

2018

DPEF

Non-financial
Performance
Declaration



EXACOMPTA CLAIREFONTAINE

FOREWORD

This document sets out the way in which the Exacompta Clairefontaine Group takes account of the social and environmental consequences of its activities.

This Non-financial Performance Declaration (*Déclaration de Performance Extra-Financière*, or DPEF in French), included within the management report, follows on from the transposition of the European Directive on non-financial communication into French law and replaces the previous CSR report.

The DPEF prepared in respect of fiscal year 2018 is the first of its kind. All the Group's activities are included within the scope of this declaration, albeit with a particular focus placed on paper production operations, the business line to which the majority of the non-financial elements correspond.

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GROUP PRESENTATION

The Exacompta Clairefontaine Group engages in both the production and processing of paper, enabling it to control the quality of its products at each stage of the manufacturing process.

Its guiding principle is “make what you sell and sell what you make”. The Group does not engage in resale or contract manufacturing.

Its strength lies in its reliance on brands that have won the loyalty of consumers and businesses alike thanks to the Group’s policy of quality and communication.

PRINCIPAL BUSINESS ACTIVITIES

PRINTING AND WRITING PAPERS

Papeteries de Clairefontaine have manufactured printing and writing papers since 1858. With five machines operated across four sites, the Group produced 232,000 tonnes in 2018. The qualitative positioning of these papers intended for office use, printing, the manufacture of stationery and filing items is overwhelmingly high-end.



Since 2008, the consumption of paper and stationery has fallen due to the development of digital methods for recording and transferring data, as well as unjustified environmental campaigning. By way of example, ream use in France has fallen by an average of 3% per year since 2009 (source Ademe).

The main raw materials used by **Clairefontaine**, **Mandeure** and **Schut** consist of virgin pulp sourced on the world market. For its part, **Everbal** employs technology that enables it to produce 100 kg of paper from just 106 kg of waste paper.



The Group’s papers compete with those produced by the large manufacturers who also produce their own pulp. These manufacturers have a structural advantage in terms of cost price and are not affected by fluctuations in commercial pulp prices.

STATIONERY

Produced from the late nineteenth century at the **Papeteries de Clairefontaine** site and since 1930 by **Exacompta**. This activity accounts for 76% of the Group's consolidated revenue, making it a European leader in this field.

Notebooks, note pads, prints, envelopes, registers and diaries - over the past 30 years production has been extended to include filing items, fine art and craft accessories and calendars. The Group's expertise also facilitates a service offering in printing.

Finally, since 2014 the Group has worked to diversify its offer through the development of digital photos and associated services through the acquisition of **Photoweb** and **Invaders Corp**.



A significant proportion of stationery purchases are seasonal, resulting in variable costs for workshops and overstock that is costly in terms of space and cash flow.

MARKETS

The Exacompta Clairefontaine Group sells to paper resellers, selected printers and processing firms, office suppliers, retailers and supermarkets. These distribution operations are confined to the papers and stationery produced by the Group. The Group does not sell its products directly to consumers, with the exception of digital photography products.



To maintain operations in the workshops whilst meeting customer requirements, it is necessary to manufacture an increasing number of product references. In 2018 the Group listed more than 20,000 different products. Cost-effective production series are decreasing, leading to an increase in the cost price.

With regard to businesses and consumers, the Group prioritises the sale of products bearing its own brands. The most well-known cover multiple product categories, such as:

- **Clairefontaine** - papers, notebooks, envelopes, fine art accessories.
- **Exacompta** - accounting ledgers and snap-out sets, diaries, filing items.

Similarly, the **Quo Vadis** range of diaries and the **Rhodia** range of note pads are increasingly extensive.



INDUSTRIAL ASSETS

Quality is the backbone of the Group's paper production business and the factor that guarantees the long-term viability of its products, whether unprocessed paper sold in reels or reams or paper transformed into stationery at its own workshops with the same high standards.

The Group invests an average of almost €30 million per year (5% of revenue) in the development and/or renewal of its production, processing and distribution equipment.

It strives to foster a highly-skilled and motivated workforce at its sites. 1% of payroll is allocated to continuous training.

Its research and development policy has a specific focus on the uniformity, brightness and coatings of paper used for printing or specialised packaging; multiple tests are carried out on the five machines. The use of recycled fibres is also a priority.

With regard to stationary, one of the workshops develops specialised equipment and design studios create products such as the **KoverBook** range. Finally, the **Photoweb** laboratory has cutting-edge customised digital applications.

COMMERCIAL ASSETS

Consumers are loyal to the Group's brands, which are a mark of the high quality of the products on which they appear. Effective communication campaigns further promote brand awareness. They account for around 3% of the Group's consolidated revenue.

The Group operates sales networks dedicated exclusively to the sale of stationery and papers to supermarkets and stationery stores. The sub-groups have sales delegates for visiting key accounts.

One of the Group's strengths is the large number of product references listed in its catalogues. The main ones are **Exacompta**, **Clairefontaine-Rhodia**, **Quo Vadis**, **Papiers Clairefontaine**, and **Papeteries Sill** for supermarkets and hypermarkets.

Exacompta Clairefontaine also has an online store, **Exaclair Shop**, dedicated to listed resellers to facilitate restocking.

EXACLAIR *Shop*

The Group operates five high-performance logistics platforms supporting delivery to its customers throughout western Europe:

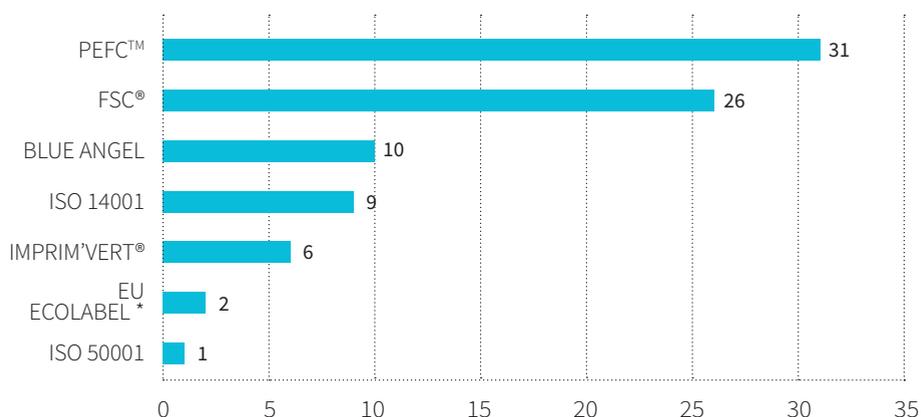
- Vémars (Paris) - **Exacompta**
- Ottmarsheim (Alsace) - **Clairefontaine Rhodia**
- Etival-Clairefontaine (Vosges) - **Clairefontaine papers**
- Carquefou (Loire-Atlantique) - **Quo Vadis**
- Wizernes (Pas-de-Calais) - **Papeteries Sill** with sale to the supermarket sector.

ENVIRONMENTAL ASSETS

Special attention is paid to protecting the environment. In addition to compliance with regulatory obligations, a number of the Group's sites have been awarded environmental certifications:

- FSC® and PEFC™: chain of custody for the use of cellulose fibres from sustainably managed forests;
- Blue Angel: use of recycled plastic or fibrous materials limiting the use of dangerous substances;
- European Ecolabel: limiting water and atmospheric emissions in production, restricting the use of dangerous substances and greater energy efficiency;
- Imprim'Vert®, ISO 14 001, ISO 50 001: implementation of a structure to improve overall environmental production at its sites.

Number of certified sites by standard



*A number of costs borne by the Group have a significant negative impact on it vis-à-vis its European competitors. For example, **Papeteries de Clairefontaine** pays €1.7 million to the extended producer responsibility (EPR) scheme as a seller of graphic paper on the market. This mandatory contribution does not exist in any other European country and foreign producers selling in France pass the cost on to distributors.*

A LONG-TERM POLICY

Établissements Charles Nusse SA hold more than 80% of the capital of Exacompta Clairefontaine. The family holding company manages and controls the group, enabling it to set a consistent long-term policy.

In a capital-intensive industry, the Group has placed in reserve around three quarters of consolidated Group income. Despite having a satisfactory cash flow situation, major internal and external investments are financed by long-term loans.

Exacompta Clairefontaine has a policy of fully owning all its subsidiaries, whether direct or indirect, in order to avoid the involvement of minority interests.

The Group is decentralised, with its five departments run by managers who share the same values and are capable of making quick decisions in line with the global policy.

With more than 160 years of history, the decisions taken thus far are testimony to the relevance of its strategic guidelines, which take particular account of its social and environmental responsibilities.

However, this does not stop the Exacompta Clairefontaine Group from approaching the issues described below as challenges to be met in order to safeguard its long-term viability:

- consumer trends and the increasing importance of digital technology,
- sustainable forest management, in terms of the sustainable use of resources, the preservation of biodiversity and support for local communities,
- the significant energy consumption in paper production operations, during an era in which energy and climate transition is increasingly important,
- the need to control water consumption and improve wastewater quality,
- safeguarding employee health and safety,
- as well as the management and development of their skills.

These priority issues, which do not comprise an exhaustive list, have been identified through a combination of:

- industry studies,
- benchmark studies conducted on identified best practices,
- industry questionnaires prepared by stakeholders (in particular the WWF),
- the support of an independent expert.

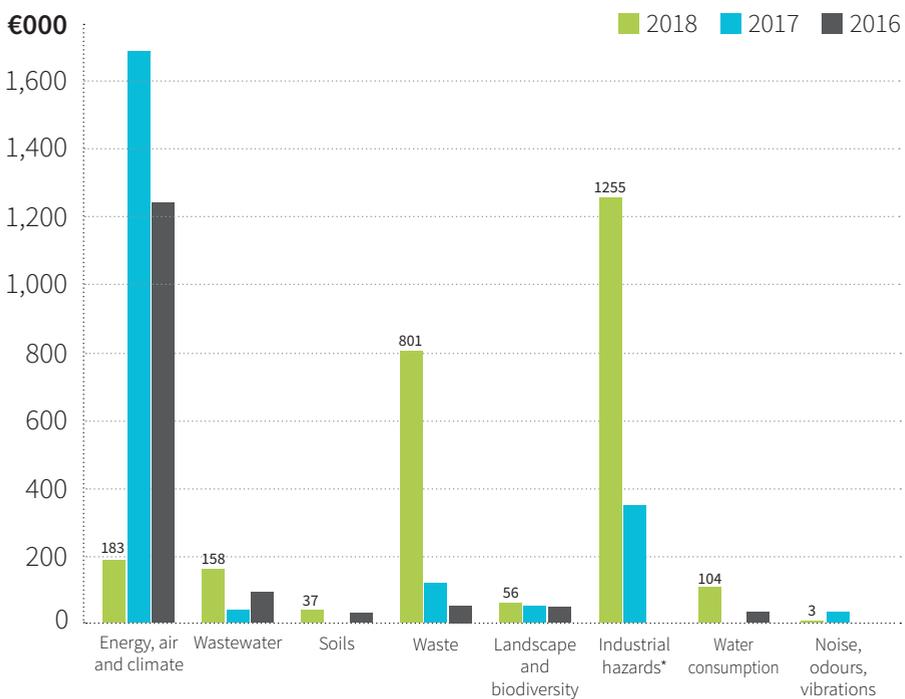
ENVIRONMENTAL INFORMATION



INVESTMENTS TO PROMOTE ENVIRONMENTAL PROTECTION

Each year, the Group invests in improving the environmental performance of its plants and supports a number of environmental protection initiatives. In 2018, the Group's main environmental investments on this topic neared €2,600,000.

Breakdown of investments per topic
(€000)



**As the category of industrial hazard prevention was added in 2017, there is no comparable data for 2016.*

2018 case studies:

- air
 - **Everbal**: installation of continuous dust analysers on the two biomass boilers;
 - **Exacompta**: installation of ozone filters;
 - **Papeteries de Clairefontaine**: installation of smoke gas recirculation on a boiler to reduce NOx emissions;
- Wastewater and the circular economy
 - **Papeteries de Clairefontaine**: purchase of a primary sludge dehydration press with use by Everbal of recovered fibres and reduction in the volumes processed by the treatment plant;

- Waste
 - **Raynard**: investment in a new laminating line to reduce paper/ cardboard scrap levels;
 - **Exaclair Limited**: purchase of a of a baling press;
- Energy savings
 - **Papeteries Sill**: replacement of multiple compressors with a single variable-speed compressor;
 - **Papeterie de Mandeuire**: installation of variable speed drives on a range of equipment;
 - **Quo Vadis, Exacompta, Rolfax, Claircell**: LED relamping;
 - **G. Lalo**: Electric car rental for salesperson travel;
- Industrial risks
 - **Manuclass** and **Papeterie de Mandeuire**: installation of automatic fire-extinguishing systems;
 - **CFR**: implementation of fire detection;
 - **Ernst Stadelmann**: erection of automatic smoke extraction at a storage building;
- Soils
 - **Rolfax**: creation of a 1,100 m³ fire extinction water reservoir;
- Water savings
 - **Papeteries Sill**: purchase of a mineral solution-based cleaning machine;
 - **Papeteries de Clairefontaine**: research study on water leakage in the drinking water network.



Overview of the waste treatment plant of Papeteries de Clairefontaine

FINANCIAL PROVISIONS AND GUARANTEES

Since 1 July 2014, two of the Group's French paper mills have been required to provide financial guarantees for ensuring plant safety in the event of a shutdown. The estimated cost of €323,000 could be used, among other things, to cover residual environmental risk prior to site rehabilitation.

RAW MATERIALS

The papers produced by the Group are primarily composed of cellulose fibres. The virgin pulp we use is produced from timber originating from sustainably managed forests. This policy is principally aimed at protecting biodiversity, ensuring the health and vitality of forests and preserving their socio-economic function.

Recycled fibres are also used to produce certain papers, which **Everbal** has made its speciality.

The Group has obtained FSC® and PEFC™ certification for its chain of custody in order to guarantee the traceability of the source of fibres.



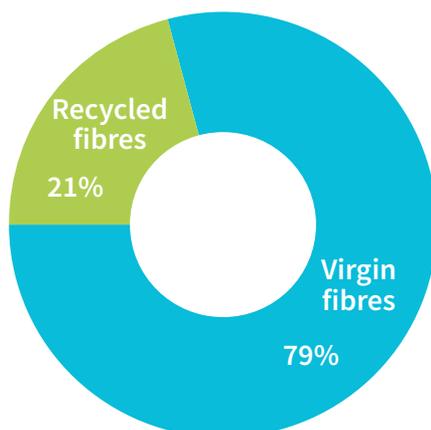
La marque de la
gestion forestière
responsable



pefc-france.org

In 2018, the consumption of virgin and recycled pulp fibre from production sites amounted to 193,126 tonnes (191,330 tonnes in 2017). These paper mills filter their process water to recover and reuse as much of this fibre as possible.

Types of fibres used in the production of papers



Paper production also requires the use of starches, mineral fillers and various additives, which provide the colouring and commercial properties (e.g. printing, writing) that are expected of our manufactured products.

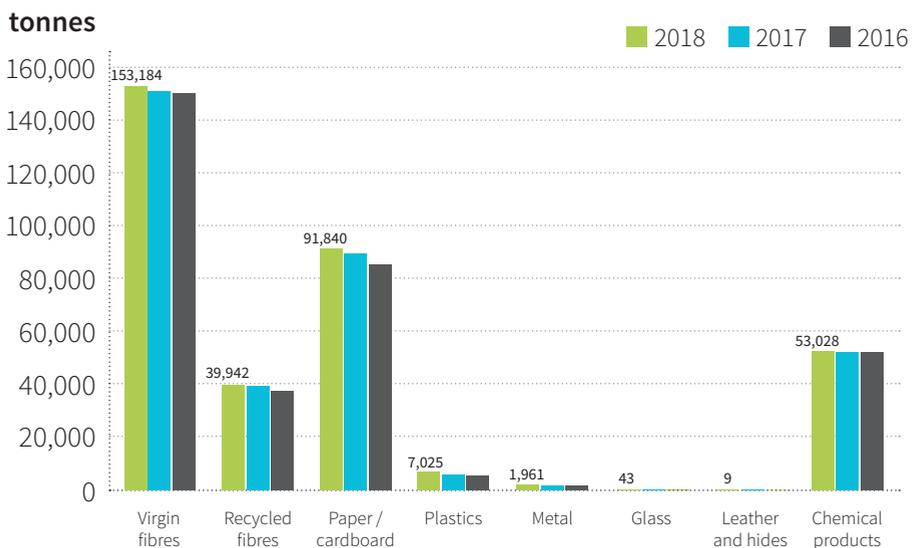
Retention agents are also used to improve the binding of additives to the fibres and thus reduce additive consumption.

A proportion of these papers are then used by the Group's processing factories, where they are combined with other materials - card, greyboard, metal parts (eyelets, binder mechanisms, etc.), glues and inks - to make thousands of different types of exercise books, note pads, notebooks, diaries and filing items.

The Group also uses plastics, to which great attention is paid. By way of example, the company **Ernst Stadelmann** consumes around 1,500 tonnes of polystyrene (PS) and polypropylene (PP) granules annually for office product injection (drawer units, letter trays, etc.). In 10 years, the proportion of Blue Angel-certified recycled granules used in production has increased from 0% to 62%, thereby significantly reducing the company's carbon footprint.

Besides the important role it plays in ensuring customer satisfaction, quality control also provides a number of environmental benefits. Checking products at all stages of the production process allows us to identify quality issues at an early stage, avoid excessive consumption of raw materials and limit the amount of waste.

Main raw materials (excluding packaging)
used by the production sites
(tonnes)



Not all raw materials have been included due to differences in the unit of measurement (per unit, per m, per m²). Purchased finished items, generally multi-material, are not taken into account.

“WASTE” MANAGEMENT

The development of the concept of the circular economy should ultimately lead to the replacement of the notion of “waste” by that of “secondary raw materials”, i.e. recovered materials that can be used as a partial substitute for virgin raw materials. In this sense, the paper industry is one of the drivers of the circular economy.

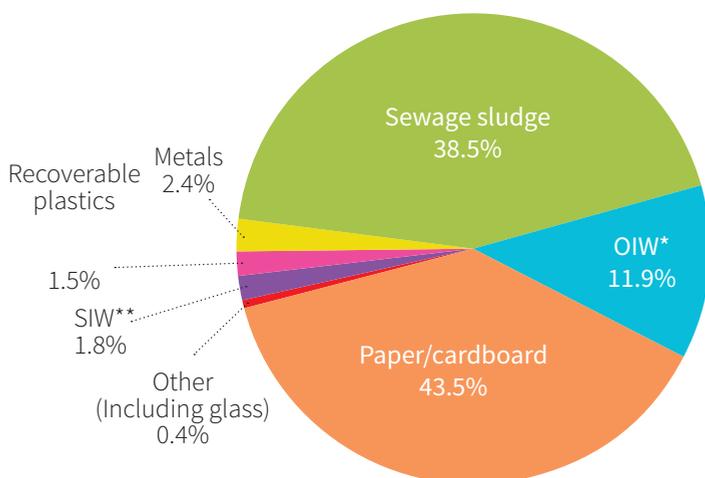
This principle is also applied by the Group. A large portion of the paper scrap collected by the processing plants is sent to the **Everbal** plant, which specialises in producing recycled paper.

By sorting other types of waste (plastic, metal, etc.), the Group promotes the recycling of these materials by specialised firms.

Sludge emanating from the paper mill water treatment plants is partially composted and then used for farming purposes. When collected waste cannot be recycled, it is sent to an energy recovery facility. As a last resort, waste products that cannot be reused are sent to specialised treatment centres for disposal. Our staff are regularly made aware of the importance of sorting waste in order to optimise our performance.

In 2018, a total of 31,104 tonnes of waste was generated by the Group’s activities, compared to 30,755 tonnes in 2017, the majority of which was recovered.

Waste - Breakdown per category



*OIW: Ordinary Industrial Waste
**SIW: Special Industrial Waste

COMBATING FOOD WASTE

No Group company has a collective catering service.

Employees who eat lunch on site are personally responsible for their food. Only one entity offers its employees daily delivery of individually prepared meals. In both cases, the risk of food waste is extremely low.

ENERGY CONSUMPTION

The paper production process is relatively energy-intensive:

- fuel used to produce the vapour required to dry paper,
- electricity used in fibre refining, the pumping of liquids and the operation of machinery.



Energy price fluctuations may have a significant impact on the cost price.

Paper mills have therefore long been taking steps to limit energy consumption (insulation of dryer hoods, using heat recovery for heating process water and premises, installing variable speed drives on engines, etc.).

Since 2017, the energy management system used at **Papeteries de Clairefontaine** is ISO 50001 certified.

The processing sites are also working on these issues by purchasing more energy-efficient equipment or by seeking ways to optimise the lighting and heating of premises.

FUEL (FIXED FACILITIES)

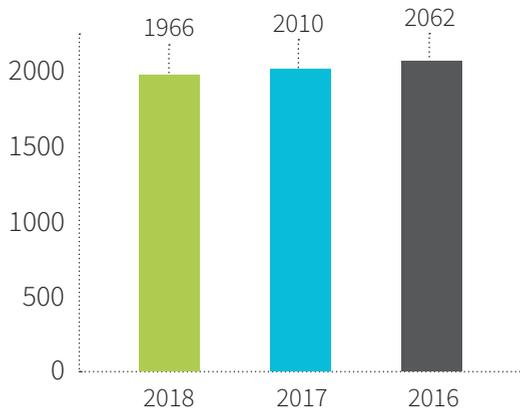
In 2018, the Group's paper mills burnt 98% of the fuel consumed by the Group.

Natural gas is the primary fuel consumed by our facilities. It is the fossil fuel that emits the least amount of pollutants during combustion.

With its two biomass boilers, **Everbal** now only uses heavy oil when the main boilers are undergoing maintenance.

For its part, the **Papeteries de Clairefontaine** thermal power plant operates on the basis of co-generation, enabling the simultaneous generation of steam and electricity. For this purpose, the plant is fitted with one gas turbine and two steam turbines.

Average consumption at the paper mills
(NCV kWh/tonne of gross paper production)



Objective
2025

PAPER MILLS: Reduce the fuel consumption of fixed facilities by 8% compared to 2016.

ELECTRICITY

Only a few of the Group's sites produce electricity (**Exclair Limited, Schut Papier, Papeteries de Clairefontaine**).

As such, most of the electricity consumed comes from the distribution network.

In 2018, the Group's paper mills absorbed 84% of all the electricity consumed by the Group.

Average consumption at the paper mills
(kWh/tonne of gross paper production)



Objective
2025

PAPER MILLS: Reduce electricity consumption by 6% compared to 2016.

USE OF RENEWABLE ENERGY

The Group uses renewable energy whenever possible in order to reduce the environmental impact of its activities, particularly with regards to climate change.

For this it uses:

- 2 biomass boilers (**Everbal**),
- the heat produced by an external biomass boiler (**Ernst Stadelmann**),
- geothermics (**Photoweb**),
- 1 hydroelectric turbine (**Papeteries de Clairefontaine**),
- solar panels (**Exaclair Limited** and **Schut**).

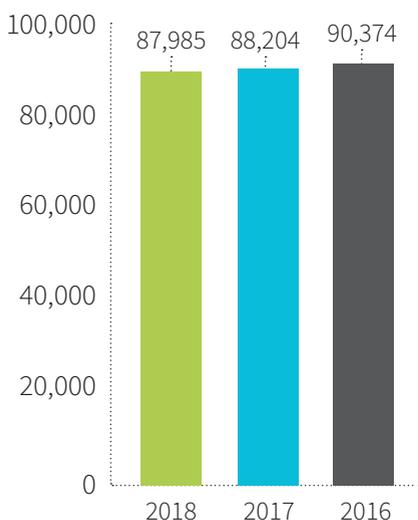
ATMOSPHERIC EMISSIONS

GREENHOUSE GASES

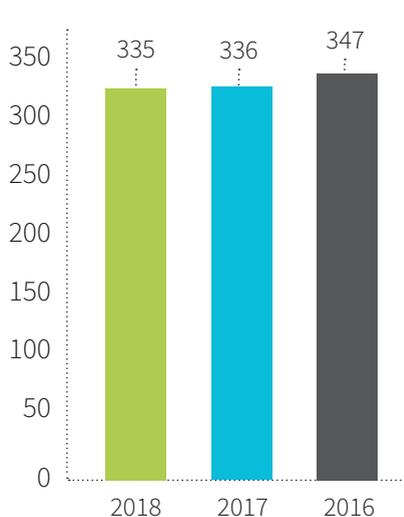
CARBON DIOXIDE (CO₂)

Only the Group's three paper mills in France are subject to the European Union Emissions Trading System (EU ETS).

Total CO₂ emissions declared as part of the EU ETS framework
(tonnes of CO₂)



Average emissions
(kg CO₂/tonne of gross paper production)



During phase three of the EU ETS, the free allowances of CO₂ received by the Group reduced from 74,155 in 2013 to 65,573 in 2018 and will drop to 62,160 in 2020. The missing allowances must be purchased on the European exchange market. Between 1 January 2017 and 31 December 2018, the CO₂ allowance market price quadrupled.

One of the Exacompta Clairefontaine Group's objectives is to reduce its CO₂ emissions from fossil fuels by investing in renewable energy and taking action to limit energy consumption.

It should also be noted that **Papeteries de Clairefontaine** exports a portion of the CO₂ contained in the smoke generated by its boilers to a precipitated calcium carbonate (PCC) production facility. In 2018, almost 12,153 tonnes of CO₂ was consumed during the process and was not emitted into the atmosphere (11,599 tonnes in 2017).

MAIN CO₂ EMITTERS

Direct CO₂ emissions from fixed sources (in particular steam-generating combustion systems, heating of buildings and electricity production), mobile sources (handling equipment, company vehicles, trucks controlled by Group companies), as well as indirect emissions relating to mains electricity consumption, were taken into account.

Due to lack of data, emissions generated by the transportation of raw materials and finished products and by employee travel could not be assessed.

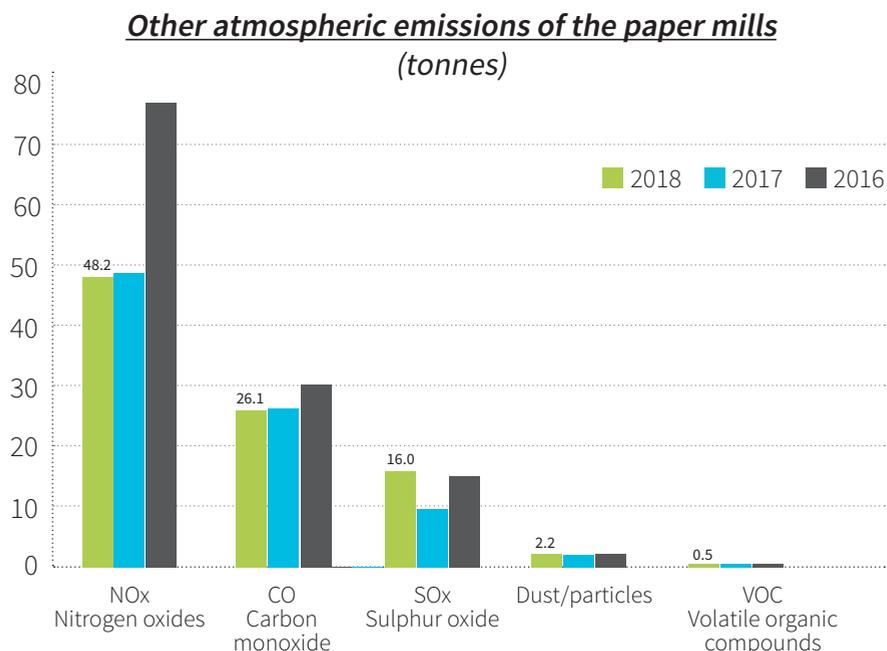
Fixed combustion facilities are the main CO₂ emitters.

OTHER GREENHOUSE GASES

Owing to refrigerant leaks in their air-conditioning systems, four sites were responsible for releasing 184.55kg of fluorinated gases into the atmosphere in 2018 (50.4kg in 2017). The other Group companies did not identify any such leaks or were unable to obtain precise data on the matter.

OTHER ATMOSPHERIC EMISSIONS

Only the Group's three paper mills in France are required to regularly measure emissions from their boilers.



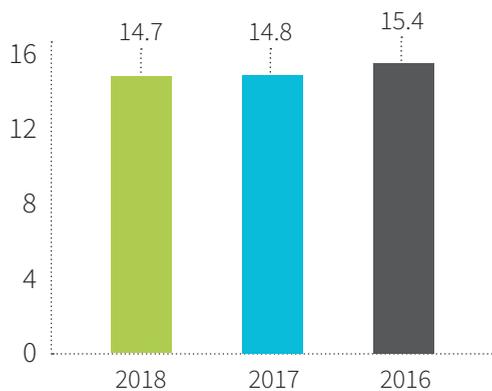
WATER CONSUMPTION

Water is indispensable to the paper industry and it is essential that the supply of this resource is sustainable. Accordingly, Exacompta Clairefontaine Group makes every effort to preserve the water supply and reduce its consumption.

The paper mills are the Group's biggest consumers of water. In 2018, they collectively accounted for 97% of total surface water and groundwater consumption, including drinking water. However, a significant proportion of extracted water is returned to the natural environment after treatment.

The Group's plants have never been subjected to water restrictions, except for paper mills during severe droughts.

Paper mill water consumption
(m³/tonne of gross paper production)



Objective
2025

PAPER MILLS: Reduce water consumption by 8% compared to 2016.



DISCHARGE OF WASTEWATER

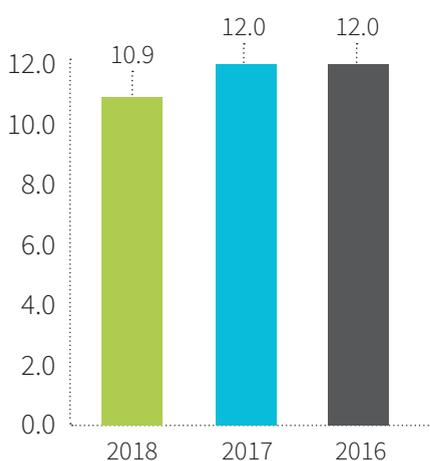
The Group's paper mills are equipped with wastewater treatment plants enabling them to limit the amount of pollutants discharged into the natural environment.

They are the only sites that measure wastewater quality on a regular basis, and daily for certain parameters.

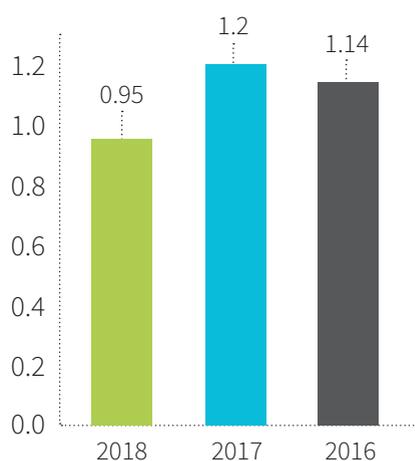
As the Group's other entities consume only a very small quantity of water, they are connected to municipal wastewater treatment plants or treat their effluent as special industrial waste.

Paper mill emissions

Volumes of discharged wastewater
(m³/tonne of gross paper production)



Discharge of COD*
(kg COD/tonne of gross paper production)



*Chemical Oxygen Demand

SOILS

AGRICULTURAL RECYCLING OF SEWAGE SLUDGE

The sludge generated by the treatment of effluent produced during the paper production process is generally directly reused in farming or previously converted into standardised compost (French standard NF U44-095). In 2018, **Papeterie de Mandeuire** also established a methanisation treatment operation.

Paper mill sludge contains elements that have agronomic value which means that it can be used as a partial substitute for traditional chemical fertilisers.

The sludge is mostly recycled in agriculture as:

- organic soil amendment: rich in cellulose fibres, this type of sludge has a beneficial effect on soil structure;
- calcium soil amendment: one application provides on average a little over 2.5 tonnes of lime per hectare.

The concentration of metal trace elements (MTE) and trace organic compounds (TOC) in the sludge are well below the limits set by the regulation.

SOIL AT GROUP SITES

The average rate of soil sealing at the Group's industrial sites is around 53%.

These sealed surfaces include the buildings, thoroughfares and car parks. The open spaces are green areas, lagoon-type areas or land reserves.

Regulations require that all potentially hazardous products or waste at these sites be stored on retention shelving so that any spills can be contained, thereby reducing the risk of soil pollution.

To date, only two soil pollution surveys have been carried out on operational Group facilities, both in 2003. The first survey was conducted following an accidental break in an oil pipeline, while the second was carried out in relation to a former coaling station to assess potential pre-existing pollution.

NOISE AND OTHER TYPES OF POLLUTION

Plant operations are conducted within closed buildings, thus limiting noise disturbance for local residents. In addition, some sites are fitted with noise reduction systems (silencers and soundproof booths for high-noise machine sections).

Given that the paper mills have their own water treatment plants, unpleasant smells may very occasionally arise in the nearby areas.

Night lighting on Group sites is limited to facilities involving shift work (morning, afternoon, night). Unused areas are not lit. In these factories, exterior lighting is also maintained to reduce the risk of accidents (thoroughfares and car parks).

ENVIRONMENTAL INCIDENTS

Despite all the precautions taken to reduce risk, the Group recorded three environmental incidents at its paper production sites in 2018.

Papeteries de Clairefontaine

- The failure of a chemical product storage tank valve resulted in a non-visible leak into the plant's wastewater network. The treatment plant was unable to control the inflow, causing harmful waste for aquatic organisms. The company swiftly provided compensation to the local AAPPMA (approved associations for fishing and protection of the aquatic environment) and fish stocks were replenished within a short period. A causal analysis was conducted and corrective action is currently being implemented.

- A process effluent pipeline was damaged, resulting in the discharge of untreated wastewater into the river. The piping had been identified as being a potential risk and was in the process of being replaced. The incident took place during the week prior to the scheduled connection date for the new pipe.

Everbal

Untreated industrial effluents accidentally returned to the water leading to the colouration of river water.

BIODIVERSITY

The Exacompta Clairefontaine Group sponsors various initiatives in favour of biodiversity.



OceanoScientific

Since 2014, **Papeteries de Clairefontaine** has donated €244,000 to the OceanoScientific association. This philanthropic general interest organisation works to protect the ocean and observe the causes and consequences of climate change on the air/sea interface.

Thanks in part to this support, the association has planned two new major expeditions for the austral summer and winter between 2019 and August 2020.

These expeditions will be staffed by a crew, including an oceanographer, with a new OceanoScientific Explorer vessel fitted with highly sophisticated data collection equipment. It will also enable the observation and measurement of micro plastics and the resulting pollution.



Conservatoire d'espaces naturels de Lorraine

Papeteries de Clairefontaine and Conservatoire d'Espaces Naturels de Lorraine entered into a 15-year management agreement in 2005. This agreement relates to the preservation, on the land belonging to the company, of hay meadows inhabited by a butterfly (Dusky Large Blue) included on the French list of protected insect species.

Due to the presence of habitats and species of European Community interest, this nature reserve was made into a Natura2000 site.



THE EFFECTS OF CLIMATE CHANGE

For the time being, the consequences of climate change have not had a material impact on the activities of the Exacompta Clairefontaine Group. However, the paper industry may be impacted by this phenomenon on multiple levels.



Prolonged periods of drought have tended to be more frequent and more severe over recent years. Water usage restrictions may limit paper mill production capacity.



During low-water periods, i.e. when a water stream is at its lowest level, the self-purification capacity of the natural environment is weaker. During this period, any malfunction at wastewater treatment works may result in a discharge having a harmful impact on aquatic fauna and flora.



A number of the raw materials used by paper mills are sourced from the agricultural sector, such as starches from wheat, corn and potatoes. Climate disturbances may impact the availability of these resources, a significant proportion of which is used in human and animal foods.

SOCIAL INFORMATION



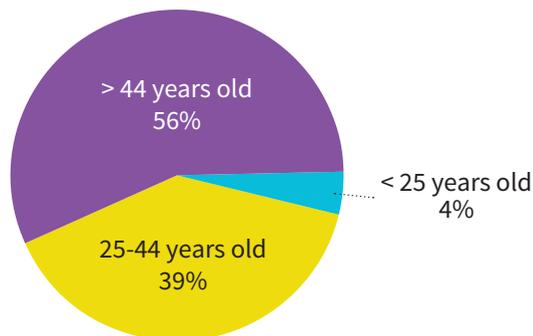
THE GROUP'S HUMAN CAPITAL

At the end of 2018, Exacompta Clairefontaine employed more than 3,100 people, 86% of whom were based in France.

Within this workforce, 41% of employees are female and 59% are male. The vast majority of them (94%) held permanent employment contracts.

With regard to staff turnover, most departures were related to contract expiration, reflecting the seasonal nature of a part of the Group activities. The use of fixed-term or temporary workers at certain times of the year allows the Group to cope with fluctuations in its manufacturing business, in preparation for the start of the school year, the manufacture of products linked to the annual cycle (diaries, calendars, etc.) or festival or holiday periods (photo books).

Breakdown of workforce by age group



The majority of the Group's employees are older than 44. However, numerous business activities require knowledge and expertise that must be handed down before older generations retire.

SKILLS DEVELOPMENT

In response to an ever-changing market and new technologies, the Group's companies must be flexible in order to adapt quickly to demand. This means supporting and anticipating the transformation of business activities and the way in which work is structured.

As such, the human resources teams and business line managers work closely together and are committed to ensuring that employees' skills match the companies' requirements on a continuous basis. Once these requirements have been identified, training programmes are prepared and carried out.

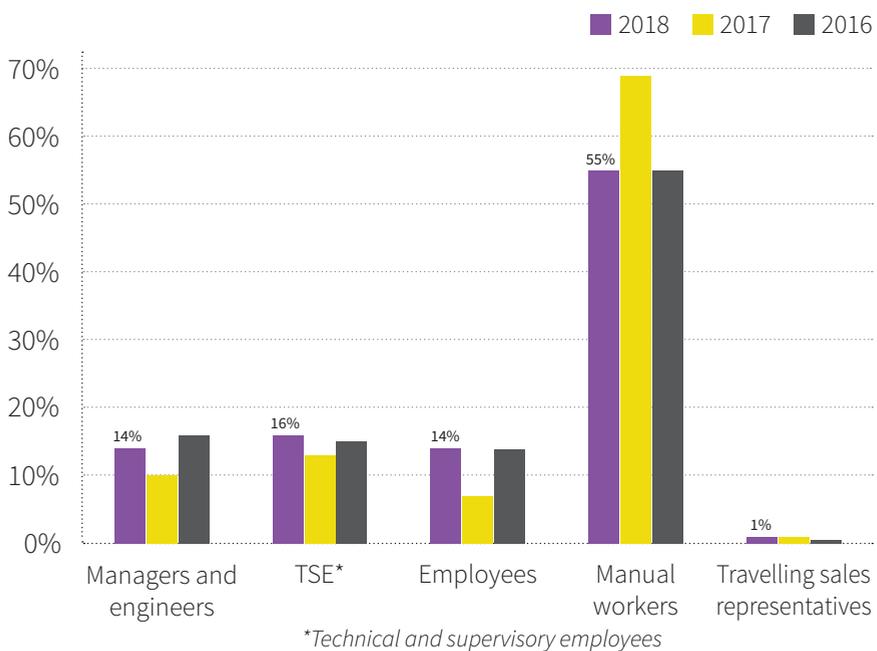
Within this fluid environment, the acknowledgement and transfer of expertise is essential and proper planning for retirement is paramount.

In order to achieve this, the Group's companies encourage employees to formalise recognition of their specific or transferable skills through professional qualification certificates.

Some companies also operate a mentor system in order to transfer the know-how of experienced staff members before they retire and to promote staff versatility.

In 2018, the Group provided a total of 23,159 hours of training (23,424 hours in 2017), either in-house or through certified training organisations, for a total cost of €1,667,000.

Breakdown of total hours of training received by professional category



EQUAL OPPORTUNITIES AND DIVERSITY

Equal opportunities, non-discrimination and diversity are fundamental values which the Exacompta Clairefontaine Group is committed to upholding.

Gender and ethnicity play no part in recruitment and career development, as the Group gives precedence to skills and professional merit.

Occupational training is used as a lever to help eliminate any inequalities in the career paths of men and women.

The Group also employs people with disabilities (98 at the end of 2018) and adapts work stations if necessary.

EMPLOYEE HEALTH AND SAFETY

PREVENTIVE MEASURES

One of the Group's primary concerns is providing its employees with the best possible working conditions in order to guarantee their health and safety. With this in mind, all production and logistics sites have a safety officer.

Safety action plans based on occupational risk analysis are implemented in order to eliminate risks or mitigate those that cannot be completely avoided.

In 2018, over €1,500,000 was invested to improve employee safety. An overview of the measures taken is presented below:

- Reduction of repetitive tasks and/or load carrying
 - **Papeteries Sill**: installation of a packing and palletising robot for finished products;
 - **Quo Vadis**: commissioning of equipment designed to avoid manual product handling;
 - **Exacompta, Manuclass**: implementation of machine output stackers to facilitate product collection;
- purchase of handling equipment and handling support equipment
 - **Claircell**: electric forklifts, a reel handling bracket;
 - **Quo Vadis**: a reel trolley;
 - **Papeteries de Clairefontaine**: replacement of handling equipment;
 - **Papeteries Sill**: a plastic reel turner, a wall-mounted jib crane with hoist to facilitate cylinder or sleeve handling;
 - **Manuclass**: an electric hoist for sleeve handling;
 - **Madly**: wrapping paper roll transfer trolleys;
- Securing work equipment
 - **Exacompta, Manuclass**: protective casing and securing of various machinery;
 - **Papeteries de Clairefontaine**: fitting of a secure packing area for palletised reels, replacement of a mandrel saw to reduce exposure to dust particles and secure cutting operations;
- Specialist protective equipment
 - **Clairefontaine Rhodia**: purchase of protective equipment for lone workers;
- Working environment
 - **Papeteries de Clairefontaine**: installation of electric radiation heaters at loading platforms and in the picking area;
 - **Claircell**: installation of anti-fatigue matting.

INDUSTRIAL ACCIDENTS AND OCCUPATIONAL ILLNESSES

Across the Group, 3,985 days were lost due to industrial accidents (including commuting accidents) in 2018, compared to 3,918 in 2017.

	2018	2017	2016
Frequency rate Number of lost time industrial accidents per 1,000,000 hours worked	25.8	23.7	28.0
Severity rate Number of working days lost per 1,000 hours worked	0.8	0.8	0.8

With regard to reported illnesses, fifteen were deemed occupational illnesses at the Group's French sites, compared to seventeen in 2017.

In future, the Exacompta Clairefontaine Group intends to bolster its health and safety policy in order to work towards achieving the lowest possible accident rate.



**Objective
2025**

GROUP: Achieve a frequency rate lower than 15.



Paper machine output parent reels - Papeteries de Clairefontaine

REGIONAL INVOLVEMENT



IMPACT ON THE LOCAL ECONOMY

This report has been prepared for 39 companies, including all French companies and 13 foreign subsidiaries.

All Exacompta Clairefontaine subsidiaries play a vital role in their local economies, both as employers and in terms of their commitment and contribution to local communities. Recruitment is typically drawn from people living in the vicinity of factories and other operational centres, but a wider scope is also applied for specific skills.

For example, **Papeteries de Clairefontaine** has been present in the village of Étival-Clairefontaine (Vosges) since 1858 and currently employs 550 people. Over time, close bonds have been formed with the surrounding cities and villages.

Over the past thirty years, the Group's growth has in part been due to acquisitions of other companies. They are most often kept in the same location with a focus on specialising in their core profession. As such, in France, 80% of the Group's employees work at 19 plants located outside the greater Paris region.

Since its inception, the Group's majority shareholders have been members of the same family. A number of families of current employees have had members working for the Group over six or seven generations. The tradition of going to work in the same factory as one's parents is still alive today.

FAIR PRACTICES

The prevention of active and passive corruption is a key concern of senior management. A code of conduct was circulated to all Group employees in 2017. This code specifically meets the requirements of the 8 November 2016 French Sapin II law for the prevention and detection of corruption and influence peddling and is available on the Group's website.

PROCUREMENT AND SUBCONTRACTING

Exacompta Clairefontaine is a French group with a European mindset. Social and environmental issues are taken into account through the certifications required by our customers or as part of the Group's QSE policy.

Fibrous raw material suppliers (pulp and paper) generally have FSC®, PEFC™ or Blue Angel certification.

Printing suppliers are generally Imprim'Vert® certified.

For a supplier or product to be selected, it must be deemed environmentally friendly. Supporting documentation may be requested and checked, particularly in the case of products carrying European Ecolabel certification. The Group seldom subcontracts and, when it does, subcontractors are mainly locally based. The operations concerned may also be performed in-house.

PRODUCT SAFETY

The health and safety of our consumers is paramount. Some product lines must comply with standards and regulations regarding toy safety or hygienic requirements for materials and packaging in contact with food.

For example, all products in the **Avenue Mandarine** range bear CE marking for toys.

PARTNERSHIPS

The Group is fiercely committed to supporting young people to practice sport. All kinds of sport contribute towards a child's growth and development by instilling values of respect, drive, performance, ambition and equality.

Exacompta Clairefontaine sponsors a number of French youth teams practising various sports, including football, basketball, rugby, handball, hockey and cycling.

In addition to supporting amateur and leisure sports, **Clairefontaine Rhodia** is also the main sponsor of boys' and girls' youth teams (aged 7-19) for a number of highly respected French football clubs.

The Group sponsors Olympique Lyonnais, Toulouse FC, FC Nantes, Bordeaux, SM Caen, AS Nancy Lorraine, Sochaux-Montbéliard, RC Lens, AJ Auxerre and RC Strasbourg.



Etival-Clairefontaine football academy

The Group also supports cultural activities, including festivals and a range of other projects through sponsorship. Group companies are committed to the local communities of their employees.

HUMAN RIGHTS AND EDUCATIONAL INITIATIVES

The Exacompta Clairefontaine Group is particularly attentive to compliance with human rights and fundamental principles and rights at work.

Education is the central pillar on which Group initiatives in support of these principles are based.

Exacompta Clairefontaine is committed to helping children to successfully complete their education and has set up a number of projects to promote education and raise public awareness of children's rights.

In 2018, Clairefontaine Rhodia donated €340,000 to UNICEF, taking the Group's total donation to this humanitarian association to €3,734,000 since 2004.

Due in part to this support, educational programmes are being carried out in Togo.

UNICEF collaborates with Centre International de la Pédagogie Active (CIPAC) and the French Development Agency (ADF) on the implementation of active learning schemes across the country.

In Doufelgou, in the Kara Region, 42 schools have been selected to host teachers trained in active learning programmes. In order to support the transition from traditional learning methods to the new system, UNICEF has provided the schools with educational materials, thereby helping to make the initiative a successful learning experience.



© UNICEF Togo | 2018 | Tim Webster

Pupils and teachers are in agreement that the new system is the way forward for classrooms in Togo, as not only does active learning help develop children's creativity and thought capacity, but the students feel part of a team in which every individual is afforded respect in equal measure.

A specific training module has also been created to combat gender-based violence in schools, available to all the training partners.

which aims to enable a greater number of young girls to complete their primary education. The programme also promotes a greater involvement of female teachers, with research showing that the presence of female staff within schools creates a calmer atmosphere and reduces violence.



© UNICEF Togo | 2018 | Tim Webster

Similarly, progress is also being made in the integration of disabled children into the school system, providing them with the same access to basic education as all other children.

Over the past ten years, UNICEF has built 33 nursery schools and 480 schools adapted to the needs and safety of girls and disabled children. Under the supervision of some 1,000 newly trained support staff and 720 teachers, over 12,000 children have benefited from these new schools. The Ministry for Primary and Secondary Education and UNICEF share a vision of active learning integrated into all primary schools, providing all children with equal access to quality teaching in an environment that is safe and respectful irrespective of gender.

TAX POLICY

The Group has little exposure to tax avoidance risk due to its structure. None of the Group entities are located in a 'tax haven'.

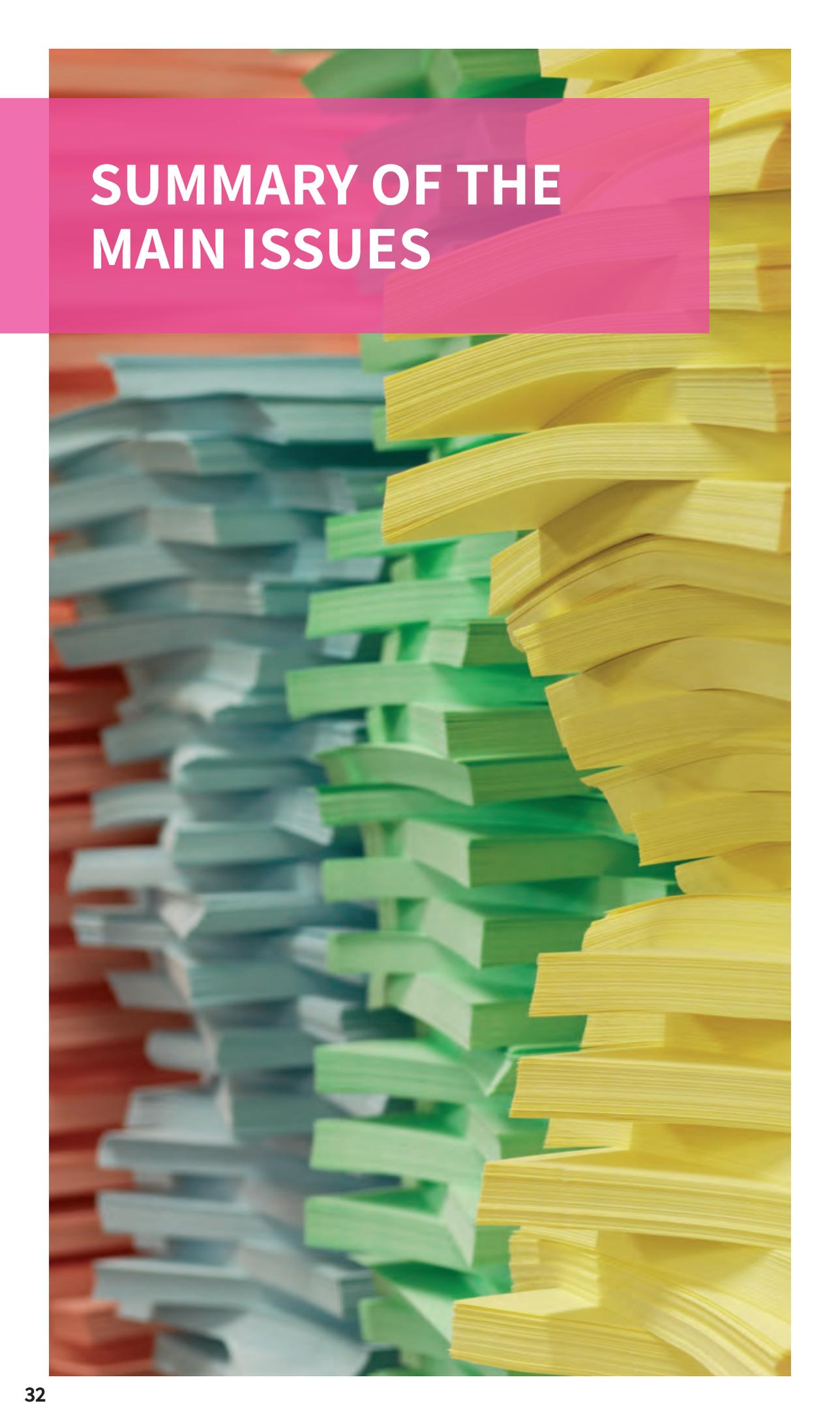
All the French companies are consolidated for tax purposes with tax neutrality of internal operations.

Risks related to proceedings, tax audits and litigation are also provided in section 2.4.3 of the Group's management report.

Tax returns, the payment of taxes and duties and accounting records are prepared and submitted in each country in which the subsidiaries are established.

Transactions involving foreign subsidiaries are carried out in accordance with the OECD principles on transfer pricing.

The fight against money-laundering is described in the code of conduct published on the Group's website.



SUMMARY OF THE MAIN ISSUES

Issue	Policy	Indicator	2025 Objective
Developing digital and the digital transformation	Research and development of new products in more sustainable market segments	Activity rate in new segments (indicator to be applied)	To be defined
Sustainable forest management	Purchase of FSC- and PEFC-certified virgin pulp	Purchase rate of certified fibres (indicator to be applied)	100%
Control of energy consumption	Research into sources of energy savings and implementation of action plans	Fuel consumption (NCV kWh / tonne of gross paper production)	8% reduction compared to 2016
		Electricity consumption (kWh / tonne of gross paper production)	6% reduction compared to 2016
Preservation of water resources	Research into sources of water savings and implementation of action plans	Water consumption (m ³ / tonne of gross paper production)	8% reduction compared to 2016
Employee health and safety	Application of the occupational risk assessment document, implementation of action plans	Industrial accident frequency rate	<15
Employee skills development and management	Identification of existing skills to be maintained and new skills to be developed, implementation of action plans	Employment rate of managers and technical and supervisory employees (indicator to be applied)	To be defined

VERIFICATION REPORT

OF THE NON-FINANCIAL PERFORMANCE DECLARATION

The non-financial performance declaration under review relates to the fiscal year ended 31 December 2018.

REQUEST, RESPONSIBILITIES AND INDEPENDENCE

Pursuant to the request made to us by the Exacompta Clairefontaine Group and in accordance with the provisions of Article L.225-102-1 of the French Commercial Code, we have carried out a verification of the non-financial performance declaration (DPEF) relating to the fiscal year ended 31/12/2018 and published in the management report of the Exacompta-Clairefontaine Group, in our capacity as an independent entity accredited by Cofrac under the number 3-1341 (list of entities and scope available at www.cofrac.fr).

The Exacompta Clairefontaine Group is responsible for preparing and publishing the DPEF in accordance with Article L.225-102-1, Article R.225-105 and Article R.225-105-1 of the French Commercial Code. The DPEF has been prepared under the coordination of the executive vice-president of the Exacompta-Clairefontaine Group in accordance with the social information reporting tool. The DPEF will be made available on the company's website.

It is our responsibility to conduct a verification of the DPEF such that we are able to formulate a reasoned opinion with regard to:

- the compliance of the DPEF with the provisions of Article R.225-105 of the French Commercial Code;
- the accuracy of the information provided pursuant to paragraph 3 of I and II of Article R.225-105.

We have conducted the verification of the DPEF in an impartial and independent manner, in accordance with the professional practices of independent third parties and pursuant to the Code of Ethics applied by all Bureau Veritas-approved entities.

NATURE AND SCOPE OF THE ASSIGNMENT

In order to deliver a reasoned opinion on the compliance of the DPEF and a reasoned opinion on the accuracy of the information provided, we have conducted our verification in accordance with Articles A.225-1 to A.225-4 of the French Commercial Code and with our internal methodology, for verification of the DPEF, in particular:

- we have reviewed the scope of consolidation that must be considered for the preparation of the DPEF, as stipulated in Article L.233-16 of the French Commercial Code, and we are satisfied that the DPEF covers all the companies included in the scope of consolidation;

- we have collected the elements required for an understanding of the company's activities, the environment in which the company operates, and the social and environmental consequences of its activities as well as the impact of these activities as regards human rights and combating corruption and tax avoidance;
- we have reviewed the content of the DPEF and have verified that it includes the elements referred to in Article R.225-105 of the French Commercial Code:
 - the presentation of the company's business model;
 - the description of the principal risks related to the company's activities, for each category of information referred to in (III) of Article L.225-102-1, including, where relevant and proportionate, the risks generated by its business relations, its products or its services, as well as the policies applied by the company and, where applicable, the reasonable due diligence procedures implemented to prevent, identify and mitigate the occurrence of the risks identified;
 - the effects of these policies, including key performance indicators;
- we have identified missing information as well as information omitted for which no explanation has been provided;
- we have verified that the omission of information relating to the principal risks identified is clearly explained in the DPEF and supported by reasoned justifications for the said omission;
- we are satisfied that the company has implemented collection procedures that are intended to ensure the completeness and consistency of the information provided in the DPEF. We have examined the reporting procedures with regard to their relevance, reliability, understandability, completeness and neutrality and, where applicable, taking account of the professional best practices applied within the sector;
- we have identified the individuals who, within the company, are responsible for all or part of the reporting process and we have conducted interviews with a number of these individuals;
- we have enquired about the existence of internal control and risk management procedures implemented by the company;
- we have assessed, by means of sampling, the implementation of reporting procedures, in particular the procedures relating to the collection, compilation, processing and control of information;
- for the verified quantitative data⁽¹⁾, we have:
 - conducted an analytical review of the data and carried out verifications, by means of sample tests, of the calculations and compilation of this information by the Group and by the certified entities;

⁽¹⁾ **Social information:** Total headcount and breakdown by gender, age, geographic region; total training hours provided and breakdown by professional category, cost of training; number of disabled employees, industrial accident severity and frequency rates; occupational illnesses.

Environmental information: Consumption of mains water, consumption of surface water, environmental protection expenditure (France), atmospheric emissions (Nox, CO, particles/dust, SOx- Etival paper mill), consumption of natural gas (KWh GVC), consumption of heating oil (T), consumption of mains electricity (MWh), paper mill CO2 emissions (T CO2).

- selected a sample of contributing entities (2) within the scope of consolidation, in accordance with their activity and contribution to the company's consolidated data, their location, and the results of work carried out during previous years;
- conducted detailed checks by means of sample tests in which we verified the correct application of the reporting procedures, reconciled the data with supporting documentation, and verified the calculation and consistency of the results;

The sample selected represents a coverage rate of 16% of the headcount and between 29% and 86% of the values reported under the environmental information that was tested;

Our work was conducted between 27 March 2019 and the signing of our report, over a period of around two weeks, by a team of two auditors. We conducted around a dozen interviews with individuals responsible for reporting during this assignment.

OBSERVATIONS ON REPORTING PROCEDURES AND THE CONTENT OF CERTAIN INFORMATION

Without prejudice to the conclusions set out below, we hereby make the following observations:

- the risk identification and prioritisation process is not described, in particular the way in which the Group takes account of the expectations of stakeholders and the potential consequences of the risks identified in relation to their activity;
- the verification was not carried out under optimal conditions due to difficult and late access to the data.

OPINION ON THE COMPLIANCE OF THE DPEF WITH THE REGULATORY PROVISIONS

We hereby express reservations in relation to the following points:

- the non-financial performance declaration still does not present the policies applied or the reasonable due diligence measures implemented for the priority issues identified.
- the commitments to combat food insecurity, to promote animal welfare and responsible, equitable and sustainable food choices, and to combat tax avoidance are not mentioned and this absence is not justified.

In conclusion, barring the above-mentioned reservations, we found no significant irregularity that would call into question the compliance of the declaration with the provisions of Article R.225-105 or the accuracy of the information provided.

⁽²⁾ **For the social and environmental information:** Raynard, Editions Quo Vadis, Lavigne.
For the environmental information only: Papeteries de Clairefontaine in Etival.
For the social information only: Sill site in Wizernes.

REASONED OPINION ON THE ACCURACY OF THE INFORMATION

We hereby express a reservation in relation to the following points: a significant number of sites accounting for over 20% of the workforce (including one major site subject to audit) did not report data on training hours, and the discrepancies recorded in the calculation of training costs have a significant impact on the published information: total number of training hours, breakdown of training hours by professional category and cost of training.

To conclude, barring the foregoing reservations, we have not detected any material misstatements that could call into question the accuracy of the information provided in the non-financial performance declaration.

Puteaux, 30 April 2019
For Bureau Veritas
Jacques MATILLON
Vice-President



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