of the increase(s) of share capital and/or the issuance of Complex Capital Securities, and/or the capital increases resulting from the exercise of Complex Capital Securities;
- proceed with the modification of the articles of incorporation accordingly, do all that is necessary and carry out all legal formalities;
- conclude with any investment service provider of its choice, any firm underwriting agreement relating to the issuance;
- determine the conditions and methods of exercising rights attached to the issued Complex Capital Securities;
- take all necessary measures for the proper management of the issuing of Complex Capital Securities and draft an issuance contract for each category and issuance of Complex Capital Securities;
- decide the issuance of shares to which the Complex Capital Securities shall give right and set the date of possession of said shares;
- prepare all the documents necessary to inform the public, Shareholders and holders of previously issued Complex Capital Securities;
- take all measures to ensure, if necessary, the preservation of the rights of holders of already issued Complex Capital Securities giving right to the allocation of share capital, in accordance with the rules and regulations in force and notably the provisions of Articles L.228-98 to L.228-102 of the French Commercial Code;

- take all measures to proceed with the appointment of a representative of stock owners for each category of Complex Capital Securities issued;
- delegate to the Chief Executive Officer or, in accordance with the latter, to one or several Executive Vice-President(s), the authority to decide on the realization of the share capital increase(s) and/or the issuance of Complex Capital Securities, as well as the authority to suspend it, under the conditions and according to the methods set by the Board of Directors.

The Extraordinary Shareholders' Meeting takes note that, in accordance with Article L.225-132 of the French Commercial Code, the decision to issue securities giving access to the share capital also prevails over waiving by the Shareholders of their preferential rights of subscription to the share capital to which the securities issued give right.

The Extraordinary Shareholders' Meeting decides that if the subscriptions have not been taken up in full by shareholders exercising their pre-emptive rights as described above, the Board may take one or more of the following courses of action, in the order of its choice: (i) freely allocate all or some of the unsubscribed securities among the investors of its choice, (ii) offer the unsubscribed securities for subscription by the public and/or (iii) limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up.

This delegation of authority is given for a period of 26 months starting from the date of this Shareholders' Meeting.

This delegation may be used during public offers on the Company's shares in accordance with the legislation in force.

The Shareholders' Meeting takes note that this delegation replaces any previous delegation having the same purpose, and notably, the delegation given to the Board of Directors at the Combined Shareholders' Meeting of May 16, 2018 (Resolution 17).

In accordance with Article L.225-129-5 of the French Commercial Code, the other details of implementation of the operation will be explained in a supplementary report from the Board of Directors and issued when the Board exercises the delegation of authority given by this Shareholders' Meeting in accordance with provisions set by decree.

The Board of Directors shall inform the Shareholders' Meeting each year of operations realized within the scope of this resolution.



DRAFT RESOLUTION 18

Delegation of authority to be given to the Board of Directors to increase the number of securities to be issued in the event of a share capital increase decided by the Board of Directors under resolution 17

Board of Directors' Report:

We propose that you authorize the Board of Directors, in the event that the Board proceeds with a capital increase in accordance with the delegation given under resolution 17 above, to increase, where appropriate, the number of securities to be issued, within the limit of 15% of the initial issuance.

This delegation may be used during public offers on the Company's shares in accordance with the legislation in force.

Draft resolution 18

Delegation of authority to be given to the Board of Directors to increase the number of securities to be issued in the event of a share capital increase decided by the Board of Directors under resolution 17

The Extraordinary Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Extraordinary Shareholders' Meetings, after having considered the Board of Directors' Report and the Statutory Auditor's report, in accordance with Article L. 225-135-1 of the French Commercial Code:

- delegates authority to the Board of Directors – including the power to sub-delegate to the Chief Executive Officer or, in agreement with the latter, to one or several Executive Vice-President(s) – to decide, for each issue of shares decided in accordance with resolution 17 above, to increase the number of securities to be issued under the limits and conditions provided by Article R.225-118 of the French Commercial Code (i.e. within thirty days of the close of the subscription period), within the limit of 15% of the initial issue and at the same price as the price of the initial issue. This delegation of authority is subject to compliance with the global ceilings set in resolution 17 above;
- decides that this delegation will be valid for a period of 26 months.

This delegation may be used during public offers on the Company's shares in accordance with the legislation in force.

DRAFT RESOLUTION 19

Delegation of authority to be given to the Board of Directors in order to decide to increase the share capital on one or several occasions by incorporation of reserves, profits or premiums or other sums of money whose capitalization shall be accepted

Board of Directors' Report:

We propose, in accordance with Article L. 225-129 of the French Commercial Code, that you delegate to the Board of Directors, for a period of 26 months, the authority to increase the share capital of the Company, on one or several occasions, in the proportions and at the times the Board shall deem necessary, by incorporation of all or part of the reserves, profits and/or premiums or other sums whose capitalization shall be legally or statutorily possible, and this by attribution of new free shares of the Company or by increase of the nominal value of the existing shares of the Company.

The maximum nominal amount of the share capital increase(s) likely to be decided by the Board of Directors or by the Chief Executive Officer (or Executive Vice-President) and realized by virtue of this delegation, may not be higher than the global maximum amount of reserves, profits and/or premiums or other sums that may be incorporated into the share capital.

This delegation may be used during public offers on the Company's shares in accordance with Article L.233-32 of the French Commercial Code, subject to the powers expressly assigned to the Shareholders' Meeting within the limit of the Company's interest.

This delegation would cancel any other previous delegation having the same purpose, and notably the delegation of authority given to the Board of Directors at the Shareholders' Meeting of May 16, 2018 (resolution 19).



Draft resolution 19

Delegation of authority to be given to the Board of Directors to decide to increase the share capital on one or several occasions by incorporation of reserves, profits or premiums or other sums of money whose capitalization shall be accepted

The Extraordinary Shareholders' Meeting, deliberating under the conditions of quorum and majority required by Extraordinary Shareholders' Meetings, and after having considered the Board of Directors' Report, making use of the option provided in Article L. 225-129 of the French Commercial Code, decides:

- to delegate to the Board of Directors, for a period of 26 months, the authority to decide a share capital increase, on one or several occasions, in the proportions and at the times the Board shall deem necessary, by incorporation of all or part of the reserves, profits and/or premiums or other sums whose capitalization shall be legally or statutorily possible, and by attribution of new free shares of the Company and/or by increase of the nominal value of the existing shares of the Company;
- that the maximum nominal amount of the share capital increase(s) likely to be decided by the Board of Directors or by the Chief Executive Officer (or Executive Vice-President) and realized by virtue of this delegation, cannot be higher than the global maximum amount of reserves, profits and/or premiums or other sums that may be incorporated into the share capital and which will exist at the time of the decision to increase the share capital of the Company, not taking into account the amount that may be necessary to preserve, in accordance with the law, the rights of bearers of already issued securities giving access to the shares of the Company.

Consequently, the Extraordinary Shareholders' Meeting delegates to the Board of Directors the authority, notably, and without this list being exhaustive, to:

- determine the amount and nature of sums to be incorporated in the Company's share capital;

- set the number of the Company's new shares to be issued and which shall be freely allocated and/or the amount of existing shares whose nominal value shall be increased;
- determine the date, possibly retroactively, from which the Company's new shares shall be entitled to dividends or that at which the increase in the nominal value of the Company's existing shares shall be effective;
- decide, if necessary, that the rights resulting in fractions of shares are not negotiable or assignable and that the corresponding shares shall be sold, the proceeds from such sale being allocated to owners of rights under the conditions and within the time periods provided for by the regulations in force;
- deduct from one or several items of the available reserves the sums necessary to bring the legal reserve amount to one-tenth of the Company's share capital after each share capital increase;
- take all measures to ensure the proper implementation of each share capital increase and to acknowledge the realization of each share capital increase, proceed to the modification of the articles of incorporation accordingly and carry out all relevant legal formalities;
- take all measures to allow holders of securities giving access to the capital, to obtain new shares of the Company;
- delegate to the Chief Executive Officer or in agreement with the latter, to one or several Executive Vice-President(s), the authority to decide on the realization of the capital increase(s), as well as to postpone such issue, under the conditions and in accordance with the methods set by the Board of Directors.

The Shareholders' Meeting takes note that this delegation shall cancel any other previous delegation having the same purpose, and notably the delegation of authority given to the Board of Directors by the Shareholders' Meeting of May 16, 2018 (resolution 19).

This delegation may be used during public offers on the Company's shares in accordance with the legislation in force.



DRAFT RESOLUTION 20

Delegation of authority to be given to the Board of Directors in order to proceed with one or several share capital increase(s) reserved for employees

Board of Directors' Report:

We request that you delegate to the Board of Directors the authority to increase the share capital, on one or several occasions, for the benefit of employees of the Company and/or of its related companies (possibly represented by a mutual fund (FCPE) to be created and/or subscribers to an employee savings scheme to be created, at the Board of Directors' choice).

This delegation would be valid for 26 months.

The maximum number of shares that could be issued would not exceed 3% of the total number of ordinary shares of the Company on this day.

The price of the shares to be issued would be determined in accordance with Article L. 3332-19 of the French Labor Code, i.e. based on the stock exchange price. The price of the shares could not be higher than the average share price for the twenty stock market trading sessions preceding the date of the decision setting the subscription period opening date, nor more than 20% lower than this average or 30% (in the event that the vesting period provided by the plan to be created is equal to or longer than ten years).

Draft resolution 20

Delegation of authority to be given to the Board of Directors to proceed with one or several share capital increase(s) reserved for employees

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and the Statutory Auditors' Report decides, in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code:

- to delegate to the Board of Directors, for a period of 26 months, the authority to increase the share capital, on one or several occasions, for the benefit of employees of the Company and/or of its related French or foreign companies within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code (possibly represented by a mutual fund (FCPE) to be created and/or subscribers to an employee savings scheme to be created, at the Board of Directors' choice), under the conditions referred to in Article L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code, of an amount representing a maximum of 3% of the share capital on this day, by issuing new shares of the Company giving their owners the same rights as those of the old shares;
- that the price of shares to be issued shall be determined by the Board of Directors, in accordance with Article L. 3332-19 of the French Labor Code;
- that the Board of Directors, in application of Article L. 3332-21 of the French Labour Code, may grant free shares to the above plan participants – corresponding either to new shares paid up by capitalizing reserves, profit or additional paid-in capital or to existing shares – in respect of (i) the employer's matching contribution to the employee stock ownership plan that may be payable in application of the plan rules, and/or (ii) the discount, provided that their pecuniary value – corresponding to the subscription price – does not result in the ceilings provided for in Articles L. 3332-11 and L. 3332-19 of the French Labour Code being exceeded;
- to give all rights to the Board of Directors, with the power to subdelegate, in order:
 - to implement this delegation, decide and possibly realize the share capital increase in accordance with this resolution, set the final amount of said share capital increase(s), determine their dates and modalities, set the issue price of the new shares, determine the opening and closing dates of the subscription period, determine the date of possession of the new shares, determine the method of payment of their subscriptions, establish the list of beneficiaries and the number of shares to be attributed to each of them,
 - to charge the fees, costs and expenses arising from the share issues against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to the required level,
 - allow for any necessary adjustments to be made in compliance with the applicable laws and regulations, on the basis to be decided by the Board of Directors,
 - in the case of new shares issued in respect of free share grants to be made, decide the nature and the amount to be transferred from reserves, profit or additional paid-in capital to the capital account to pay up the shares and the account from which said amounts are to be deducted,
 - prepare the supplementary report describing the final conditions of the operation as provided for by Articles L. 225-129-5 and L. 225-138 of the French Commercial Code,
 - put in place, if the Board deems it necessary, an employee savings scheme to be created, which shall be financed voluntarily through payments by employees and possibly by contributions made by the Company, if it so decides,
 - more generally, set the modalities and conditions of operations that shall be realized by virtue of this authorization, take note of the final realization of the share capital increase(s), proceed with the modification of the articles of incorporation accordingly, take all measures and execute acts and carry out all necessary formalities.

The Extraordinary Shareholders' Meeting takes note of the fact that this delegation of authority cancels any other previous delegation having the same purpose and notably, the delegation of authority given to the Board of Directors by the Combined Shareholders' Meeting of May 16, 2018 (resolution 20).



DRAFT RESOLUTION 21**Cancellation of preferential rights of subscription in the event of a share capital increase(s) reserved for employees as described in Resolution 20****Board of Directors' Report:**

We propose that you cancel, in accordance with the provisions of Article L. 225-138 of the French Commercial Code, the Shareholders' preferential rights of subscription to shares that shall be issued within the scope of the share capital increase(s) that would be decided in accordance with the previous resolution and to reserve the issuance to employees of the Company and/or of Group companies which are bound to it, having, on the date of the opening of the subscription, a seniority of at least three months' service (and who are not on a prior notice period), possibly to be grouped in a mutual fund (FCPE) to be created and/or subscribers to an employee savings scheme to be created, such plan to be financed voluntarily by employees and possibly by contributions by the Company, should the Board of Directors so decide.

We remind you that, in accordance with Article L.225-138 I of the French Commercial Code, the supplementary report to be established by the Board of Directors, if the Board makes use of the delegation mentioned in resolution 20, would be certified by the Statutory Auditors.

Draft resolution 21**Cancellation of preferential rights of subscription in the event of a share capital increase(s) reserved for employees as described in resolution 20**

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and the Statutory Auditors' Report, decides to cancel, in accordance with the provisions of Article L.225-138 of the French Commercial Code, the Shareholders' preferential rights of subscription to shares that shall

be issued within the scope of the share capital increase(s) which would be decided in accordance with the previous resolution and to reserve the issuance to employees of the Company and/or of companies that are related to it, having, on the date of the opening of the subscriptions, at least three months' service (and who are not on a prior notice period), possibly to be grouped in a mutual fund (FCPE) to be created and/or subscribers to an employee savings scheme to be created, such plan to be financed voluntarily by employees and possibly by contributions from the Company, should the Board of Directors so decide.





DRAFT RESOLUTION 22

Amendment to Article 10 bis of the Articles of incorporation in order to comply with the new legal requirements concerning the appointment of Directors representing employees

Board of Directors' Report:

Appointment of Directors representing employees

The PACTE Act (Act 2019-486 dated May 22, 2019) having lowered the number of Board Directors from 12 to 8 for a second Director representing employees to be appointed, we propose that you amend Article 10 bis of the Company's Articles of incorporation relating to this requirement so that the article refers to the applicable legal provisions rather than a given number of Directors.

Draft resolution 22

Amendment to Article 10 bis of the Articles of incorporation in order to comply with the new legal requirements concerning the appointment of Directors representing employees

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and having noted that the provisions of the French PACTE Act (Act 2019-486 dated May 22, 2019) related to the companies' growth and transformation have amended the applicable conditions for the appointment of Directors representing employees, decides to amend the Company's Articles of incorporation in order to comply with these new provisions. Consequently, Article 10 bis of the Articles of incorporation now reads as follows:

"Article 10 bis – Director(s) representing the employees

The Board of Directors comprises, additionally, pursuant to Article L. 225-27-1 of the French Commercial Code, one or more Director(s) representing the Group's employees, whose number and terms and conditions of appointment shall be set as provided for by law and these Articles of incorporation.

Should the number of Directors appointed by the Shareholders' Meeting exceed 8, a second Director representing the Employees would be appointed in accordance with the provisions hereafter, within six months, as soon as the Board is made up of more than eight members.

The Directors representing the employees are appointed by the Group Committee. The duration of their mandate is three years.

As an exception to the rule provided under Article 10 of these Articles of incorporation, regarding Directors appointed by the Shareholders' Meeting, the Directors representing the employees at the Board are not required to hold a minimum number of shares.

In the event the Company no longer falls under the scope of Article L. 225-27-1 of the French Commercial Code, the mandate of the Director(s) representing the employees at the Board terminates at the close of the meeting during which the Board acknowledges that the Company no longer falls under the scope of the obligation."



DRAFT RESOLUTION 23

Amendment to Article 11 of the Articles of incorporation in order to enable the Board of Directors to take decisions by way of written consultation as permitted by the applicable laws and regulations

Board of Directors' Report:

Written consultation of Directors for certain Board decisions

The new law on the simplification, clarification and modernization of French business law dated July 19, 2019 introduced the option for French joint stock companies (*sociétés anonymes*) to provide in their Articles of incorporation that certain Board decisions may be made through written consultation of the Directors.

We propose that you amend Article 11 of the Company's Articles of incorporation in order to provide for this possibility for certain types of decisions. The decisions concerned are detailed in full in the legislation and correspond to the appointment of Directors in the event that a seat becomes vacant due to a director's death or resignation; authorizations for granting security interests, endorsements and guarantees; amendments to the Articles of incorporation to ensure compliance with applicable laws and regulations (subject to ratification at an Extraordinary Shareholders Meeting); and calling the Annual Shareholders Meeting.

Draft resolution 23

Amendment to Article 11 of the Articles of incorporation in order to enable the Board of Directors to take decisions by way of written consultation as permitted by the applicable laws and regulations

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report, decides to use the option provided for in Article 15 of the French Act dated July 19, 2019 on the simplification, clarification and modernization of French business

law and accordingly authorize the Board of Directors to make decisions through written consultation as permitted by the applicable laws and regulations. Consequently, the following paragraph has been added to the end of Article 11 of the Articles of incorporation:

"The Board of Directors may make decisions through written consultation of the Directors as permitted in the applicable laws and regulations."

The wording of Article 11 otherwise remains unchanged, except this part.

DRAFT RESOLUTION 24

Amendment to Article 13 of the Articles of incorporation related to the directors' compensation

Board of Directors' Report:

Removal of the term *jetons de présence*

The PACTE Act (Act 2019-486 dated May 22, 2019) having removed the term "*jetons de présence*", we propose that you amend Article 13 of the Company's Articles of incorporation related to the Directors' compensation.

Draft resolution 24

Amendment to Article 13 of the Articles of incorporation related to the directors' compensation

The Extraordinary Shareholders' Meeting, after having considered the Board of Directors' Report and having noted that the provisions of the French PACTE Act (Act 2019-486 dated May 22, 2019) related to the companies' growth and transformation have removed the term "*jetons de présence*" as designation of the Directors' compensation, decides to amend the Company's Articles of incorporation in order to comply with these new provisions. Consequently, Article 13 of the Articles of incorporation now reads as follows:

"Article 13 – Compensation of the Directors

A sum may be allocated by the Shareholders' Meeting to the Board of Directors as Directors' Fees. The Board distributes this sum among its members as it sees fit.

The Board may also allocate exceptional compensation to the Directors in the cases and on the conditions stipulated by law."





8.3. ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

DRAFT RESOLUTION 25

Authorization to perform formalities

Board of Directors' Report:

This resolution allows the performance of the legal formalities following this Meeting.

Draft resolution 25

Authorization to perform formalities

The Shareholders' Meeting grants full powers to the bearer of a copy or excerpt of this document to carry out all required legal formalities.





ADDITIONAL INFORMATION

9.1. DOCUMENTS ON DISPLAY	312
Memorandum and articles of incorporation	312
Historical financial information	312
9.2. MAIN PRESS RELEASES	313
9.3. DECLARATION BY RESPONSIBLE PERSON OF THE UNIVERSAL REGISTRATION DOCUMENT	314
9.4. STATUTORY AUDITORS AND FEES	315
Names and addresses	315
Change of Statutory Auditors	315
Fees of the Auditors and the members of their networks	315
Auditing of historical annual financial information	315
Interim and other financial information	315
9.5. GLOSSARY	316





ADDITIONAL INFORMATION

Documents on display

9.1. DOCUMENTS ON DISPLAY

MEMORANDUM AND ARTICLES OF INCORPORATION

See *Chapter 7 Information on the Issuer*.

HISTORICAL FINANCIAL INFORMATION

The 2018 and 2019 Universal Registration Documents are available on SOCIÉTÉ BIC's website (www.bicworld.com).



9.2. MAIN PRESS RELEASES

List of the main press releases published in 2019:

Press releases available on www.info-financiere.fr and on the Company's website: www.bicworld.com

Date	Title
January 2, 2019	BIC-Haco Industries Agreement Closing
January 2, 2019	BIC Sport divestiture closing
February 13, 2019	Fourth quarter and full year 2018 results and "BIC 2022: Invent the Future" Organizational Review first steps
March 11, 2019	BIC inaugurates East Africa facility in Kenya
March 20, 2019	Release and availability of the 2018 Registration Document
April 25, 2019	First quarter 2019 results
June 6, 2019	BIC is taking the next step in its "BIC 2022- Invent the Future" transformation plan
July 25, 2019	BIC announces the acquisition of Nigeria's leading writing instrument manufacturer
July 31, 2019	Second quarter and first half 2019 results
October 11, 2019	Adjustment to full year 2019 outlook
October 23, 2019	Third quarter and nine months 2019 results and finalisation of the acquisition of Nigeria's leading writing instrument manufacturer
December 12, 2019	Change in Société BIC's Board of Directors' composition and change in capital and cancellation of shares



9.3. DECLARATION BY RESPONSIBLE PERSON OF THE UNIVERSAL REGISTRATION DOCUMENT

I certify that I have taken all reasonable care to ensure that the information contained in this Universal Registration Document is, to the best of my knowledge, accurate and does not omit any material fact.

I certify that to the best of my knowledge, the accounts are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company and all undertakings in the consolidation taken as a whole, and that the management report, referenced in the cross reference table, includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

On March 30, 2020,
Gonzalve Bich
Chief Executive Officer



9.4. STATUTORY AUDITORS AND FEES

NAMES AND ADDRESSES

Principal Statutory Auditors

The Company's Principal Statutory Auditors issue reports on the parent company and consolidated financial statements of SOCIÉTÉ BIC:

Deloitte & Associés

Represented by Mr. Jean-Pierre Agazzi

Tour Majunga 6 Place de la Pyramide 92800 Puteaux, France

Tel.: +33 (0)1 4088 28 00

Deloitte & Associés was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the Combined 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 General Shareholders' Meeting on May 10, 2017. It will expire in 2023 at the close of the General Shareholders' Meeting confirming the financial statements for the fiscal year ending on December 31, 2022.

Grant Thornton

Represented by Mr. Vianney Martin

29, rue du Pont 92200 Neuilly-sur-Seine, France

Tel.: +33 (0)1 41 25 85 85

The company Grant Thornton was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the General Shareholders' Meeting on May 23, 2007, replacing 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 General Shareholders' Meeting on May 10, 2017. It will expire in 2023 at the close of the General Shareholders' Meeting confirming the financial statements for the fiscal year ending on December 31, 2022.

Substitute Auditors

The company BEAS, appointed as Substitute Auditor for the first time at the General Shareholders' Meeting on May 19, 2005, was renewed as Substitute Auditor at the General Shareholders' Meeting on May 10, 2017 for the same period as that of Deloitte & Associés.

Institut de Gestion et d'Expertise Comptable-IGEC- was appointed as Substitute Auditor for the first time at the General Shareholders' Meeting on May 23, 2007, replacing Mr. Patrick Giffaux, outgoing. The mandate was renewed at the General Shareholders' Meeting on May 10, 2017 for the same period as that of Grant Thornton.

CHANGE OF STATUTORY AUDITORS

The mandates of the Statutory Auditors were renewed at the General Shareholders' Meeting held on May 10, 2017.

FEES OF THE AUDITORS AND THE MEMBERS OF THEIR NETWORKS

The fees of the Statutory Auditors and members of their networks borne by the Group are presented in Note 29 to the consolidated financial statements.

AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

Audited historical annual financial information and the corresponding Auditors' reports for financial years 2017 and 2018, as well as the review of the financial position and the results related to it, were presented in previous registration documents, which have been duly filed with the *Autorité des Marchés Financiers* (French Financial Markets Authority) (respectively No. D. 18-0156 and No. D. 19-0174) and are available on the website of the Group. In application of Article 28 of Commission 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 is the subject of reports by the Statutory Auditors.



9.5. GLOSSARY

At constant currencies:

Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.

BIC Code of Ethics:

Set of norms and principles governing the way of driving a company. Since 2007, the BIC Code of Ethics has defined the fundamental ethical principles that the Group asks all employees to follow under all circumstances and everywhere in the world.

BIC Code of Conduct:

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

BIC Speak-up:

Hotline accessible to all BIC team members to report on, collect alerts and prevent any violation to Anti-Corruption Policy and Code of Ethics (incl. violation to human rights, serious bodily injury and environmental damage).

BOP:

BOP (Bottom of the Pyramid) refers to the largest segment of the world's population: the poorest, with no (or very little) access to services and goods offered by the market, because especially the low level of income. BIC defines the BOP in 2 large sets. For countries outside the OECD, we consider this to be the population with daily expenses that are less than USD 2.97. For OECD countries, we take into account people living below the poverty line.

Categories:

Categories include the activities of Stationery, Lighters, Shavers and Other Products.

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.

Complex Capital Securities:

Fungible, negotiable and transferable instruments giving access to the share capital (definition in the context of SOCIÉTÉ BIC's Shareholders' Meeting).

Counterparty risk:

Counterparty risk is the risk that a counterparty, through its consumed default, can no longer meet its commitments. The counterparty risk may be different from the credit risk insofar as there may be a contract with a counterparty other than the issuer that guarantees the coverage of a given bond.

Customer/consumer:

Within the Group, the term "customer" refers to a "distributor" and the term "consumer" refers to the final consumer.

Ecodesign:

Ecodesign is the integration of the environment from the design of a product or service, and at all stages of its life cycle.

Ecolabel:

An Ecolabel is a voluntary method of environmental performance certification. An ecolabel identifies products or services proven environmentally preferable overall, within a specific product or service category.

Environment, Health & Safety (EH&S) Policy:

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.

Gross Profit:

Gross profit is the margin that the Group realizes after deducting its manufacturing costs.

Group's Anti-Corruption Policy:

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

Hedge accounting:

A hedging transaction consists of purchases or sales of financial instruments that must have the effect of reducing the risk of changes in value affecting the hedged item. For an accounting transaction to qualify as a hedge, it must identify hedging items from the outset.

Income from operations:

Profit realized from a business' own operations. Income from operations is generated from running the primary business and excludes income from other sources. It includes other products income from operations as well as Group expenses not allocated to the other categories.

Internal control:

The Device implemented by the management of a company to enable it to control the risky operations that must be done by the Company. For this reason, its resources are measured, directed and supervised so that management can achieve its objectives.

LCA:

Life Cycle Analysis (LCA) is a method for assessing a product's total environmental impact in each successive phase in its life: the extraction and transportation of the raw materials used to make it, the manufacturing processes, transportation to the consumer, product usage, and finally, end of life and waste processing.

Net Cash from operating activities:

Principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

Net cash position:

Cash and cash equivalents + Other current financial assets
- Current borrowings - Non-current borrowings.

New products:

A product is considered as a new one in the year of its launch and the three following years

Normalized IFO:

Normalized means excluding non-recurring items as detailed page 172.

Normalized IFO margin:

Normalized IFO as percentage of net sales.

Normalized income from operations excluding the impact of the special employee bonus:

Special employee bonus means bonus that has been awarded to employees who have not been granted shares under our performance share plan and after approval of the exceptional dividend.

Performance Share Plan:

Freely granted shares of SOCIÉTÉ BIC subject to performance conditions.

Preferential subscription right:

The advantage conferred by Article 225-132 of the French Commercial Code to the shareholder allowing him, during a given period, to be able, at the time of a capital increase, to assert a right of preference the acquisition of new shares under the conditions provided for by the Extraordinary General Meeting.

Product Safety Policy:

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

REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances):

REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

Risk:

The possibility of an event occurring whose consequences could affect:

- the ability of the Company to achieve its objectives;
- the ability of the Company to respect its Values, ethics and laws and regulations;
- the persons, assets, the environment of the Company or its reputation.

Risk management:

Dynamic Device of the Company, defined and implemented under its responsibility. This system is comprehensive and covers all the Company's activities, processes, and assets. Risk management comprises a set of means, behaviors, procedures, and actions adapted to the characteristics of the Company that enables managers to maintain risks at a level acceptable to the Group. Risk management is also a lever of management of the Company which contributes to:

- create and preserve the value of the assets and the reputation of the Company;
- securing the Corporation's decision making and processes to support the achievement of objectives;
- promote consistency of actions with the Values of the Company.

Mobilize the Company around a common vision of the main risks.



ADDITIONAL INFORMATION

CROSS REFERENCE TABLE FOR UNIVERSAL REGISTRATION DOCUMENT

This reference table is based on the headings set out in Annex I and II of Delegated Regulation (EU) 2019/980 of the Commission of March 14, 2019 and refers to the pages of this Universal Registration Document on which the relevant information can be found.

No.	Information	Pages
1.	PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL	314
2.	Statutory Auditors	315
3.	Risk factors	44-62
4.	Information about BIC	272-273
5.	Business overview	
5.1	Principal activities	22-24; 170-172
5.2	Principal markets	34-38
5.3	The important events in the development of the issuer's business	N/A
5.4	Strategy and objectives	31
5.5	Dependence on patents, licenses, contracts or new manufacturing processes	N/A
5.6	Basis for any statements made by the Group regarding its competitive position	34-38; 170-178
5.7	Investments	180-181; 195
6.	Organisational structure	
6.1	Brief description of the Group	34-40
6.2	List of significant subsidiaries	238-241; 262-264
7.	Operating and financial review	
7.1	Financial condition	25-28; 178; 185-190
7.2	Operating results	185-190
8.	Capital resources	
8.1	Information on BIC's capital resources	187-188
8.2	Sources and amounts of cash flows	190
8.3	Information on borrowing requirements and funding structure	212-213
8.4	Restrictions on the use of capital resources	N/A
8.5	Anticipated sources of funding	N/A
9.	Regulatory environment	45-49
10.	Trend information	32-33
11.	Profit forecasts or estimates	N/A



ADDITIONAL INFORMATION

Cross Reference table for Universal Registration Document

No.	Information	Pages
12.	Administrative, management and supervisory bodies and Senior Management	
12.1	Board of Directors and Senior Management	126-143
12.2	Conflicts of interest affecting administrative, management and supervisory bodies and Senior Management	145
13.	Remuneration and benefits	
13.1	Remuneration and benefits in kind	150-167
13.2	Amounts set aside or accrued to provide pension, retirement or similar benefits	150-167; 215-222
14.	Board practices	
14.1	Expiry date of current terms of office	128
14.2	Service contracts	N/A
14.3	Information about the issuer's Audit Committee and Remuneration Committee	146-148
14.4	Statement regarding the compliance with the corporate governance regime	149
14.5	Potential material impacts on corporate governance	N/A
15.	Employees	
15.1	Number of employees and breakdown of persons employed	96-97
15.2	Shareholding and stock options	161
15.3	Employee involvement in the capital of the issuer	277; 227-231
16.	Major shareholders	
16.1	Notifiable interests in share capital or voting rights	277
16.2	Existence of specific voting rights	276-277
16.3	Control of BIC	276
16.4	Agreements known to BIC which could lead to a change in control, if implemented	N/A
17.	Related-party transactions	235
18.	Financial information concerning BIC's assets and liabilities, financial position and profits and losses	
18.1	Historical financial information	185-241; 247-264
18.2	Interim financial information	N/A
18.3	Audit of annual historical financial information	242-245; 265-268
18.4	Pro forma financial information	N/A
18.5	Dividend policy	179
18.6	Legal and arbitration proceedings	N/A
18.7	Significant change in the financial position	N/A
19.	Additional information	
19.1	Share capital	
19.1.1	Issued capital	211-212; 256; 274-277
19.1.2	Other shares	N/A
19.1.3	Treasury shares	211-212; 278
19.1.4	Tradeable securities	N/A
19.1.5	Conditions of acquisition	N/A
19.1.6	Options or agreements	N/A
19.1.7	History of share capital	276-277
19.2	Memorandum of association and by laws	272
19.2.1	Corporate purpose	272
19.2.2	Rights and privileges of shares	272-273
19.2.3	Items potentially affecting a change of control	277
20.	Material contracts	N/A
21.	Documents available	312



CROSS REFERENCE TABLE WITH THE ANNUAL FINANCIAL REPORT

The 2011 registration document contains all of the information in the Annual Financial Report governed by Article L. 451-1-2 of the French Monetary and Financial Code. To make this information easier to find, the following cross-reference table lists it by main topic.

No.	Information	Pages
Annual Financial Report		
1.	Parent company financial statements	247-264
2.	Consolidated financial statements	185-241
3.	Statutory Auditors' Report on the parent company financial statements	265-268
4.	Statutory Auditors' Report on the consolidated financial statements	242-245
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 paragraph 2 of the French Commercial Code	322-323
6.	Declaration by person responsible for the registration document	314
7.	Auditors' fees	242



CROSS REFERENCE TABLE WITH THE MANAGEMENT REPORT

This Universal Registration Document includes information of the Company management report and Group management report, as provided for in Articles L. 225-100 et seq. and L. 232-1 of the French Commercial Code, as well as the report on the corporate governance pursuant to Articles L. 225-37 et seq. of the French Commercial Code, and of the Extra-financial Performance Statement, as provided for in Article L. 225-102-1 of the French Commercial Code.

The following table cross-refers each section of the management report to the corresponding pages of the Universal Registration Document:

No.	Information	Pages
Management report		
1.	Business review/Results/Financial position and performance indicators	169-177
2.	The Company's use of financial instruments, where material for the assessment of its assets, liabilities, financial position and profit or loss	230-235
3.	Description of the main risks and uncertainties	44-54
4.	Financial risks related to climate change	45
5.	Exposure to interest-rate, currency and equity risks	N/A
6.	Internal control and risk management procedures	55-62
7.	Existing branches	261-262
8.	Material acquisitions of equity interests in companies with their head office in France	N/A
9.	Post-closing events/Outlook	32-33
10.	Dividends paid over the past three years	179
11.	Operations by the Company on its own shares	278-279
12.	Adjustments to the rights of holders of share equivalents	N/A
13.	Environmental, social and societal responsibility information	65-123
14.	Research and development activities	39
15.	Terms of payment of trade payables and receivables of SOCIÉTÉ BIC	264

No.	Information	Pages
16.	Extra-financial Performance Statement:	63-124
	Company's business model	8-9
	Description of the main risks regarding the way the Company considers the social and environmental consequences of its activity, and effects of this activity regarding the respect of Human Rights and on the fight against corruption and tax evasion	71-75
	Description of the policies implemented by the Company and results of these policies	63-124
	Social consequences of the Company's activity	96-107
	Environmental consequences of the Company's activity	88-95
	Effects of the Company's activity regarding the respect of Human Rights	109-111
	Effects of the Company's activity regarding the fight against corruption	111
	Effects of the Company's activity regarding the fight against tax evasion	111
	Consequences of the Company's activity on climate change and use of the goods and services it produces	88-91
	Societal commitments in favor of sustainable development	63-124
	Societal commitments in favor of circular economy	80-82
	Societal commitments in favor of the fight against food waste	117
	Societal commitments in favor of the fight against food insecurity	117
	Societal commitments in favor of the respect of animal well-being	82
	Societal commitments to a responsible, fair trade, sustainable food	117
	Collective agreements reached within the Company and on their impact on the economic performance of the Company and on the working conditions of the employees	107
	Action to fight against discriminations and promote diversity	105-106
	Measures in place in favor of disabled employees	106
Appendices		
	Five-year financial summary	264



CROSS REFERENCE TABLE FOR ENVIRONMENTAL AND SOCIAL INDICATORS

For each section of the registration document, the following table gives the corresponding GRI^(a) indicators, the principles of the United Nations Global Compact and the general policies of the OECD Guidelines^(b).

Contents of the registration document	GRI ^(a)	Principles of the Global Compact	OECD ^(b) general principles	Pages
1. Group presentation	102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-45, 102-49, 103-1	-	6, 10	21 to 42
2. Risks management	102-15, 103-1	-	-	43 to 62
3.1 The BIC Sustainable Development Program and non-financial performance	102-14, 102-27, 102-43, 102-44, 103-2	1 to 10	1, 5, 10, 11, 12	65 to 76
3.2 Responsibility concerning our products	102-43, 416-1	7, 8, 9	2, 7, 8, 10, 12, 13, 14	77 to 87
3.3 Environmental responsibility concerning our operations	102-43, 201-2, 301-1, 301-2, 302-1, 302-2, 302-3, 302-4, 303-1, 305-1, 305-2, 305-5, 306-2, 307-1	7, 8, 9	12	88 to 95
3.4 Our social responsibility to our team members	102-8, 102-43, 401-1, 403-2, 403-4, 404-1, 404-2, 404-3, 405-1	1, 3, 4, 6	2, 4, 8, 10	96 to 107
3.5 Responsibilities related to our supply chain	102-8, 102-09, 102-13, 102-16, 102-17, 102-43, 205-1, 408-1, 409-1, 414-1	1, 2, 5, 10	4, 6, 7, 8, 9, 12, 13, 15	108 to 112
3.6 Social benefits related to BIC [®] products	203-1, 203-2	1	3, 14	113 to 116
3.7 Milestones	102-10, 102-44, 102-49, 102-50, 102-56, 103-1	-	1, 2, 3, 9, 13	117 to 124
4. Corporate governance	102-18, 102-22, 102-25, 102-35	-	-	125 to 168

(a) GRI: Global Reporting Initiative, version G4.

(b) OECD: Organization for Economic Co-operation and Development

CROSS REFERENCE TABLE OF THE CORPORATE GOVERNANCE REPORT

This Universal Registration Document includes information of the Company corporate governance report pursuant to Articles L. 225-37 et seq. of the French Commercial Code

Information	Pages
1. Choice of organization of the Management	126
2. Composition, conditions for preparing and organizing the work of the Board of Directors	126-148
3. Limitation of the powers of the Management	144
4. Main functions and directorships held in any company by each by Corporate Officer	131-143
5. Policy on diversity applicable to the Board	127-130
6. Way the Company seeks gender balance within the Executive Committee and results in terms of diversity among the 10% top-level positions	106
7. Agreements entered into between a Corporate Officer or a significant shareholder with a controlled by the issuer within the meaning of Article L. 233-3 of the French Commercial Code (regulated agreements)	269
8. Description of the procedure put in place by the Board of Directors on regular assessment of agreements entered into in the ordinary course of business and on arms' length terms, pursuant to paragraph 2 of Article L. 225-39 of the French Commercial Code	N/A
9. Transactions in Company's shares by Corporate Officers	143
10. Compensation policy applicable to executive corporate officers	150-165
11. Remuneration and benefits of any kind paid during the past fiscal year to each corporate executive officer	154-163
12. Ration between compensation paid to the executive corporate officers and the average and median compensation received by BIC employees	160
13. Summary table of the implementation of AFEP-MEDEF Code	149
14. Table of authorizations to issue new shares and share equivalents	274-275
15. Terms and conditions specific to shareholder participation in the Shareholders' Meetings	273
16. Arrangements which may have a bearing in the event of a public takeover (incl. capital structure and elements provided for in Article L. 225-37-5 of the French Commercial Code)	277
17. Share Capital	211-212; 255; 274-275
18. Employee share ownership	277
19. Statutory requirements governing changes in the share capital and shareholder' rights	273





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