

**GLOBAL COMPACT**

**TECHNICOLOR**

**2013 COMMUNICATION ON PROGRESS**

**Message from Fabienne Brunet, Executive Vice-President Human Resources and Corporate Social Responsibility**

The UN Global Compact's ten fundamental principles of strategic policy have supported Technicolor's approach to corporate social responsibility since its initial affiliation eleven years ago. Supplementing many strategic turning points that have accompanied the company's changing business profile over the last few years, 2013 has seen us build on existing policies and processes, best practices and initiatives to ensure that sustainability is progressively embedded in our organizational culture. This report highlights some of the key advances we have made in our efforts to balance business success, social equity and environmental accountability. Further progress has been made, for instance, to ensure the health and safety of our employees, to reduce our environmental footprint both through eco-design of products and optimized industrial processes, to ensure ethical best-practices across the Group and to engage with our local communities worldwide. Our ability to do business responsibly and sustainably depends on the quality and diversity of our people which is a reason why 2013 has also seen a further consolidation of the employee development and leadership programs initiated in previous years, one example being our brand new Management Academy. These programs have included the identification, training and development of key technical and managerial competencies to support our Amplify 2015 roadmap. We understand nevertheless that progress is ongoing, and continuously look for opportunities to improve. This is reflected in the corporate social responsibility initiatives that will come to the forefront in the year ahead.

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**TECHNICOLOR – WHO WE ARE**

Technicolor, a worldwide technology leader in the media and entertainment sector, is at the forefront of digital innovation. Our world class research and innovation laboratories enable us to lead the market in delivering advanced video services to content creators and distributors. We also benefit from an extensive intellectual property portfolio focused on imaging and sound technologies, based on a thriving licensing business.

Our commitment: Enhance the media experience on any screen, in theaters, at home and on the go.

Our Businesses:

### **Technology**

Technology includes several activities: Research & Innovation; Intellectual Property & Licensing; and new platform development aimed at end-user convenience and ease of use, such as M-GO and Virdata. The main objective of Research & Innovation is to develop and transfer innovative technology to support the services, software and solutions the Group provides. The Licensing activity – which includes patent, technology and trademark Licensing - is responsible for protecting and monetizing the Group’s Intellectual Property and technologies, while managing some iconic brands. M-GO is a new platform aimed at making digital entertainment easier to find, watch, and enjoy. Virdata extends both the lifetime and the applicability of traditional industrialization and automation enterprise applications such as asset management and asset tracking systems.

### **Entertainment Services**

Entertainment Services develops and offers video-related technologies and services for the Media & Entertainment industry, notably the motion picture, broadcast and commercial advertising industries. This business is dedicated to delivering solutions for content management (including creation, imaging, finishing, and preparation) and for digital and physical content distribution (including DVD & Blu-ray™ services). It also includes IZ-ON Media, which provides digital place-based media services.

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### **Connected Home**

Connected Home offers a wide range of solutions to Pay-Tv operators and network service providers for the delivery of digital entertainment, data, voice, and smart home services. Through the design and supply of products such as set-top boxes, gateways, managed wireless tablets, Technicolor offers full connected life solutions.

### **TECHNICOLOR**

**As a signatory to the UNGC Global Compact, Technicolor ensures it addresses the Ten Principles within its policies, codes, and practices.**

### **TECHNICOLOR VALUES & CODE OF ETHICS**

The Technicolor Code of Ethics constitutes the foundation for the company’s core practices. The Ethics Compliance Committee (ECC), created in connection with the 2006 Code of Ethics update, is responsible for all ethical issues related to the Group’s activities. The Code of Ethics, updated again in 2012, governs Technicolor’s business decisions and actions, and displays the fundamental values we practice in our day-to-day activities. Key principles of the UNGC are endorsed such as elimination of discrimination in respect of employment and occupation and elimination of corruption in all its forms, including extortion

and bribery. It has been distributed to all Technicolor employees and is available on the company's intranet and internet websites.

In 2014, the ECC's composition is comprised of the following: Fabienne Brunet (Executive Vice President, Human Resources and Corporate Social Responsibility), Didier Huck (Vice President Corporate Social Responsibility and Public Affairs), Lanny Raimondo (Strategic Advisor to the CEO), Guillaume Litvak (Internal Audit Director), Dillan Sum (General Counsel, Asia), Jacquelyn Boggs (Vice President, Indirect Sourcing) and Meggan Ehret (General Counsel, Litigation and Compliance). Didier Huck serves as the Chair of the Committee and Meggan Ehret as the Committee's secretary. The ECC reports directly to the Audit Committee.

## **TECHNICOLOR SOURCING ETHICS POLICY AND SUPPLIER ETHICS HANDBOOK**

Technicolor's Sourcing/Procurement organization often is the first internal organization to meet with external suppliers and is charged with developing and implementing the Group's ethical standards in relation to those suppliers. While Technicolor is required to obey the law and abide by its agreements, Technicolor's ethical standards often demand more. Technicolor must deal honestly with those whose interests are affected by its business dealings. All Technicolor personnel involved in Sourcing activities must follow the principles outlined in the Sourcing Policy and Supplier Ethics Handbook, revised and updated in 2011.

## **ENVIRONMENT, HEALTH AND SAFETY**

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Technicolor places a high priority on enhancing implementation of ongoing environmental, health, and safety (EH&S) policies company-wide. The cornerstone of the EH&S effort is the Corporate EH&S Charter, which defines key management principles designed to protect human health and the environment, and thus helps Technicolor meet its legal and corporate responsibilities. Signed by Technicolor's CEO and posted throughout Technicolor sites worldwide and on the Company's external website, the EH&S Charter pledges the Group's commitment to "continually improving facilities, services, and products in the best interest of our employees, our communities, our customers, our company, and the future." The EH&S Charter is supported by more than 50 individual policies and guidelines.

## **TECHNICOLOR FOUNDATION**

Created in 2006, The Technicolor Foundation for Cinema Heritage is a non-profit entity, acting worldwide in the field of preservation and promotion of film heritage. The Technicolor Foundation operates worldwide with four types of programs: film restoration, operational support to film archives, festival support and educational programs for universities and film schools. It has been notably active since its creation in India with Film and Television Institute of India and National Film Archive of India and in Cambodia with Bophana Center.

The Foundation currently conducts programs in several countries: among them Cambodia, Thailand, USA, India, Turkey, Ethiopia, China, Romania and France.

In 2013, the Foundation created MEMORY!, the first Film festival in Asia dedicated to international film heritage. The first edition took place in Phnom Penh (Cambodia) in June 2013. MEMORY! was designed both for a large audience and cinema professionals. Beyond a programming of 50 classics, conferences and workshops gathered several international delegations alongside students about film heritage topics such as preservation, copyrights, etc. The festival took place under the high patronage of the King of Cambodia and received numerous supports from public institutions both Cambodian and international.

Among the key restorations projects conducted by the foundation in 2013 are: Hiroshima Mon Amour (1959), by Alain Resnais, and Marriage Italian Style (1964) by Vittorio De Sica.

## **COMMUNITY INITIATIVES**

Various community initiatives and charitable donations were undertaken in 2013.

### **Manaus, Brazil, Reforestation Program**

Started in 2010, Technicolor's reforestation program in Manaus involves the planting of acai berry trees – renowned for their ability to absorb greenhouse gases – in deforested areas of the Amazon. In this way, program participants not only contribute to tackling deforestation which is responsible for 15% of the world's greenhouse gas emissions but also help raise the awareness of fellow employees and residents as regards the importance of preserving natural resources and how we all play an important part in the fight against global warming.

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### **Bangalore, India, Vatsalya School for Special Education**

The Bangalore India team in 2012 developed a supporting relationship with the Vatsalya School for Special Education, which works with children suffering from cerebral palsy, autism, and associated disabilities, inviting members of the school to showcase their vocational products within the offices and also donating a variety of aid-in-kind supplies from time to time.

### **Issy HQ, Les Toiles Enchantées**

Technicolor sponsors Les Toiles Enchantées, a non-profit organization that brings current movies, including some in sneak preview, to hospitalized children throughout France. As part of the sponsorship, employees from Technicolor headquarters volunteer to help set up monthly screenings at Paris hospitals. Created in 1997, Les Toiles Enchantées is a one-of-a-kind organization, supported by the entire film industry in France, including distributors, producers, directors, actors and others.

## 2013 MAIN ACTIONS AND RESULTS

Technicolor endeavored to fulfill a number of objectives in 2013 as part of its ethical and EH&S obligations. These included the continuation of programs to further reduce employee injury rates on the job, particularly serious injuries, reducing waste and improving carbon impact from manufacturing operations. The Group also continued a strong internal auditing process and utilizes a web-based reporting system for gathering and analyzing EH&S-related information. Since 2010, non-industrial sites are contributing to EH&S reporting.

- The Group refreshed and revised in 2012 its Code of Ethics. Ethics training continued to be deployed in 2013 notably for employees in the US, China, India and Mexico who received courses highlighting key parts of the Code of Ethics.
- The pilot phase of a new program, the Management Academy, gathering HR and Managers at all levels, for the development of management competencies was launched in 2012. Created around management communities who meet monthly, this management curriculum includes essential topics of people management and encourages the collaboration between managers to learn and improve their own practices.
- In addition, an analysis of the evolution of the Group is an essential contribution to these people and competencies development initiatives. In this perspective, a comprehensive and detailed review of the architecture of jobs in the organization has been conducted.
- In 2013 the Group obtained a new version of its LCA tool SW allowing access to the European reference Life Cycle Database (ELCD) in addition to other existing data bases.

### 2013 Sourcing Supplier Ethics Program

Delivering products and services to our customers involves numerous external supply chain partners. We aim to fulfill our social responsibilities and ensure that our values are respected throughout. To ensure supply chain CSR compliance, we audit our suppliers, promoting progressive labor and social standards, environmental protection and fair business practices.

The Technicolor Supplier Ethics Program:

- Ensures that Technicolor suppliers respect our policies and program requirements
- Promotes economic and social welfare through the improvement of living standards support for non-discriminatory employment practices

Technicolor actively seeks suppliers with similar interests and ethics commitments. Suppliers are expected to adhere to these basic principles:

- Tolerate no discrimination and encourage diversity
- Promote best working conditions
- Use no child or forced labor
- Protect peoples' health, safety and the environment
- Support employee development
- Respect fair market competition
- Strive to be a good corporate citizen
- Respect consumer and personal privacy
- Avoid potential conflicts of interests

To ensure that suppliers respect established principles, Technicolor sourcing management:

- Defines a list of high risk commodities and countries
- Determines when ethics audits, always performed by Technicolor-selected auditors, are required
- All suppliers must sign the General Rules of Conduct Compliance Certificate
- All suppliers are periodically reviewed according to the Technicolor Suppliers Ethics Handbook/Checklist procedure.

Technicolor requires suppliers to actively support its EH&S principles and to comply with local legislation and standards. They must also ensure that their components and products comply with legal requirements in the countries where our products are sold. Compliance certificates are required from suppliers to ensure they follow regulations and standards as well as Technicolor programs and specifications.

Through audits and other methods, Technicolor shares its expectations that suppliers and their subcontractors provide safe and healthy working conditions for their employees, abide by human rights laws and standards, and strive for continual improvement in their environmental management systems, processes and products.

During the audit process, instances of child labor are classified as "critical", resulting in an immediate stoppage of business. Audits revealing employee discrimination, forced labor, safety violations, permanent disabilities or fatal injuries are classified as major and require immediate corrective action.

Technicolor audits revealed "unacceptable" or "unsatisfactory" violations at 13.9% of audited supplier in 2013.

Technicolor monitors key performance indicators according to SA8000 criteria for key active electronics manufacturing service (EMS) partners to ensure they comply with CSR regulations and practices. Since 2009, monitoring has been carried out as part of the company's quarterly business reviews. KPIs are

weighted 40 % on CSR focus at top management level, to ensure that supplier management is sufficiently engaged and adopts a proactive CSR approach. Ten percent of KPIs focus respectively on young workers performing hazardous work, monthly employment turnover rate, average overtime, one day-off per week rate, EH&S (Environmental, Health and Safety) training for operators and injury trends.

Technicolor gives preference to suppliers who have achieved ISO 9001 certification and who are certified to meet such EH&S standards as ISO 14001 and OHSAS 18001.

The Supplier Ethics Program applies to all new and current suppliers. To ensure effective supplier assessments, Technicolor has defined a specific audit scope and focus for suppliers categorized as high risk, defined as suppliers in countries with a relatively high potential for adverse human rights issues.

### **2013 Employee Development and Diversity Efforts**

Significant changes have taken place within Technicolor as the company has refocused on content creation, management and delivery and striven toward a more customer-centric organization. The success of these changes depends upon significant workforce evolution and transitions.

To adapt to our new strategic focus and market context, we re-examined basic issues: what leadership skills are necessary to meet our new strategies and goals? How do we align our values with our vision and strategy to ensure that everyone is heading in the same direction? These questions provided the basis for a wide-ranging assessment of our ability to fill business-critical positions, now and in the future, including comprehensive succession planning.

We also completely revised our approach to performance management. The change is designed to ensure that expectations are clearly established and that individual results are well managed, in terms of both measurable outcomes and behaviors. The transformation also aims to ensure that employees are engaged in the company's future and will develop the right skills to face coming challenges.

Technicolor's Human Resources & Corporate Social Responsibility (HR&CSR) organization is aimed at reinforcing Technicolor's strategic priorities and at contributing to the Group's objectives. In order to remain fully aligned with the needs of the Group's different businesses and to reinforce global HR leadership capability, HR&CSR has adopted in 2010 a new operating model and has, during 2013, pursued its reinforcement across the Group.

The HR Global Centers of Expertise ensure consistency and delivery of key Group HR projects and provide specialized advice and expertise across the whole organization in the following areas:

- Compensation & Benefits focusing on rewards, incentive programs, international mobility programs, pension schemes, medical care and other benefits;
- Talent and Development focusing on people development, talent management, performance management and organizational development practices;

- HR Information Systems Processes and KPIs focusing on implementing coherent and sustainable tools supported with adequate processes;
- Resources Management focusing on Technicolor resource plan definition and tracking;
- Corporate Social Responsibility (CSR) focusing on all areas pertaining to Sustainable Responsibility Environmental care and Social Responsibility;
- Labor Relations, focusing on keeping a consistent set of relationships and interactions with all European Union's representatives.

The Regional HR Competence Centers, built on a shared service model, ensure a consistent HR approach across sites and functions within each geographical region, and guarantee that Technicolor remains fully compliant with local employment laws and practices

The Head of HR&CSR, a Member of Technicolor's Executive Committee, defines HR&CSR strategic priorities in line with Technicolor's strategic plan, implements and adapts the HR&CSR model, identifies organizational needs and related resources, and pilots HR&CSR initiatives across all of the Group's activities.

### **Talent and development**

Further to the deep analysis of the learning and development needs and the alignment of training investments with the Amplify 2015 Roadmap undertaken in 2012, Technicolor's priorities in Talent and Development were reviewed and the focus on leadership development, innovation and entrepreneurship to support the growth of our divisions was increased.

In parallel, the creation of new development programs at the executive level in all divisions and corporate functions enabled the identification of the technical and non-technical critical competencies to be developed in the next years. The outputs of these programs are the foundations of a global training and development strategy.

In addition, an analysis of the evolution of the Group is an essential contribution to these people and competencies development initiatives. In this perspective, a comprehensive and detailed review of the architecture of jobs in the organization has been conducted.

### **Talent Review and Development of Leadership**

A yearly Talent Review process is conducted in all divisions and corporate functions. The process involves managers at all levels of the organization as well as the members of the Executive Committee and of the Management Committee in the identification of employees with the right level of potential and performance to integrate the Group's talent pool. The members of the talent pool benefit from dedicated leadership development trainings, activities and events during the year.



The Leadership Development Programs included workshops on “Leadership & Influence” where members of the talent pool reflect and learn how to take action not only on their leadership development but also on recognizing and fostering talents of others. These workshops took place in Paris and Los Angeles and gathered participants from all geographic regions.

One-day thematic events for Group High Potentials and High Potentials were organized in Europe and North America. The themes in 2013 were “The Role of Leaders in Spreading strategic Mentality” and “Generating Passion and Perseverance”. These events were closed by discussions led by the CEO and the CFO on the Group’s strategy as well as on important achievements of the past year.

The partnership with the University of Stanford in California was renewed to produce the second edition of the “Innovation Management and Culture” program. Group High Potentials have followed this program that focused on demonstrating the impact of internal organizational aspects and external aspects on the capacity to innovate. Aligned with the Group’s strategic priorities, topics such as innovation and profitability, monetization and innovative business models and leading for innovation were covered.

### **HR Development and Management Academy**

An HR development program was created in 2011 to reinforce the people development capabilities of HR Business Partners and managers and to support the development of skills aligned with Technicolor vision, values and strategy. In 2013, this initiative has been continued with a distant learning program mixing on-line courses and participative video conferences on how to develop leadership and emotional intelligence. Twenty members of the HR community participated in this initiative that aims at enhancing the HR leadership and at enhancing the support HR provides to the development of managers and leaders.

The Management Academy plays an important role in the support HR provides to managers in the Group. A group of HR managers has been prepared to facilitate management sessions within the academy with the objective of ensuring the quality and the consistency of our management practices across the globe. Adjustments in this program were made further to the conclusions of the pilot phase of 2012. Sessions were delivered in the U.S., UK, France and Belgium in 2013 and will be extended to most sites of the Group in 2014.

### **Job and Competency Evolution Plan**

In order to continue to ensure Technicolor’s competitiveness and innovation capacity, a comprehensive work has been initiated to identify the evolutions of key jobs. This work includes a review of the mission and responsibilities of jobs as well as the set of competencies that are necessary to achieve excellence in the execution of these jobs. A set of customer facing, R&D and research jobs were the first to benefit from this initiative.

A series of learning tracks were designed to ensure the development of crucial competencies and give new perspectives on the evolution of execution in key jobs. More than 1,100 man/days of training were delivered in this program in 2013. Linked with the learning tracks, a professional accreditation program was designed to recognize the level of competencies and achievements of the employees that have followed the tracks. The accreditation program has been launched in 2012 for four jobs: Product/Service Line managers, R&D Project managers, Customer Project managers and Solution Architects. Incumbents of these jobs who have completed all the learning tracks designed for their jobs can be candidates to be accredited in January 2014. A broader range of jobs will benefit from learning tracks and professional accreditation in 2014.

### **Job Architecture**

In order to respond to evolving business needs and provide the foundations for a number of HR programs, an update of the Technicolor job architecture has been conducted in 2013. Building on the knowledge and business experience of HR and Operational teams from all regions, the job architecture has been enriched, structured and documented, to become a consistent framework across organizations and countries.

As a result, a lean and standardized collection covering all jobs in the Group is now available. This is the first step for a longer journey that will support, in the short-term, the consistency between the existing job structure and job profiles. In mid-term, it will be used as a base layer for various activities such as workforce planning discussions, talent management, career development, compensation benchmarking etc.

### **Diversity in the Workplace**

**Principle of non-discrimination:** A diverse workforce is a business imperative to Technicolor in its competitive environment. It must be able to recruit and retain the most talented candidates from a broad range of disciplines and experience. Technicolor's policy is to provide equal employment opportunity without regard to race, sex, religion, national origin, and age or disability status.

Non-discrimination and equal employment opportunity policies, based upon the Ethics Charter and locally augmented according to specific legal requirements if needed, including the anti-harassment policy, are implemented at all Technicolor sites. In several countries, managers and supervisors are provided Legal awareness training sessions about anti-harassment and non-discrimination.

In addition to the role of management, detection of discrimination cases also relies on the whistleblower policy allowing any employee to confidentially disclose their situation or the situation of a co-worker, without fear of publicity or adverse reaction. Such cases are reported to the Ethics Committee and investigated with the Audit team. Some countries implement in addition an official trust person or advocate for employees if there is a discrimination issue. Overall about twenty cases of discrimination were reported in 2013.

**Employment and integration of disabled people:** Depending on national legislations, legal requirements to integrate disabled persons or to hire a specified number or percentage of disabled employees, and thus the definition of a disabled employee, may strongly vary, or may not even exist. Also, labeling, categorizing, or making a record of an employee as disabled may be legally prevented in certain countries or subject to the individual authorization by each concerned employee who may refuse. Therefore statistics do not reflect properly the reality.

However, beyond the legal requirements when they exist, Technicolor strives to adapt our working places, including factories, to provide equal employment opportunities with no discrimination against disabled people with regard to hiring, training, allocation of work, promotion, or reward, and seeks to eliminate employment barriers and to accommodate disabled employees. In that regard, employment of disabled is part of our non-discrimination policy, and Technicolor has been and continues to be willing to integrate different needs including modified duties, adapted hours, and adapted workspaces.

### **Women's Forum**

The Technicolor Women's Forum currently consists of 80 women, each of whom plays an important role in raising awareness of changing gender values. Since 2012, this network has ensured that each Technicolor site has one appointed woman leader who coordinates regular site meetings on the progression of women in the company and how women can be key to initiating change for Technicolor.

Technicolor requires recruiting and personnel search professionals worldwide to ensure that the curriculum vitae/resume of at least one qualified woman is included in every list of finalists submitted for open senior management positions within the company.

Technicolor is part of the Women in Science & Technology (WIST) initiative. Under the aegis of the European Union, WIST consists of companies and academics committed to diversity who recommend ways to improve the status and position of women in scientific careers and corporate managerial positions generally.

### **Social dialogue**

As part of a new HR organization deployed in 2010, the Group has designated regional correspondents (heads of the HR Competence Centers in Americas, Europe, and APAC) who are responsible for ensuring that the Group's HR policy is in line with national legislation, most notably with respect to freedom of association and the right to collective bargaining. Note in all events that the Group largely does not have activities in countries where the right to freedom of association is potentially an issue.

Under the terms of an agreement with ten union organizations in Europe, the members of the Technicolor European Works Council meet several times each year. The Council, which consists of union representatives or members of works councils in European countries, addresses topics of a transnational

nature. In 2013 7 European Work Council meetings were held to address both general company topics and specific issues, such as the disposal or reorganization of discontinued businesses.

Technicolor keeps the European Works Council informed of issues related to personnel, finance, production, sales, and research and development, and their impact upon employment and working conditions within Technicolor's European operations. The Council is also informed of major structural, industrial and commercial changes as well as reorganization plans.

In accordance with European labor law, Technicolor executives in each European country meet annually with labor organizations to discuss remuneration and working conditions.

### **2013 Ethics training program**

As part of its effort to ensure that employees are familiar with the Code of Ethics and related policies, such as the Whistleblower Policy, the ECC has implemented numerous training programs, including both in person and online courses.

The Ethics Compliance Committee continued several training initiatives through 2013. Over the last few years, the Americas population received a course highlighting the key parts of the Code of Ethics and dedicated courses on topics like anti-bribery, competition, anticorruption, business communications, addressing employee concerns, and fraud prevention.

In addition, several in-person trainings took place in Mexico, India and China on various aspects of the Company's Code of Ethics. Combined, over the period 2010-2013, more than 9,460 employees have been trained on ethics related topics.

### **Connected Home Set Top Boxes and Gateways:**

#### **Environmental impacts of products, compliance, and safety: progress from the design table**

Technicolor's Connected Home activity continued to implement in 2012 and 2013 its Environmental Product commitments in its business activities. After a pilot phase and several fruitful experiences involving Technicolor Connected Home product lines, life cycle analysis continued to be deployed as part of the Division's core development process in 2012 to 2013. Detailed analysis of the environmental impact of products across their entire life cycle according to multiple criteria has enabled the development of innovative designs that are more respectful of the environment. As a leading supplier of Set Top Boxes (STBs) and Home Gateways, Technicolor has acquired experience and decided to incorporate Eco-design principles and methodology into its main new products families. Rigorous product environmental performance analysis is used to measure the impact of innovations and to target key areas of focus. Specific eco-design studies have been completed on many aspects of core product design (e.g., energy consumption, electronic cards and components, casing and cable materials, accessories, etc.) as well as on related elements including packaging and transportation.

#### Objectives:

2011 objectives were among others to acquire sufficient knowhow and practical experience in order to initiate a full deployment of eco-design for newly developed products, according to the ISO 14062 eco-design methodology, adapted to the ETM (early-to-market) product development methodology.

Based on this knowhow, 2012 and 2013 objectives were to be an active contributor in EU energy efficiency initiatives such as the Code of Conduct Digital TV (CoC DTV), Code of Conduct Broadband (CoC BB), Voluntary Agreement for Complex Set-top boxes (VIA for CSTB), EU energy related regulations such as 801/2013 (networked standby) or the revision of 278/2009, (external power supplies).

Another key objective is to work with our suppliers to ensure we meet environmental regulatory requirements so that energy consumption (Energy Related Product directive) hazardous substances (RoHS, REACH), waste electronic and electrical equipment as well as voluntary initiatives (CoC DTV, CoC BB and VIA for CSTB) are managed properly.

All relevant disciplines and organizational functions such as design, engineering, marketing, quality, and purchasing, supply chain are involved in this process.

#### Results

Full deployment of ISO 14062 eco-design methodology was achieved for all Connected Home R&D sites worldwide in 2011. Other objectives achieved in 2011 included the compilation of a Life Cycle Analysis (LCA) tool user guide for electronic cards in order to specify consistent analysis methodologies and best practices and thus ensure that product LCAs are reliable and non-conflicting.

In 2012 Technicolor issued a new LCA guidelines document. The aim of this document is to provide LCA rules and parameter values for all “common” or “subassembly” components used in our products and obtain product LCA impact values independent of the LCA tool user.

In 2013 a new version of our Life-Cycle Analysis Tool (EIME V5) SW was made available to support eco-design, allowing the measurement of the environmental impacts of a product over its entire life (i.e., from cradle to grave). This new version offered access to the European reference Life Cycle Database (ELCD) in addition to other existing data bases, as well as use of the International Reference Life Cycle Data System (ILCD) impact indicators in addition to or in place of other existing impact indicators. The use in LCAs of the ELCD data base and ILCD indicators allows more reliable database and indicators to perform our LCA. In addition, LCAs results are more comparable than when the products LCAs have been performed using different LCA tools.

#### **Key Product environmental and safety requirements compliance**

Technicolor operates in a worldwide market and thus has to deal with a wide variety of national and regional initiatives governing the environmental performance and risk management associated with its products.

In particular, **energy consumption**, which is the main significant environmental impact for Connected Home products, remains a key priority across the industry and regions.

In Europe, therefore, Technicolor continues to support voluntary EU industry initiatives such as the Industry VA for Complex Set Top Boxes, the Code of Conduct (CoC) for Digital TV and the CoC for Broadband equipment.

Technicolor actively contributed to the revision of the 278/2009 regulation on External Power Supplies (EPS) by providing inputs to the EU commission, in particular via its membership of the Digital Europe organization of leading Digital Technology European companies. The scope of this revision extended beyond energy efficiency and no load power consumption to use of PVC-free and halogens-free materials, overall material usage reduction and EPS standardization to drive reusability. Also 2013 saw the finalization of the latest 801/2013 Networked (NW) standby regulations, (amendment to the 1275/2008 On/Off and Standby mode regulation). Effective industry adoption will depend upon suitable implementation guidelines becoming available. Technicolor is currently contributing to the development of such NW standby guidelines, particularly in relation to Home Gateway (GW) and Complex STB (CSTB) products.

In the Americas, in Australia, in Asia, in Africa, and in the same manner, Technicolor monitors and follows environmental regulations and standards. In the United States for example, Technicolor follows the Department of Energy proposed amendment on external power suppliers and rulemaking initiatives on efficiency standards for Set-Top Boxes and Network Equipment. For a number of years, most of Connected Home STB models marketed in U.S. met the Energy-Star STB energy efficiency levels. In Australia, Technicolor is an Associate Member of the Subscription Television Industry Voluntary Code for improving the energy efficiency of conditional access set-top boxes.

**Compliance** methods and actions are in place with regard to the RoHS, WEEE European directives, and the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) European regulation, or similar legislation in other regions, dealing with the Restriction on the use of Hazardous Substances within products and systems, and preparing for better end-of-life handling of Electrical and Electronic Equipment Waste. For U.S. market, Technicolor, although not directly under scope of Dodd-Frank Wall Street Reform and Consumer Protection Act, also took steps to develop and implement a due diligence process for identifying and managing the sourcing of “conflict minerals” based on the OECD Due Diligence guidance.

Regarding **consumer product health and safety**, the Group ensures that all products sold comply with all consumer safety regulations applicable in each country where the product is marketed. Additionally, in some emerging markets where safety regulations may not yet be robust, the Group applies its knowledge of appropriate product safety regulations and ensures that emerging market products comply with a higher product safety standard.



## 2013 EH&S Programs

### Web-Based Reporting System

Technicolor continued to use and expand a global, web-based reporting system to monitor and consolidate occupational health, safety, and environmental results and progress. Work injuries, energy consumption, water use, waste generation, air and water emissions as well as program performance are covered at industrial and non-industrial sites.

### Internal Auditing

Internal Auditing related to EH&S remained active within Technicolor, following the “at least every third year” rule in corporate governance. Three audits were conducted in 2013 compared to six in 2012.

### Occupational Health

The Group’s main business units continued to focus on programs to reduce injuries. However the group recorded a slight increase in and recorded 201 injuries in 2013 compared to a total of 196 in 2012 but 218 in 2011. The accident rate increased 2.7% from 1.10 in 2012 to 1.13 in 2013. Serious injuries, indicated by the lost time injury rate, increased from 0.46 in 2012 to 0.51 in 2013.

Forty-one sites representing nearly 90% of Technicolor’s global work force now are part of the incident reporting system. This includes all locations with more than 300 workers, all Research & Development Centers with more than 100 workers, and all seven of Technicolor’s Centers of Excellence (Paris, Rennes, and London in Europe; Burbank, Indianapolis, and Princeton in the Americas, and Beijing in Asia).

### Water Use, Energy Use, Waste generation and recycling

In 2013, water consumption at the Technicolor reporting locations significantly decreased by 29% versus 2012 to 624 thousand cubic meters, principally due to the closure of remaining photochemical film labs. In 2013, energy consumption increased to 1261 terajoules, 3% over 2012. Total waste generated in 2012 was 33,741 tons, a 1% increase compared to 2011. The recycling rate was 77.1%, above the 75% objective. The percentage of waste determined to be hazardous decreased in 2013 to 3.3% compared to 7.6% in 2012.

### Carbon Disclosure Project

Technicolor is rated as part of the Carbon Disclosure Leadership Index for France by the Carbon Disclosure Project (CDP), an independent, not-for-profit organization concerned with climate change.

The CDP’s goal is to facilitate a dialogue, supported by quality information, from which a rational response to climate change will emerge.

Over the last nine years, the CDP has become the global standard for carbon disclosure methodology and processes. The CDP website is the largest repository of corporate greenhouse gas emissions data in the world. The organization seeks information on the business risks and opportunities presented by climate change and greenhouse gas emissions data from the world's largest companies.

See the CDP website at: <http://www.cdproject.net> See Technicolor's responses to CDP (2013) questions at: <https://www.cdproject.net/en-US/Pages/CDPAdvancedSearchResults.aspx?k=technicolor>

### **EH&S at Non-Industrial Sites**

The year 2013 continued the shift in the environmental profile of the Group in alignment with the increasing emphasis on business to business partnerships with Media & Entertainment professionals as the concentration of risk at non-industrial sites has become more prominent in the overall group footprint subsequent to consumer manufacturing divestitures. Site-by-site visits and reviews continued through 2013. Various templates were developed in 2009 to assist larger administrative and non-industrial sites, as well as other sites with smaller worker populations unable to staff fulltime EH&S managers at their location. Critical aspects of basic EH&S are facilitated such as emergency action planning, EH&S-related training organization, job hazard analysis, and compliance awareness and tracking.

### **Other EH&S Activities**

**There were many notable environmental achievements during 2013 and several of them are summarized below:**

- A successful Internal Pallet Recycling Program was launched in the Memphis (USA) Packaging and Distribution activity, reworking and recycling damaged pallets. The programme yielded significant pallet expense reduction on the way and helped the site achieve a recycling rate of about 80%. The sites of Mexicali and Rugby also diverted more waste in 2013 from elimination and increased their recycling rate;
- Process improvement in DVD replication at Melbourne (Australia) and Piaseczno (Poland) led to an improvement in effluent quality in the first, and the elimination of a solvent in the second;
- Communication and awareness campaigns were deployed at Rennes (France) R&D center to further educate employees to minimize impacts in office and at home;
- In Burbank (USA), the site has equipped the parking lot with electrical sockets for employees' electric cars;
- Brampton (Canada) successfully implemented a pilot project to go paperless for pay statements;
- Rugby (UK) received certification to OHSAS 18001 and experienced zero injuries for the second year in a row.



**Summary: Technicolor 2013 United Nations Global Compact Actions & Results**

<b>Technicolor Program</b>	<b>2013 Actions</b>	<b>Results</b>	<b>Global Compact Principle</b>
Supplier Ethics Program	On-site audits of suppliers with high labor intensive processes.	No child-labor discovered and instances relating to forced labor minimal.	Principle 4: elimination of all forms of forced and compulsory labor; Principle 5: abolition of child labor; Principle 10: work against corruption in all its forms, including extortion and bribery
Supplier CSR monitoring and KPIs on labor issues	KPIs (in line with SA8000 criteria) for key active EMS partners monitored during each Quarterly Business Review.	Rating of suppliers according to standard CSR principles and increased monitoring of audit findings.	Principle 4: elimination of all forms of forced and compulsory labor; Principle 5: abolition of child labor; Principle 10: work against corruption in all its forms, including extortion and bribery
Ethics training	Multiple training sessions on various aspects of the Code of Ethics conducted notably in the US, Mexico, India and China and Europe.	Training many employees on anticorruption, fraud prevention, global competition and antitrust. Online training courses focused on the EU Competition-Dealing with Competitors, fraud prevention, UK Bribery Act and preventing sexual harassment launched.	Principle 1: support and respect the protection of internationally proclaimed human rights; Principle 2: make sure to not be complicit in human rights abuses Principle 6: elimination of discrimination in respect to employment and



			<p>occupation</p> <p>Principle 10: work against corruption in all its forms, including extortion and bribery</p>
<p>Management development and training</p>	<p>Individual training programs.</p>	<p>2013 training initiatives representing 14,400 training seats and 136,500 hours person of training. In addition, 179 000 hours of “on the job training” activities and discussion group took place.</p>	<p>Principle 6: elimination of discrimination in respect to employment and occupation</p>
<p>Seeking female professionals</p>	<p>Senior management opportunities for women encouraged.</p>	<p>Recruiters worldwide asked to include the CV of at least one qualified female candidate for open senior positions.</p>	<p>Principle 6: elimination of discrimination in respect to employment and occupation</p>
<p>Leadership program</p>	<p>Forums led by ExCom &amp; Management Committee in Europe and North America to discuss Technicolor’s business and leadership challenges. The partnership with the University of Stanford in California was renewed to produce the second edition of the “Innovation Management” program. Group High Potentials have</p>	<p>The first edition of this program counted with forty participants, including a mix of our Senior Leadership Team and members of Technicolor’s Talent Pool.</p>	<p>Principle 6: elimination of discrimination in respect to employment and occupation</p>



	<p>followed this program that focused on demonstrating the impact of internal organizational aspects and external aspects on the capacity to innovate.</p>		
<p>Management Academy</p>	<p>The program, , gathering HR and Managers at all levels, for the development of management competencies was continued. A group of HR managers has been prepared to facilitate management sessions within the academy with the objective of ensuring the quality and the consistency of our management practices across the globe. Adjustments in this program were made further to the conclusions of the pilot phase of 2012. Sessions were delivered in the U.S., UK, France and Belgium in 2013.</p>	<p>Monthly meetings of the management community covering essential topics of people management and encouraging collaboration between managers to learn and improve their own practices. Pilot groups followed the program in France, UK, Belgium, India and China.</p>	<p>Principle 6: elimination of discrimination in respect to employment and occupation</p>



<p>Freedom of Association &amp; Right to Collective Bargaining</p>	<p>Regional correspondents designated as responsible for ensuring HR policy in line with national legislation and meetings with European Works Council.</p>	<p>4 European Work Council meetings held to address both general company topics and specific issues, such as the disposal or reorganization of discontinued businesses.</p>	<p>Principle 1: support and respect the protection of internationally proclaimed human rights; Principle 2: make sure to not be complicit in human rights abuses Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining</p>
<p>Injury reduction</p>	<p>EH&amp;H training</p>	<p>24,035 hours of documented training on a wide variety of environmental and safety compliance and protection, injury prevention, emergency preparation and response, and occupational health topics were provided to employees and contractors throughout Technicolor. An essential part of an OHSAS 18001 certification, training contributed to a zero reportable injuries result in the UK Packaging and distribution center.</p>	<p>Principle 1: support and respect the protection of internationally proclaimed human rights; Principle 2: make sure to not be complicit in human rights abuses</p>



<p>Environmental impact reduction</p>	<p>Efforts to reduce waste &amp; water consumption</p>	<p>In 2013, water consumption at the Technicolor reporting locations significantly decreased by 29% versus 2012 to 624 thousand cubic meters, principally due to the closure of remaining photochemical film labs.</p>	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility</p>
<p>Environmental certification</p>	<p>ISO 14001 certification for any industrial sites exceeding a defined risk threshold</p>	<p>In 2013, 10 Technicolor sites held an ISO 14001 certification.</p>	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility</p>
<p>Internal EH&amp;S auditing</p>	<p>Active auditing continued following the “at least every third year” rule.</p>	<p>3 sites audited in 2013.</p>	<p>Principle 8: undertake initiatives to promote greater environmental responsibility</p>
<p>Carbon disclosure project</p>	<p>Technicolor is a participant in this organization concerned with climate change. .0</p>	<p>Technicolor continues to be a part of the Carbon Disclosure Leadership Index for France of the Carbon Disclosure Project. A “Supplier” questionnaire annex is now also included in responses. Direct</p>	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake</p>

		emissions were audited by a third party for the 2013 year.	initiatives to promote greater environmental responsibility
Products Life Cycle Assessment & Eco design	Active contributor to EU energy efficiency codes including the CoC DTV, CoC BB, VA for CSTB and EU regulation for networked standby.	2013 saw the finalization of the latest 801/2013 Networked (NW) standby regulations, (amendment to the 1275/2008 On/Off and Standby mode regulation). Effective industry adoption will depend upon suitable implementation guidelines becoming available. Technicolor is currently contributing to the development of such NW standby guidelines, particularly in relation to Home Gateway (GW) and Complex STB (CSTB) products.	Principle 9: encourage the development and diffusion of environmentally friendly technologies
Products Life Cycle Assessment & Eco design	In 2013 Technicolor updated the LCA guidelines document.	Provide LCA rules and parameter values for all “common” or “subassembly” components used in our products and obtain product LCA impact values independent of the LCA tool user.	Principle 9: encourage the development and diffusion of environmentally friendly technologies



**Source material**

**Corporate Social Responsibility (Overview)**

<http://www.technicolor.com/en/hi/about-corporateinfo-csr>

**Code of Ethics** (available under “Documents”)

<http://www.technicolor.com/en/hi/about-corporateinfo-csr>

**Environmental, Health & Safety Charter** (available under “Documents”)

<http://www.technicolor.com/en/hi/about-corporateinfo-csr>

**Environmental Considerations** (available under “Documents”)

<http://www.technicolor.com/en/hi/about-corporateinfo-csr>

**Carbon Footprint** (available under “Documents”)

<http://www.technicolor.com/en/hi/about-corporateinfo-csr>

**Sustainability Communication** (available under “Documents”)

<http://www.technicolor.com/en/lo/about-corporateinfo-csr>

**Annual Reports**

[http://www.technicolor.com/uploads/investor\\_documents/technicolor - 2013 annual report.pdf](http://www.technicolor.com/uploads/investor_documents/technicolor_-_2013_annual_report.pdf)