

## GLOBAL COMPACT

### TECHNICOLOR

#### 2012 COMMUNICATION ON PROGRESS

#### **Message from David Chambeaud, Executive Vice President, WW Human Resources & Sustainability**

The UN Global Compact's ten fundamental principles of strategic policy have supported Technicolor's approach to corporate social responsibility since its initial affiliation ten years ago. Supplementing many strategic turning points that have accompanied the company's changing business profile over the last few years, 2012 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, in various measures 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 through our supply chain are well grounded 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 why 2012 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.

#### **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.

## **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, actions, and displays the fundamental values we practice in our day-to-day activities. It has been distributed to all Technicolor employees and is available on the company's intranet. In early 2013, the ECC's composition was comprised of the following: David Chambeaud (Executive Vice President, Human Resources, Security and Global Sourcing), Lanny Raimondo (Senior Executive Vice President, Entertainment Services), John Siefer (Internal Audit Director), Dillan Sum (General Counsel, Asia), Jacquelyn Boggs (Vice President, Indirect Sourcing) and Meggan Ehret (General Counsel, Litigation and Compliance). David Chambeaud 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 AND CORE VALUES GUIDEBOOK**

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 Ethics and Core Values Guidebook, revised and updated in 2010.

## **ENVIRONMENT, HEALTH AND SAFETY**

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 to support the preservation and promotion of film heritage, which reflects the history and culture of a country. Working in cooperation with local and international partners, the Technicolor Foundation identifies and supports urgent programs to safeguard moving images. By identifying the appropriate resources required for each project, the Technicolor Foundation helps set up multi-disciplinary teams. These include experts from Technicolor and specialists from leading film archives, as well as film preservation and cinema schools. Transmission and education play a key role in each project. In all Foundation programs, films and audiovisual materials are preserved so that they can be shared and shown to the widest possible audience. The Technicolor Foundation operates worldwide and as a priority, in countries where archives are at risk. It works closely with film institutions or any entity holding film collections as well as cinema schools and festivals. Its efforts seek to:

- Preserve film heritage as an invaluable element in each country's distinctive national patrimony
- Promote and highlight film heritage in order that it may be seen by and shared with as wide an audience as possible
- Train and sensitize everyone who can play a part in the safeguarding of film heritage.

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

In 2012, the Foundation amplified its support to Bophana Center, the Cambodia Film and Audiovisual Archive, managed by the Franco/Cambodian filmmaker Rithy Panh. The program comprises equipment donation and technical training, lost film search worldwide, digitization of film, creation of an international festival fully dedicated to film heritage etc.

Film restoration projects in 2012 include: the first feature of Jacques Demy, *Lola* (1961) and *Tell Me Lies* (1968) by Peter Brook. All these films have been circulated worldwide since their restoration;

## **COMMUNITY INITIATIVES**

Various community initiatives and charitable donations were undertaken in 2012.

### **Indianapolis, Indiana Digital Home Products**

Construction of walls and panels for a small 3 bedroom home was organized on the site parking lot in partnership with Habitat for Humanity in 2012. The organization builds affordable housing in

partnership with families in need and approximately 300 volunteer hours were donated to construct the home.

### **Guadalajara, Mexico, Nutrition Excellence Program**

Established to improve employee lifestyles through healthier nutrition, the Nutritional Excellence initiative at the Guadalajara plant has provided employees with the opportunity to have free health checks as well as diet and fitness programs tailored to suit their needs. Individual progress is monitored on a weekly basis with exercise and nutritional guidance from professionals and healthy canteen options provided to encourage continued participation. Some 400 employees have joined the program since its inception.

### **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. 2012 saw 5,000 seedlings of the species planted in the area covered by the program.

### **Bangalore, India**

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**

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.

## **2012 MAIN ACTIONS AND RESULTS**

Technicolor endeavoured to fulfill a number of objectives in 2012 to fulfill 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. For the first time in 2010, 20 non-industrial sites contributed to EH&S reporting, a practice which continued in 2012.

The Group refreshed and revised in 2012 its Code of Ethics. Ethics training continued to be deployed in 2012 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 2012 Technicolor issued a new LCA guidelines document specifying 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 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.

### **2012 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 21.5% of audited suppliers in 2012, compared to 15% of audited suppliers in 2011 and 25.5 % of audited suppliers in 2010.

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.

### **2012 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.

Our worldwide employee performance management system is known as STEP - System for Technicolor Employee Performance was launched in 2010. It is designed as a people development



tool. In addition to traditional business objectives evaluation, it includes assessments based on company values and associated behaviors as well as a plan to support employee development.

People development projects cover a broad range of needs and issues:

Continuous process improvement for our performance evaluation system and interconnection with our talent review:

- To address succession plan
- For risk analysis for key positions
- Risk identification and minimization initiatives
- To develop human capital at all levels of the organization

Development of key capabilities through:

- Identification and development of key functional and technical skills
- Leadership development
- Programs to reinforce people and performance management skills
- A sales academy integrating sales force training and development worldwide

Enhance cooperation between divisions and functions through internal networks:

- Creation of a worldwide Line Managers Network
- Women's Forum
- Fellowship Network (Experts)

Recognition of best achievements and practices:

- Engineering awards
- Patent awards
- Procurement awards

The Human Resources Management Committee meets bi-monthly. Progress is tracked through a human resources scorecard.

Internal audits are conducted periodically to measure and evaluate progress for ongoing initiatives.

## **Talent Review**

Technicolor's values were redefined within the framework of the company's new strategic focus and goals. As we strongly believe that our talents constitute the backbone of the new Technicolor, we have integrated the new values into the talent review process by including assessments based on them along with associated behaviors and leadership skills.

Technicolor priorities in Talent and Development in 2012 were reviewed to support the implementation of the Amplify 2015 strategic roadmap. In addition to our leadership development and management development programs, several actions were undertaken to ensure the coherence of learning and development investments with the execution of the 2015 plan.

These actions have included a broad and deep analysis of all the training needs and investments in the Group and a comprehensive assessment of the evolution of jobs and competencies that are key for the execution of the 2015 plan, allowing to prepare specific competencies development projects that will be deployed from 2013 onwards. As an immediate result of these actions, a special focus was given to the topics of innovation, change management and enterprise agility through the creation of new programs and the reinforcement of these topics in existing programs.

## **Identification of Critical Skills**

To align all company practices, a new skills-model based on the company's values, leadership skills base and expertise recognition has been built and progressively deployed. This provides common ground for the development of skills and careers company-wide. Major people development programs, such as leadership development and a sales academy, were built based on skills identified through this model. Additionally, some divisions have developed a specific framework for evaluating technical skills to support ongoing business and technology changes.

## **Job and Competency Evolution Plan**

In order to continue to ensure Technicolor's competitiveness and innovation capacity, a comprehensive work plan 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.

Different learning tracks were designed in 2012 and will be deployed in 2013 to ensure the development of key competencies.

Linked with the learning tracks, a professional accreditation program has been 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. A broader range of jobs will benefit from learning tracks and professional accreditation from 2013 onwards.

### **Leadership Development**

Preparing and aligning future leaders is crucial to the success of our refocused businesses. That is why we created a comprehensive leadership development curriculum, designed to build strategic business evolution capabilities as well as the capacity to inspire and influence others.

The 2012 Leadership Development Programs included workshops on the theme “Leadership & Influence”, and Forums led by Executive Committee Members and Management Committee members in Paris and Los Angeles to discuss Technicolor’s business and leadership challenges. All participants of the programs were closely accompanied by coaches and HR Business Partners, who supported them to build and execute a leadership action plan, maximizing the relevancy and the application of concepts learned in the program in their jobs. As a consequence of the Group’s priorities and strategic ambitions, the focus of the Leadership Development programs on the aspects of Innovation were strengthened. A new partnership with the University of Stanford in the United States was created to launch in 2012 a program on “Innovation Management and Culture”.

The first edition of this program counted with forty participants, including a mix of our Senior Leadership Team and members of our Talent Pool.

### **HR Development**

An HR development program was created in 2011 to reinforce the people development capabilities of HR Business Partners and Managers and to support to the development of skills aligned with Technicolor vision, values and strategy. This initiative has been continued in 2012 with basic and advanced workshops on coaching and certification workshops to provide 360° feedback delivered to 26 members of the HR team.

### **Management Academy**

The pilot phase of a new program, 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. Pilot groups followed the program in France, UK, Belgium, India and China. This initiative will be extended to other countries in 2013 and with the objective of ensuring the quality and the consistency of our management practices across the globe.

### **Line Managers Network**

The Technicolor Line Managers Network, set up in 2010, brings together 1,500 managers around the themes of communication, learning and sharing. The Line Managers Network opens a new communication channel for managers thanks to its exclusive, dedicated space on the Technicolor intranet. Members benefit from a learning platform with training modules in business and management topics.

With the objective of supporting the Amplify 2015 roadmap and the Operational Excellence Program, new learning materials were made available to the LMN in 2012. These materials focus on best practices and concrete advice for managers on three essential topics: managing change, managing creativity and innovation and organization agility.

### **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. In 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.

### **Agreement for Seniors**

In France, the company signed an agreement in December 2009 with two union organizations concerning employees aged 50 and over. The agreement sets quotas for the number of employees aged over 50 and over 55 years old and also provides privileged access to training and skills assessments in addition to information sessions on retirement preparation. When needed, part-time work, tele-working and medical support are available for more senior workers. The agreement ran through 2012.

## **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, 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 2012 no fewer than 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.

## **2012 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 Americas population most notably received a course highlighting the key parts of the Code of Ethics in 2010 and in 2011, members of the finance community received a course on fraud prevention. The Ethics Compliance Committee continued several training initiatives through 2012. Many in the sales community received valuable training in responsible business communication. In 2012 and early 2013, online training courses focused on the EU Competition-Dealing with Competitors, UK Bribery Act and preventing sexual harassment were also launched. Middle management and human resources personnel received a course on responding to employee concerns.

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 2010-2012, a total of 9,395 employees have been trained on ethics related topics.

## **Life Cycle Analysis and Eco-Design**

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 our products across their entire life cycle according to multiple criteria has enabled the development of innovative designs that are more respectful of the environment.

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

Based on this knowhow, 2012 and 2013 objectives are to be an active contributor in EU energy efficiency initiatives such as the Code of Contact Digital TV, Code of Conduct Broadband, Voluntary Agreement for Complex Set-top boxes, EU energy related regulation such as lot 26 (networked standby) or the revision of lot 7 (external power supplies).

All relevant disciplines and organizational functions such as designers, engineering, marketing, quality, and purchasing, supply chain were involved in this process. Full deployment of ISO 14062 ecodesign methodology was achieved for all Connected Home R&D sites worldwide in 2011.

From 2011 to 2013, it is intended that the above-mentioned ecodesign initiatives are not limited to Technicolor, but that they will also ultimately extend to OEM (original equipment manufacturer) and ODM (original design manufacturer) suppliers. One of the key objectives is to work with our suppliers to ensure we meet environmental regulatory requirements so that energy consumption (ErP 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

Other objectives achieved for 2011 include 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 we obtained a new version of our LCA tool SW which allows access to the European reference Life Cycle Database (ELCD) in addition to other existing data bases and allows 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 for product LCA results that are more comparable than when the products LCAs have been performed using different LCA tools.

## **2012 EH&S Programs**

### **Injury Reductions**

The Group's main business units continued to focus on programs to reduce injuries. As a result, 2012 injuries decreased to a total of 196 compared to 218 in 2011 and 291 in 2010. The accident rate increased 5% from 1.05 in 2011 to 1.10 in 2012. Serious injuries, indicated by the lost time injury rate, increased from 0.32 in 2011 to 0.46 in 2012, thus almost rebounding to 2010 rates

Forty-seven 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 and Waste**

In 2012, water consumption at the Technicolor reporting locations significantly decreased by 41% versus 2011 to 880 thousand cubic meters. Total waste generated in 2012 was 33,450 tons, a decrease of 6,298 metric tons or 16% compared to 2011. The recycling rate was 81.4% improving slightly compared to 2011. The percentage of waste determined to be hazardous increased slightly in 2012 to 7.6% compared to 5.7% in 2011.

Internal Auditing related to EH&S has been very active within Technicolor, following the "at least every third year" rule in corporate governance. Six audits were conducted in 2012 compared to six in 2011.

### **Web-Based Reporting System**

Technicolor continued to use and expand a global, web-based reporting system for injuries, energy consumption, water use, and waste generation, including the 20 non-industrial sites first integrated in reporting in 2010. Questionnaires are managed on a monthly or quarterly basis and are augmented with annual questionnaires on such topics as raw materials usage or effluent.

### **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 7 (2012) questions at:

<https://www.cdproject.net/en-US/Pages/CDPAdvancedSearchResults.aspx?k=technicolor>

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

The year 2012 continued a 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 2012. 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. For the first time in 2010, larger non-industrial locations began reporting their consumption of energy and water and their results consolidated with data from industrial sites. This practice has been continued through 2012.

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

There were many notable EH&S achievements in 2012 a selection of which are given here:

#### **Brampton, Canada**

Brampton completed a sitewide safety railing to further reduce risks of slips, trips, and falls and to put more physical barriers between travelling pedestrians and powered industrial trucks/forklifts.

#### **Manaus, Brazil**

The Manaus safety department worked to make improvements to component insertion facilitation for additional presence sensing switches to eliminate risks of internal machine contact during operations.

The Manaus team was also awarded the the “Green Seal”, which may be used on product packaging for products manufactured at the site and the “Partner of Nature” certificate and packaging seal by the Brazilian Institute for Nature Defense.

#### **Melbourne, Australia**

The team in Melbourne developed and installed safety barriers to further separate pedestrians from powered industrial trucks/forklifts.

#### **Memphis, USA**

The site developed and implemented noise reduction measures in the rework/returns lines by moving the primary source point equipment up to a mezzanine level and away from the workforce, achieving an average 5 db reduction in sound pressure level.

#### **Guadalajara, Mexico**

The team in Guadalajara continued the Industrial Limpia environmental award for the fifth year in a row.

#### **Piaseczno, Poland**

The site improved their stormwater system with an expanded reservoir and avoided approximately 9,000 cubic meters consumption of city water by storing and reusing stormwater for site irrigation and landscaping.

#### **Rennes, France**

The Rennes team reduced their energy intensity as part of the move to the newly constructed research center, decreasing the ration of energy consumed to hours worked by 18%.



**Summary: Technicolor 2012 United Nations Global Compact Actions & Results**

<b>Technicolor Program</b>	<b>2012 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	Code of Ethics updated. 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, global competition and antitrust. Online training courses focused on the EU Competition-Dealing with Competitors, 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 occupation Principle 10: work against corruption in all its forms, including extortion and bribery



Management development and training	Individual training programs.	2012 training initiatives representing 19,200 training seats and 43,500 hours, involving a majority of employees.	Principle 6: elimination of discrimination in respect to employment and occupation
Seeking female professionals	Senior management opportunities for women encouraged.	Recruiters worldwide asked to include the CV of at least one qualified female candidate for open senior positions.	Principle 6: elimination of discrimination in respect to employment and occupation
Line Management Network	Line Management network (LMN) launched to provide dedicated training for line managers.	New learning materials made available to the LMN in 2012 focusing on best practices and concrete advice for managers on three essential topics: managing change, managing creativity and innovation and organization agility.	Principle 6: elimination of discrimination in respect to employment and occupation
Leadership program	Forums led by ExCom & Management Committee in Paris and Los Angeles to discuss Technicolor's business and leadership challenges. A new partnership with the University of Stanford in the United States was created to launch in 2012 a program on "Innovation Management and Culture".	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.	Principle 6: elimination of discrimination in respect to employment and occupation
Management Academy	The pilot phase of a new program, gathering HR and Managers at all levels, for the development of management competencies was launched in 2012.	Monthly meetings of the management community covering essential topics of people management and encouraging	Principle 6: elimination of discrimination in respect to employment and occupation



		collaboration between managers to learn and improve their own practices. Pilot groups followed the program in France, UK, Belgium, India and China.	
Freedom of Association & Right to Collective Bargaining	Regional correspondents designated as responsible for ensuring HR policy in line with national legislation and meetings with European Works Council.	7 European Work Council meetings held to address both general company topics and specific issues, such as the disposal or reorganization of discontinued businesses.	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
Injury reduction	Efforts to reduce injury incident rates worldwide.	Total number accidents decreased from 218 in 2011 to 196 in 2012.	Principle 1: support and respect the protection of internationally proclaimed human rights; Principle 2: make sure to not be complicit in human rights abuses
Environmental impact reduction	Efforts to reduce waste & water consumption	Water consumption decreased 41% in 2012 compared to 2011 and waste generation decreased 16% prior to the previous reporting year.	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater



			environmental responsibility
Environmental certification	ISO 14001 certification for all industrial sites	In 2012, 10 Technicolor sites held an ISO 14001 certification.	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility
Internal EH&S auditing	Active auditing continued following the “at least every third year” rule.	6 sites audited in 2012.	Principle 8: undertake initiatives to promote greater environmental responsibility
Carbon disclosure project	Technicolor is a participant in this organization concerned with climate change.	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	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility
Products Life Cycle Assessment & ecodesign	Active contributor to EU energy efficiency codes including the CoC DTV, CoC BB, VA for CSTB and EU regulation for networked standby. 26	All the EU initiatives progressed significantly, the Industry VA on CSTBs was officially endorsed by the EU Commission in 2012.	Principle 9: encourage the development and diffusion of environmentally friendly technologies
Products Life Cycle Assessment & ecodesign	In 2012 Technicolor issued a new 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	Principle 9: encourage the development and diffusion of environmentally friendly technologies



		independent of the LCA tool user.	
Operational Excellence Program – Collaborative Tools	Identification of collaborative tools across company to improve communication and encourage greater teamwork whilst keeping travel and other associated costs to a minimum.	Identification and pilot implementation of tools including greater use of video communications which has encouraged less reliance on travel which is detrimental to the environment.	Principle 9: encourage the development and diffusion of environmentally friendly technologies
Operational Excellence Program – Paperless Office	Assist in rationalization of paper usage and print assets across the Group. Promote a “paperless office” culture within the company.	Complete inventory and mapping of print assets of each Technicolor site in 2012. General data on the consumption of paper and consumables. Initial recommendations on “right-sizing” and rationalization of print assets with a view to cutting costs and reducing environmental impact.	Principle 8: undertake initiatives to promote greater environmental responsibility



**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 - 2012 annual report.pdf](http://www.technicolor.com/uploads/investor_documents/technicolor_-_2012_annual_report.pdf)