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# ECONOMIC & SOCIAL MODEL

## INESSENS

DESIGNERS AND PRINTERS OF INNOVATIVE LABELS ? CASES

INESSENS  
Visiblement différent

ASET BIDOIT DIGIT ETIQUETTES INESSENS HAAS ROUBEY ROY TLS  
- LABELS - - DE PROVENCE - - GRASSE - - ÉTIQUETTES -





Eric GROSHENS, Chairman.

INESSENS, visibly different.

"Being visibly different means being mindful of the interests of all our stakeholders, and being fully aware that our interests converge.

Corporate Social Responsibility (CSR) is an integral part of INESSENS' DNA and values.

Ensuring that we always act in this direction, and that we mobilize and unite our employees around this responsible approach, is what our CSR policy is all about."



## OUR VALUES

- Equality first, then fairness.
- Respect, loyalty, honesty, integrity.
- Exemplary management.
- The passion of our employees.
- Challenging yourself.
- Performing to build a future.
- Continuous investment & innovation.
- A fair share of added value.
- Financial independence in the interests of both parties.
- Turning managers into shareholders.

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Thinking and writing the INESSENS economic and social model was a very strong ambition that was taken up by all INESSENS employees.

It's a founding work that aims to transpose the values that drive us into responsible economic and social commitments, shared and known by all.

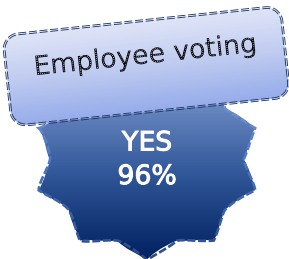
Each topic was put to the vote of our employees to validate their adherence to these principles, the condition set for the adoption of these principles being that a minimum of 70% of employees vote YES. They are part of the reason we are together in this common project we call our company.

How to share the added value created, for what objectives and purposes, are questions that ultimately contribute to everyone's commitment.

## PROFITABILITY: A RESPONSIBLE AND NECESSARY OBLIGATION

A company's economic or social goals may be manifold, but there is one prerequisite: profitability. The question of how everyone perceives and adheres to this need for profitability was therefore the first question raised, and the preamble to our economic and social model.

**The first commitment** was to define profitability as a responsible obligation incumbent on the company and its employees, in order to secure the future of all stakeholders. Whether for employees, customers, suppliers, financial partners or local communities, profitability is defined as a reality and an imperative.



## THE COMMITMENTS OF THE INESSENS ECONOMIC & SOCIAL MODEL

## 1. THE C.D.I. AS AN EMPLOYMENT CONTRACT REFERENT

A socially responsible company must adopt a policy aimed at limiting the use of "precarious" employment to the strict minimum, as it does not allow for long-term security of the relationship, involvement or joint project...

By affirming and enshrining in its economic and social model that the Indefinite Term Contract is the benchmark for the contract binding employees to the company, we are proposing responsible, reciprocal and lasting commitments between the company and its employees.

To support this commitment and ensure the successful integration of new arrivals, a number of measures are in place to accompany the hiring of new employees under C.D.I. contracts:

Employee voting

YES  
92%



- Our Ecole des Métiers d'INESSENS (E.M.I.) has set up volunteer tutors to help new employees integrate into the company;
- Insofar as the C.D.I. becomes the referent, the trial period is systematically renewed to give everyone the time they need to get to know each other;
- After the first 15 days of the contract, a meeting is held between the new employee, his/her line manager and his/her tutor to review the progress of the integration process;
- Finally, at the end of the trial period, a meeting is held with the same people to give a strong, binding character to the act of definitive hiring.

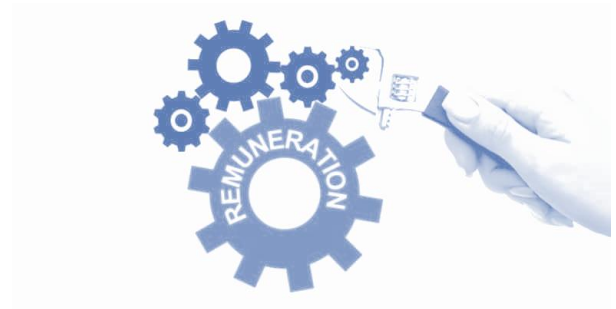
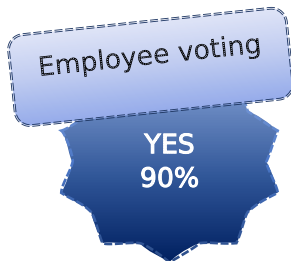
## 2. MINIMUM FIXED REMUNERATION

Putting profitability at the service of improving the fixed remuneration of those who, in the company, would be paid at the minimum levels of our collective bargaining agreements is part of a responsible social policy.

In addition to bonuses and variables, INESSENS is committed to ensuring that fixed salaries are always higher than those stipulated by collective bargaining agreements.

The following minimum remuneration requirements are set out in the INESSENS economic and social model:

- Any employee joining the company on the basis of a salary at the minimum of the collective bargaining agreement will receive a 2% pay rise when he or she is finally hired, and consequently at the end of the probation period.
- With more than one year's seniority, fixed remuneration is at least 5% higher than that provided for in the collective bargaining agreement applicable to our companies.



### 3. A SOCIAL PACKAGE DESIGNED TO SHARE PROFITABILITY WITH EMPLOYEES

Sharing profitability with INESSENS employees is seen as a responsible value.

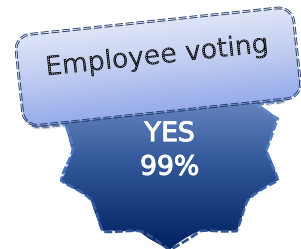
The sharing of the wealth created between the company's long-term security, investment, innovation and social redistribution is a major issue of transparency in order to unite people in the same direction, that of shared success, meaning and why we should be together.

Implementing a social package that is known, transparent and common to all companies, and that aims to share profitability with company employees, is a major step forward in writing our economic and social model.

The social package is made up of various bonuses paid to employees, subject to the company's financial conditions and the employee's tenure as a C.D.I. :

- Loyalty bonus;
- A profitability bonus (variable quarterly bonus calculated on simplified cash flow\*) ;
- A quarterly quality bonus ;
- A year-end bonus package;
  - A 13th month ;
  - A profit-sharing scheme;
  - An annual revaluation policy ;
  - Improved remuneration for Saturday work
  - Luncheon vouchers.

*\*CFA : Cash flow from operations*





### Loyalty bonus

This bonus, acquired subject to seniority conditions, is paid from the 3rd year onwards, at a gross monthly rate of 30 euros.

It increases in 3-year increments, up to 15 years' seniority.

The loyalty bonus is adjusted every 5 years if the average CAF rate over the 5 years exceeds 13%.

After 15 years' seniority, and from the age of 20, paid annual leave is added.

### The profitability premium

The aim of this bonus is to offer a quarterly variable bonus package correlated with the company's performance, in order to share profitability.

This bonus is based on the cash flow rate calculated quarterly for each INESSENS company.

The amount of this bonus is paid to employees in thirds over the following quarter.

Since this bonus is directly linked to profitability, rules for obtaining it have been defined, notably under conditions of employee attendance.

### Quality bonus

The aim of this bonus is to enhance the individual quality produced.

Amounting to 300 euros gross per quarter, this bonus is paid if no non-conformity resulting from non-compliance with procedure or a business defect is made by the employee over the full quarter previously worked.

Like the profitability bonus, it is paid according to employee attendance.

The quality bonus is adjusted every 5 years if the average CAF rate over the 5-year period exceeds 13%.

### Year-end bonus

The INESSENS economic and social model also includes an end-of-year bonus package correlated to company performance, to share in profitability and benefit those managers who, according to them, have really invested themselves over the year.

The CAF rate determines the amount of the envelope that is distributed among employees.

This bonus, calculated on the basis of company results at October 31st of each year, is paid to employees on December 31st.

### The thirteenth month

To ensure that all INESSENS employees benefit from the advantage of a 13<sup>th</sup> month, this notion is included in the social package of the INESSENS economic and social model.

The 13th month, calculated on the basis of gross salary excluding bonuses, is paid to Inessens employees in 2 instalments:

- 50% to June 30 ;
- 50% on December 31.

### Profit-sharing

A profit-sharing scheme is offered to all INESSENS employees with more than three months' seniority at December 31 of each year.

Profit-sharing is triggered if EBIT exceeds 4% of sales.

It is paid no later than June 30 of each year, provided the employee has been with the company for more than 3 months as of December 31 of the previous year.

It is subject to CSG and CRDS taxes if paid immediately to the employee, or tax-exempt if invested in the Plan Epargne Entreprise.

### *A policy of annual upgrades*

Creating the conditions for a virtuous, fair and known circle is the ambition of this annual revaluation policy. Collective bargaining obligations are based solely on companies' obligations to increase minimum wages in line with branch agreements.

The social package's aim in this area is to go well beyond this, by correlating pay rises with economic performance.

Employees must have been with the company for 6 months on December 31 of the previous year to qualify for individual and collective salary increases.

- Individual salary increases are awarded by site management on a case-by-case basis. They apply to the January salary of the following year.
- If the CAF rate exceeds 13%, a collective revaluation indexed to inflation takes place in May of the following year. The reference salary is the gross salary excluding bonuses at December 31 of the previous year.
- Depending on the CAF rate and a defined scale, an additional bonus envelope is allocated and distributed among employees.

### *Hours worked on Saturdays*

Coming to work for a day at the weekend is not the same effort as working an extra hour during the day.

Consequently, if the workload so requires, INESSENS offers a bonus of 50 euros gross for an employee who comes to work 7 hours on a Saturday.

### *Luncheon vouchers*

Any employee whose meal falls between two working hours is entitled to luncheon vouchers (except for senior executives and employees who are reimbursed for business expenses).

The company contributes 60% of the face value of the meal voucher.

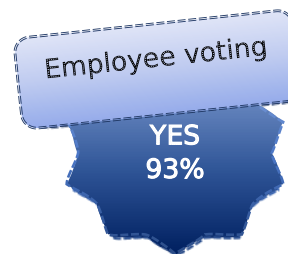
## 4. A FAIR PAY SCALE

Because INESSENS values include fairness and a fair sharing of the wealth created between stakeholders, then implementing a remuneration scale and defining an equity ratio in our INESSENS economic and social model seemed an obligation.

There are legitimate differences in remuneration between executives and employees, but these must be measurable and known.

The implementation of a salary scale and equity ratios, which set compensation ceilings in relation to the lowest salary, have been defined with INESSENS employees to ensure that these criteria are part of a fair, responsible and transparent policy in line with the company's CSR commitments:

- Maximum difference of 1 to 8 between the lowest and highest fixed annual remuneration ;
- Maximum difference of 1 to 25 between the lowest and highest total annual compensation.



## 5. COMMITMENTS TO ECONOMIC GOVERNANCE

The shareholders wished to share with INESSENS employees responsible issues relating to governance - essential and fundamental subjects in a CSR policy.

The obligations and commitments of shareholders in governance are :

- Transparent management,
- To put the profitability generated at the service of the safety and sustainability of the company and all its stakeholders.

Employee voting

YES  
99%

Strong commitments and responsible obligations have been voted to our economic and social model.

### Shareholders' equity

Profitability is used to strengthen the equity capital of INESSENS companies in order to secure the future of all stakeholders, and the company's results must be used primarily to consolidate the latter.



INESSENS' commitment to corporate social responsibility means that no dividends are paid out if the ratio of shareholders' equity to total assets is less than 65%.

### *Banque de France rating*

The independent assessment carried out each year by the Banque de France is important for our companies.

This is an assessment of a company's ability to meet its financial commitments over a 1 to 3-year horizon.

INESSENS' commitment to responsibility means that no dividends are passed on from the companies to the parent company if the Banque de France's rating is below excellence level 1.

### *An ethical and responsible dividend*

It's essential to receive a dividend that compensates for the cash you've contributed to the company and the risk you've taken.

Our ethical view of the dividend paid to shareholders is that it should not exceed the total profit-sharing paid to employees working in the companies that make up INESSENS.

Shareholders, depending on their assessment of the economic situation or estimated needs, may reduce this dividend, but under no circumstances may it exceed the 10-year ceiling set in our Economic & Social model.

### *Financial transparency*

Our financial statements are communicated both internally and externally, with the aim of informing all our stakeholders about the economic situation of our companies.

The publication of our company accounts with the Registries of the Commercial Courts is carried out without any confidentiality declaration.

Our companies' annual accounts are audited and certified by statutory auditors, whose procedures are strictly defined by law and in line with current standards.

### *The fight against corruption*

The Group's governance is very concerned about these issues, which form part of our corporate values of loyalty, honesty and integrity, and has implemented measures to combat them, which have been enshrined in our economic and social model. The fight against all forms of corruption (influence peddling, illegal interest-taking, misappropriation of private funds, theft, misuse of corporate assets, tax or social security fraud, favoritism or breach of probity) is governed by an internal accounting control procedure, an anti-diversion of funds procedure in agreement with our banking partners, and an external control procedure involving a quarterly audit carried out by a firm mandated for this purpose.

### *Our duty as a corporate citizen*

Our commitment as a corporate citizen is to always aim for transparency and civic-mindedness in tax and social matters, to facilitate better cooperation between our companies, the tax authorities, URSSAF services, etc., and to refuse any form of tax or social optimization.

We are also committed to ensuring that our employees' salaries, taxes and contributions are paid in full and on time, and that our suppliers' invoices are settled within the contractually agreed terms.

## 6. A CHARTER FOR LIVING TOGETHER

INESSENS wished to define the principles of "savoir-vivre ensemble" (knowing how to live together) in order to encourage team cohesion and ensure the success of a lasting relationship between INESSENS employees. The commitments set out in the charter form the basis of the rules and values of "savoir-vivre ensemble" and have been drawn up by INESSENS employees.

The principles of "savoir-vivre ensemble" cover the notions of :

[Respect](#)

[Listen](#)

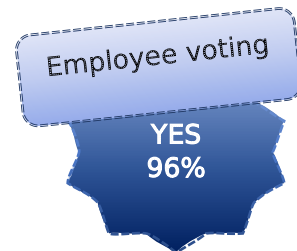
[How to welcome](#)

[Cleanliness](#)

[Environment](#)

[Communication](#)

[Dress code and conduct in the workplace](#)





## 7. COMMITMENTS TO CSR INVESTMENT

Investing is essential to building a future for everyone.

It's confidence in the company, its market and the ability of its employees to live up to the investments made.

### *Overall objective: an investment trend of 13% of sales*

In the long term, INESSENS has set, in agreement with its employees, a global investment target of an average of 13% of annual sales. This commitment requirement for the consolidated scope of all INESSENS companies is a 5-year trend.

Employee voting

YES  
93%

To guarantee the company's long-term viability, we have set a maximum investment limit of 50% of our pre-tax cash flow.

**In terms of investments, INESSENS has defined 6 major areas.**

### ***1. Equipment and buildings: 70% of total investment target***

Accompany company growth by enlarging buildings or constructing new spaces, acquire ever more innovative, high-performance materials and new equipment, renew existing materials and equipment as and when required...

INESSENS has defined an investment trend for equipment and buildings of between 65% and 75% of the overall investment target.

## **II. Sustainable development: 11% of total investment target**

Reducing energy consumption, reducing waste, working with recycling channels, developing eco-responsibility at production sites...

INESSENS has defined a sustainable development investment trend of between 8% and 14% of the overall investment target.

## **III. Safety and well-being: 7.5% of total investment target**

Investing in equipment for employee safety, health and well-being, organizing team-building events, developing employee skills through coaching or safety training...

INESSENS has defined an investment trend for safety and well-being of between 3% and 12% of the overall investment target.

## **IV. Research & Development, communication: 6% of total investment target**

Develop machines, showcase our developments, take part in events and trade fairs...

INESSENS has defined an investment trend for research, development and communication of between 4% and 8% of the overall investment target.

**V. Recruitment and training: 3% of total investment target**

Developing employee skills through external training firms, training our external stakeholders in our businesses, our know-how, our constraints, eco-design...

INESSENS has defined a trend for investment in equipment and buildings of between 1% and 5% of the overall investment target.

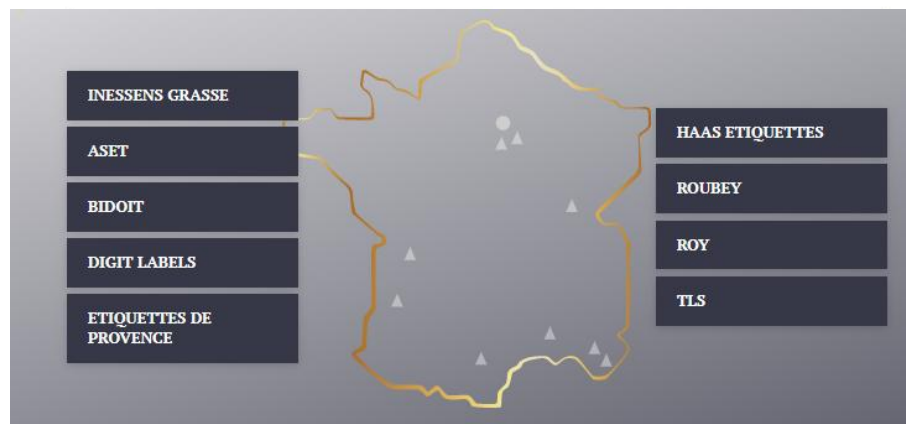
**VI. Territoriality: 2.5% of total investment target**

Participate in the region's economic, social and environmental development through ecological or economic initiatives, collaborative projects with businesses, local authorities or schools, donations, sponsorship, participation in local events...

INESSENS has defined an investment trend for our territories of between 1% and 4% of the overall investment target.



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\*PEFC: guarantees respect for the forest

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