

2019

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.

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.

In 2019, the Group acquired:

- Eurowrap, two sites (Denmark and the United Kingdom), specialised in the manufacture and distribution of gift packaging;
- Biella, three sites (Switzerland, Germany and Romania), a renowned manufacturer of filing items.

Data collection has been interrupted by the Covid-19 epidemic. Certain sites have been unable to provide information or have been able to provide partial information only. However, this does not alter the overall quality of this report.

The Group supports the measures taken with regard to sustainable food and improving animal welfare although it does not have direct responsibilities in these areas.

In France, the implementation of an economic and social committee in companies with more than 11 employees was completed in 2019.

For a number of years, dialogue with social partners, in particular trade union representatives, has enabled the conclusion and implementation of collective agreements in order to ensure the continuation of good working conditions and professional gender equality.

Site managers are responsible for implementing Group policy in order that activities are carried out whilst ensuring the health and safety of the employees, protecting the environment and contributing to regional development.

CONTENTS

GROUP PRESENTATION 2

<i>Principal business activities</i>	2
<i>Markets</i>	3
<i>Industrial assets</i>	4
<i>Commercial assets</i>	4
<i>Environmental assets</i>	5
<i>A long-term policy</i>	6

ENVIRONMENTAL INFORMATION 7

Investments to promote environmental protection	8
Financial provisions and guarantees	10
Raw materials	10
“Waste” management	12
<i>Combating food waste</i>	13
Energy consumption	13
<i>Fuel (fixed facilities)</i>	13
<i>Electricity</i>	14
<i>Use of renewable energy</i>	15
Atmospheric emissions	15
<i>Greenhouse gases</i>	15
<i>Other atmospheric emissions</i>	16
Water consumption	17
Discharge of wastewater	18
Soils	18
<i>Agricultural recycling of sewage sludge</i>	18
<i>Soil at Group sites</i>	19
Noise and other types of pollution	19
Environmental impact	20
Biodiversity	20
The effects of climate change	21

SOCIAL INFORMATION 22

The Group’s human capital	23
Skills development	23
Equal opportunity and diversity	24
Employee health and safety	25
<i>Preventative actions</i>	25
<i>Industrial accidents and occupational illnesses</i>	26

REGIONAL INVOLVEMENT 27

Impact on the local economy	28
Tax policy	28
Fair practices	28
Procurement and subcontracting	29
Product Safety	29
Partnerships	29
Human rights and educational initiatives	30
<i>Support for Unicef</i>	30
<i>Combating bullying at school</i>	31

SUMMARY OF THE MAIN ISSUES 32

VERIFICATION REPORT 34

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 around 271,000 tonnes in 2020 (gross tonnage). 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.

The main raw materials used by **Clairefontaine**, **Mandeure** and **Schut** consist of virgin or recycled 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 77% 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.

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 (Lalalab)**.

It became a major player in the wrapping paper segment with the acquisition of Eurowrap in 2019.



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 2019 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 engages in the skills development of its workforce with 1% of payroll 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 a priority. The Group is also engaged in the development of new ranges of paper.

With regard to stationary, one of the workshops develops specialised equipment and design studios create innovative products. 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.



*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 holds 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:

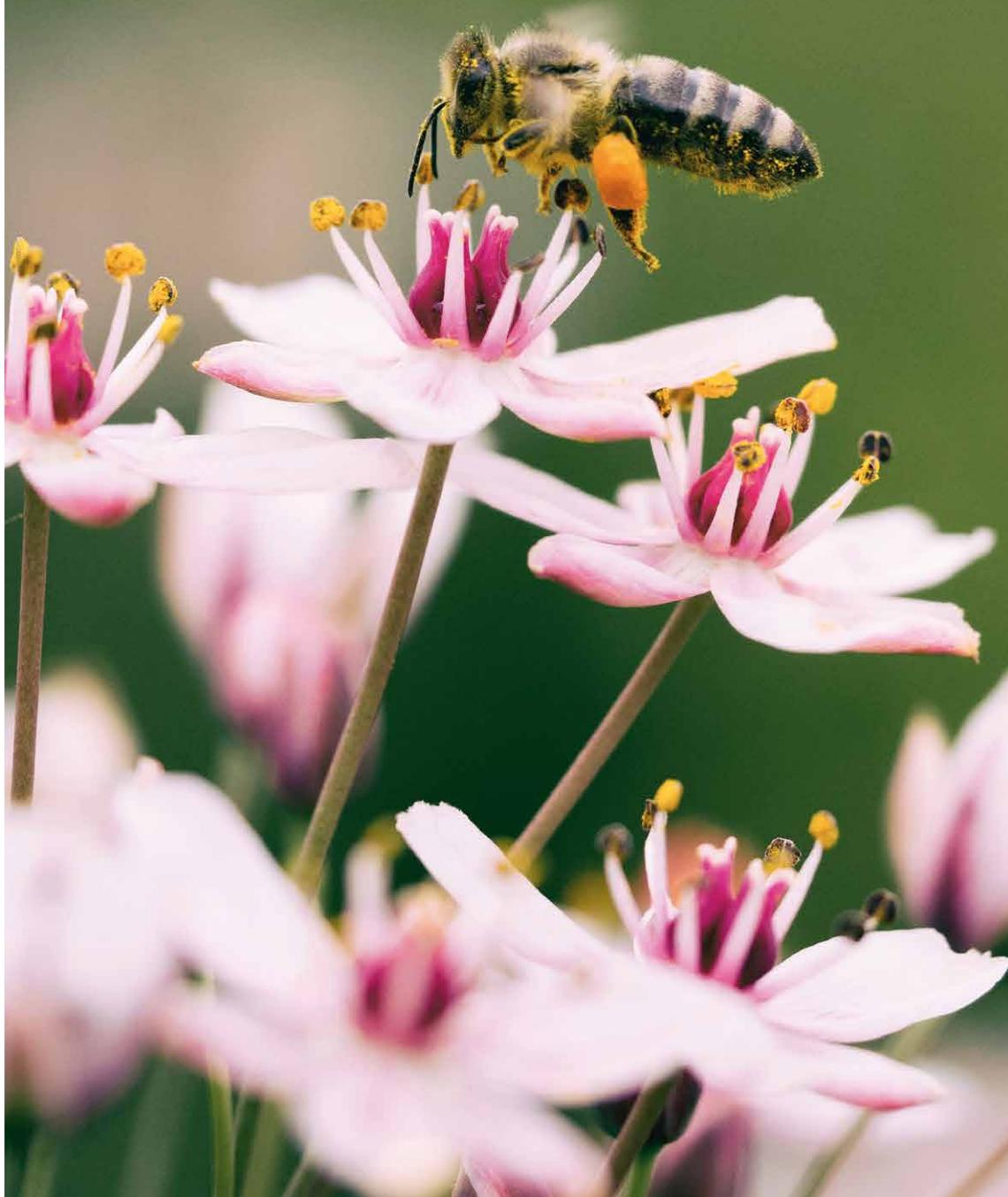
- consumer trends and the increasing importance of digital technology,
- sustainable forest management, in terms of the sustainable use of resources, the preservation of biodiversity and support for local communities,
- the significant energy consumption in paper production operations, during an era 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.

This report corresponds to the fiscal year 2019. As such, it does not cover the measures and impacts related specifically to the Covid-19 epidemic.

ENVIRONMENTAL INFORMATION

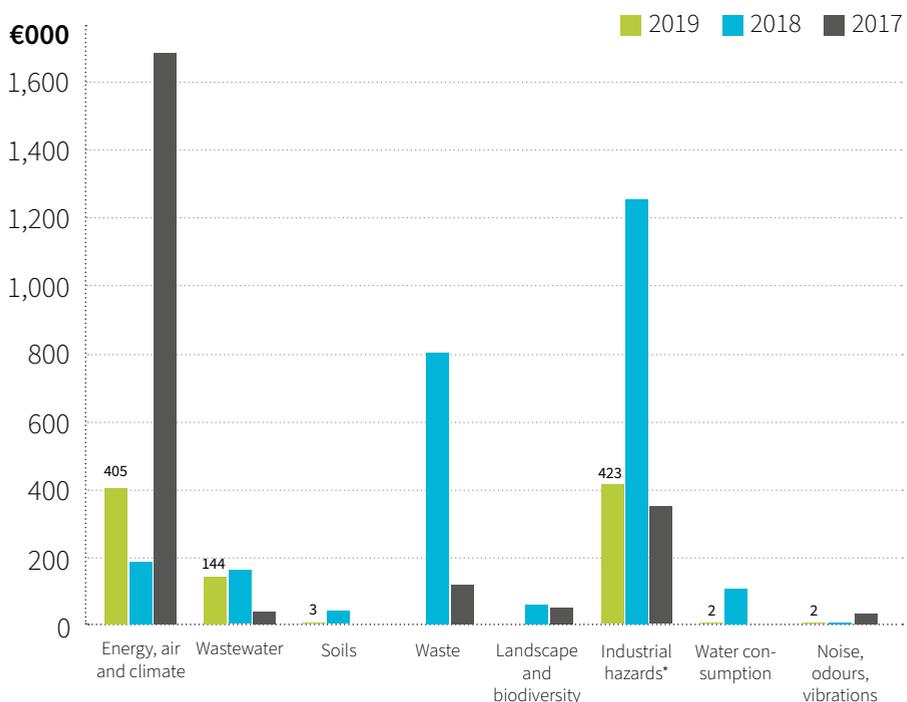


INVESTMENTS TO PROMOTE ENVIRONMENTAL PROTECTION

Each year, the Group invests in improving the environmental performance of its plants and supports a number of environmental protection initiatives. In 2019, the Group's main environmental investments on this topic reached €979,000.

Breakdown of investments per topic

€000



2019 case studies:

- energy savings
 - **Manuclass, Exacompta, Biella-Falken, Quo Vadis, Raynard:** replacement of traditional lighting with LED;
 - **Quo Vadis:** installation of 52 destratifiers to avoid extreme temperature variations between warehouse floors and ceilings;
 - **Raynard, Ernst Stadelmann, Papeteries Sill:** replacement of old compressors with more energy-efficient models that use heat recovery;
 - **Papeteries de Clairefontaine:** thermal insulation of the steam and condensate network;

- **Papeterie de Mandeuere**: fitting of new thermally and acoustically insulated premises, double flow VMC ventilation, heat pump heating system with centralised regulation;
- industrial risks
 - **Papeterie de Mandeuere, Eurowrap (DK)**: installation of fire detection and fire alarm systems;
 - **Papeteries de Clairefontaine**: reconditioning of smoke extraction equipment;
- atmospheric emissions
 - **Exacompta**: installation of ventilation equipment for printing water drip pans;
- wastewater treatment
 - **Everbal**: biological lagoon seeding to improve process water treatment;
- noise
 - **Exacompta**: acoustic treatment of an electrical room;
- wastewater treatment
 - **Papeteries de Clairefontaine**: continuation of the research study on water leakage in the drinking water network.



Solar panels - SCHUT PAPIER (Netherlands)

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 shut-down. 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.

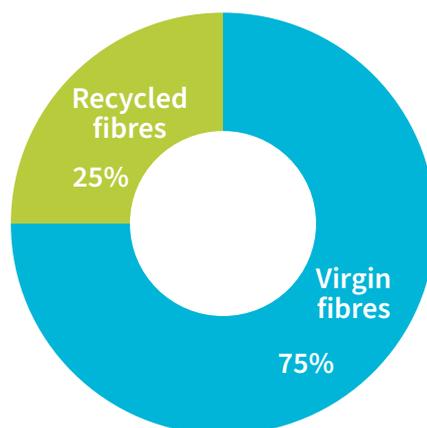
Recycled fibres are also used to produce certain papers, which **Everbal** has made a speciality.

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



In 2019, the consumption of virgin and recycled pulp fibre from production sites amounted to 198,675 tonnes (193,126 tonnes in 2018). 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.

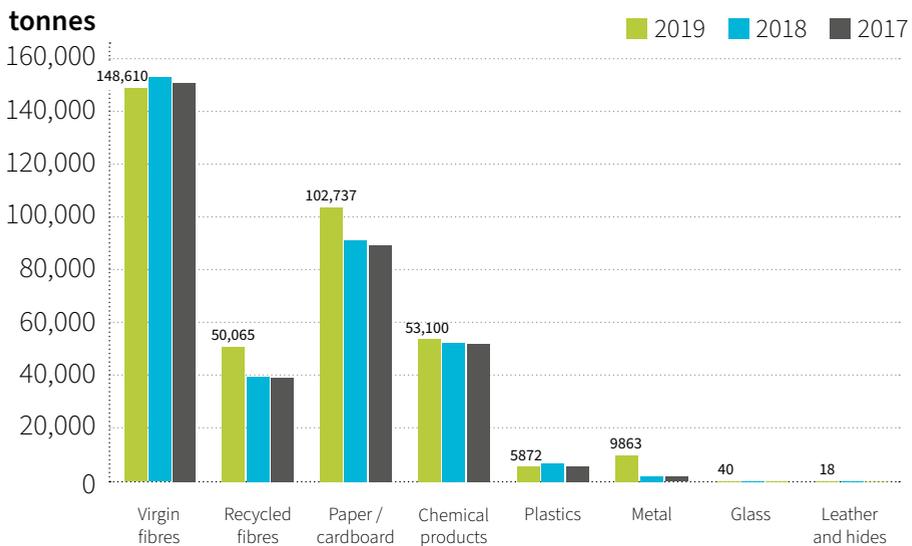
Retention agents are also used to improve the binding of additives to the fibres and thus reduce additive consumption.

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.

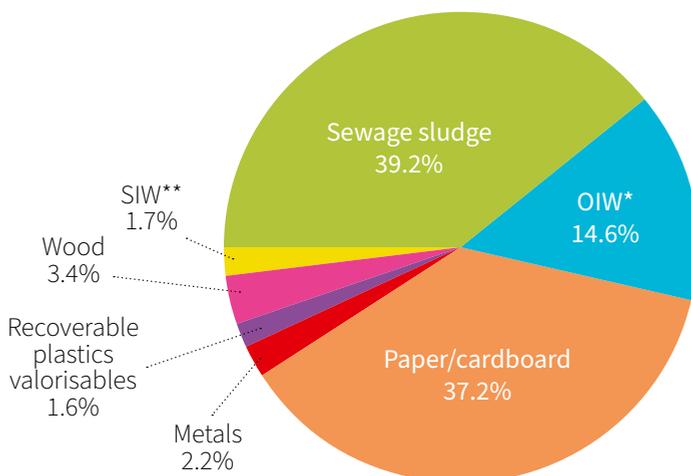
This principle is also applied by the Group. A large portion of the paper scrap collected by the processing plants is sent to the **Everbal** plant, which specialises in producing recycled paper.

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 used for farming purposes whether or not it is subject to composting or methanisation operations. 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 2019, a total of 33,337 tonnes of waste was generated by the Group’s activities, compared to 31,104 tonnes in 2018, 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.).

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.

The energy management systems implemented by **Papeteries de Clairefontaine** and **Biella-Falken** are ISO 50 001 certified.

FUEL (FIXED FACILITIES)

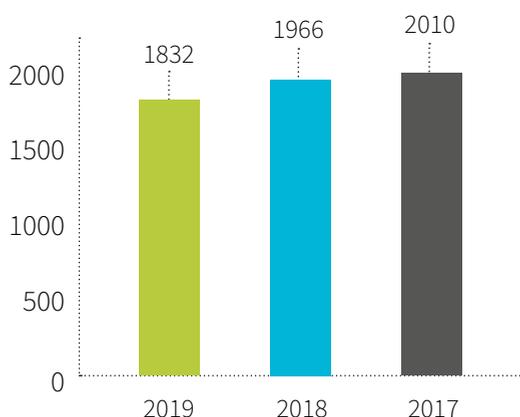
In 2019, the Group's paper mills burnt 96% of the fuel consumed by the Group.

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.

→ Situation at end-2019: - 11.1%

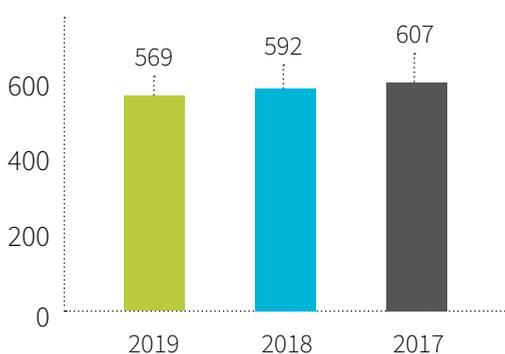
ELECTRICITY

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

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

In 2019, 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.

→ Situation at end-2019: - 7.3%

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 (**Exclair Limited** and **Schut**).

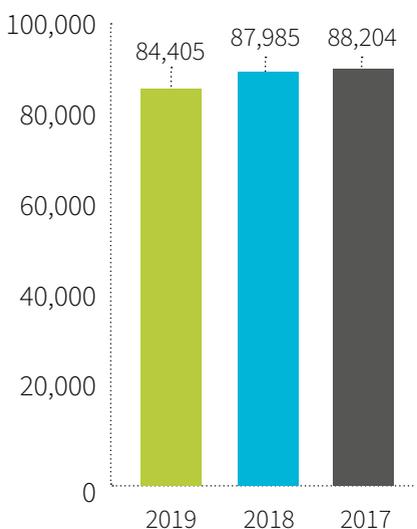
ATMOSPHERIC EMISSIONS

GREENHOUSE GASES

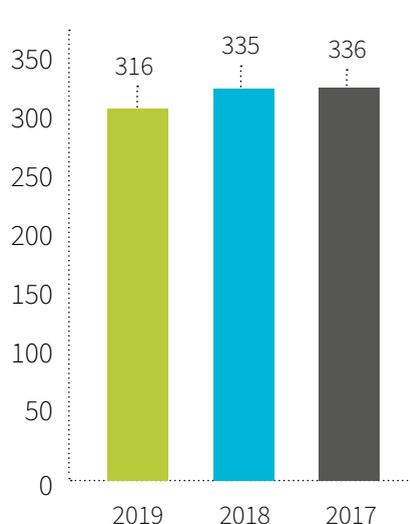
CARBON DIOXIDE (CO₂)

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 63,859 in 2019 and will drop to 62,160 in 2020. The missing allowances must be purchased on the European exchange market. Between December 2016 (€4.15/t) and December 2019, there was an almost six-fold increase in the price of CO₂.

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 2019, almost 11,927 tonnes of CO₂ was consumed during the process and was not emitted into the atmosphere (12,153 tonnes in 2018).

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, the 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.

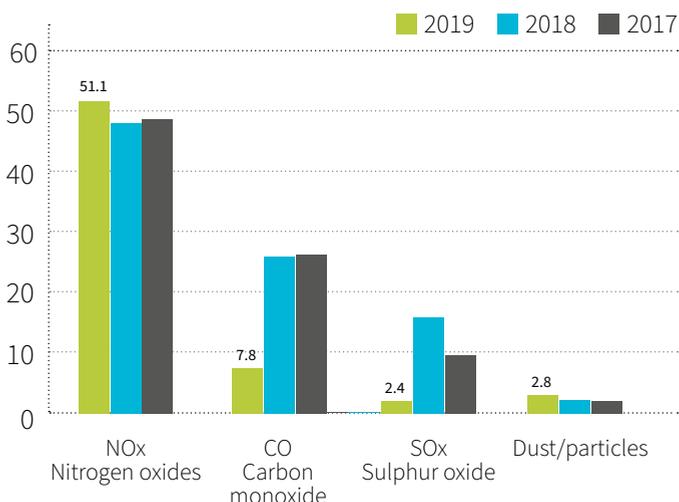
OTHER GREENHOUSE GASES

Owing to refrigerant leaks in their air-conditioning systems, four sites were responsible for releasing 65kg of fluorinated gases into the atmosphere in 2019 (185kg in 2018). 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.

Other atmospheric emissions of the paper mills
(tonnes)



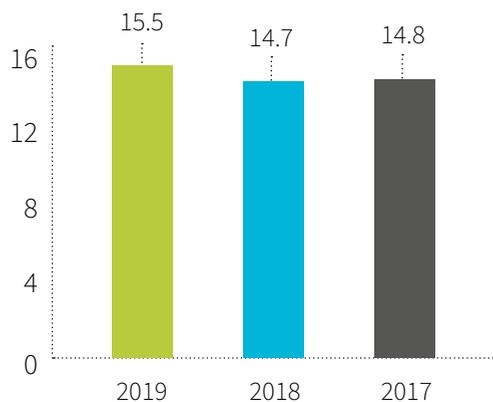
WATER CONSUMPTION

Water is indispensable to the paper industry and it is essential that the supply of this resource is sustainable. Accordingly, the 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 2019, they collectively accounted for 98% 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. (15.4m³/tonne of gross paper production)

→ **Situation at end-2019: +0.9%**



La Meurthe, Etival-Clairefontaine (Vosges)

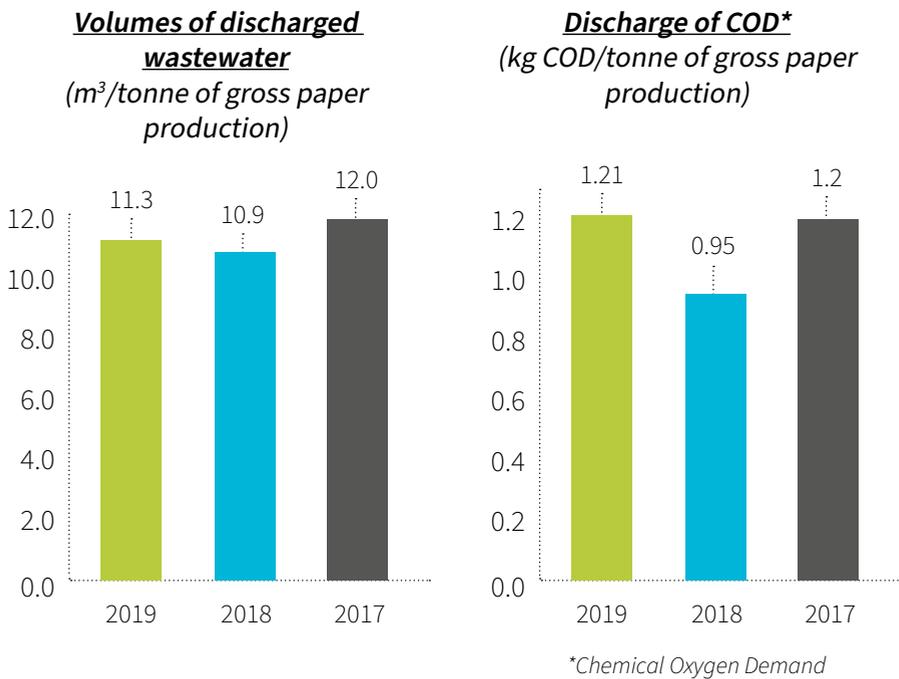
DISCHARGE OF WASTEWATER

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



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 Mandeure** 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 on average provides 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 50%.

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 work in shifts (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 one environmental incident at the Etival-Clairefontaine production site in 2019.

During a liquid calcium carbonate pipeline unblocking operation, washwaters leaked into the plant's water supply pipe. This resulted in a whitish colouration of the river, with no impact on flora or fauna. Corrective actions were implemented in order to avoid any repeat of this situation.

BIODIVERSITY

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



OceanoScientific

Since 2014, **Papeteries de Clairefontaine** has donated €294,000 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 regularly organises scientific expeditions and public awareness campaigns.

The departure of the “Mediterranean Contaminants Expedition 2020” was planned for the first quarter of 2020, in collaboration with the International Atomic Energy Agency and the French Research Institute for Exploitation of the Sea. It intended to study the nature and density of the organic contaminants that poison phytoplankton, the basis of the food chain. Due to the Covid-19 epidemic and the closure of the Schengen Area, the expedition is currently postponed until September 2020.



Conservatoire d'espaces naturels de Lorraine

Papeteries de Clairefontaine and Conservatoire d'Espaces Naturels de Lorraine (CEN) entered into a 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 initial 15-year management agreement is set to expire. The renewal of this commitment is currently being validated by the CEN and our farming partners who are responsible for the preservation of these meadows.

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



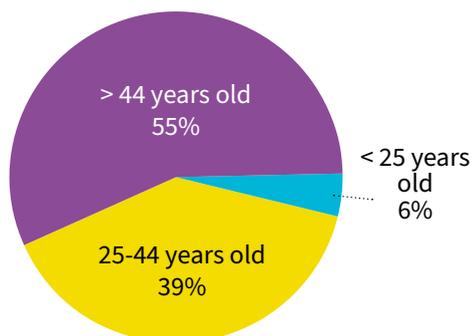
THE GROUP'S HUMAN CAPITAL

At the end of 2019, Exacompta Clairefontaine employed more than 3,600 people, around 70% of whom were based in France.

Within this workforce, excluding companies acquired in 2019 (incomplete data), 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 (62%), 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.

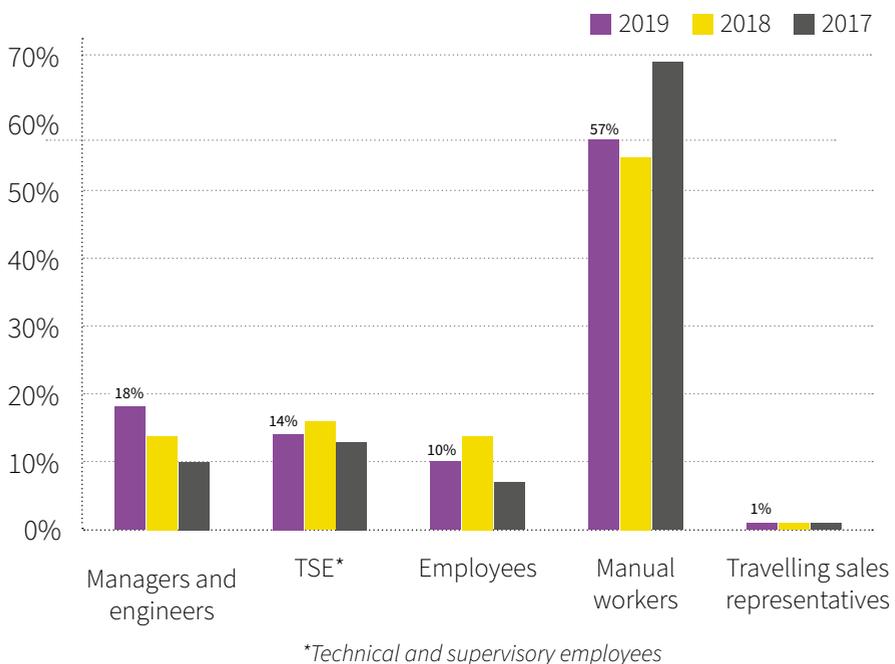
Within this fluid environment, the acknowledgement and transfer of expertise is essential and proper planning for retirement is paramount.

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 2019, excluding companies acquired during the year, the Group provided a total of 25,171 hours of training (23,159 hours in 2018), either in-house or through certified training organisations, for a total cost of €1,617,000. As some companies have been unable to provide details for this information, it has not been possible to gather comprehensive data on the total number of training hours and the associated costs.

**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 (117 at the end of 2019) 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 2019, over €2,270,000 was invested to improve employee safety (€1,500,000 in 2018).

An overview of the measures taken is presented below:

- Reduction of repetitive tasks and ergonomic improvement
 - **AFA**: installation of an automatic plastic reel slitter for diary covers;
 - **Cartorel, Raynard, Claircell, Manuclass, Rolfax**: purchase of machinery (gathering, finishing, feeding and labelling machines) that limit awkward posture and eliminate manual handling tasks
 - **Quo Vadis**: installation of 2 automatic machines for folding the edges of diary covers;
 - **Clairefontaine Rhodia**: purchase of an automatic pallet wrapping machine;
- handling and charging port reduction support
 - **Photoweb**: installation of a jib crane with hoist fitted with a magnetic tool to facilitate shape changes on presses.
 - **Rolfax**: installation of an automatic packer and a palletising robot.
 - **Claircell, Claircell Ingenierie, Manuclass, Papeteries de Clairefontaine**: modernisation of the handling machinery and handling support tools;
 - **AFA**: fitting of two pilot packaging stations with ergonomic tables, electric pallet trucks and wheeled trolleys;
 - **Biella Falken**: adjustment of cylinder fastenings to minimise weight.
- Securing work equipment
 - **Papeterie de Mandeuire**: installation backup cameras on lifting trucks;
 - **Papeteries de Clairefontaine**: installation of wheel blockers to effectively immobilise trucks on 6 shipping platforms;
- protection against falls from height
 - **Everbal**: creation of access walkways for paper machine coating presses.

INDUSTRIAL ACCIDENTS AND OCCUPATIONAL ILLNESSES

Across the Group, excluding companies acquired in 2019, 5,198 days were lost due to industrial accidents (including commuting accidents) in 2019, compared to 3,985 in 2018.

	2019	2018	2017
Frequency rate			
Number of lost time industrial accidents per 1,000,000 hours worked	25.2	25.8	23.7
Severity rate			
Number of working days lost per 1,000 hours worked	1.0	0.8	0.8

With regard to reported illnesses, eight were deemed occupational illnesses at the Group's French sites, compared to fifteen in 2018.

In future, the Exacompta Clairefontaine Group continuously bolsters 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.
→ **Situation at end-2019: 25**

REGIONAL INVOLVEMENT



- ● Montréal
- ● New York
- ● Buffalo

Tokyo ●

IMPACT ON THE LOCAL ECONOMY

This report has been prepared for 38 companies, including all French companies and 12 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 employs more than 500 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.

For employees, the tradition of going to work in the same factory as one's parents is still alive today, at times spanning several generations.

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.

FAIR PRACTICES

The prevention of active and passive corruption and money laundering 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.



PSG Handball

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, OGC Nice, SM Caen, AS Nancy Lorraine, Sochaux-Montbéliard, RC Lens, AJ Auxerre and RC Strasbourg.

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.

SUPPORT FOR UNICEF

In 2019, Clairefontaine Rhodia donated €294,000 to UNICEF. Since 2004, the Group has paid around €3,400,000 to this humanitarian association. Due in part to this support, educational programmes are being carried out in Togo.



© UNICEF Togo | 2018 | Tim Webster

The school enrolment rate has improved dramatically in recent years and the primary education completion rate increased from 79% in 2013 to over 86% in 2019.

In order to contribute to improving the availability and quality of supply in the areas of intervention, UNICEF has supported the training of 180 educators (including 153 women) in childcare for pre-school children and the production of educational toys using local materials.

These two training sessions (a total of 20 days in July and August 2019) provided participants with skills related to the different stages of child development, communication with children, learning through play and the production of educational toys (logical blocks, dominoes, etc.) using materials available in their communities.

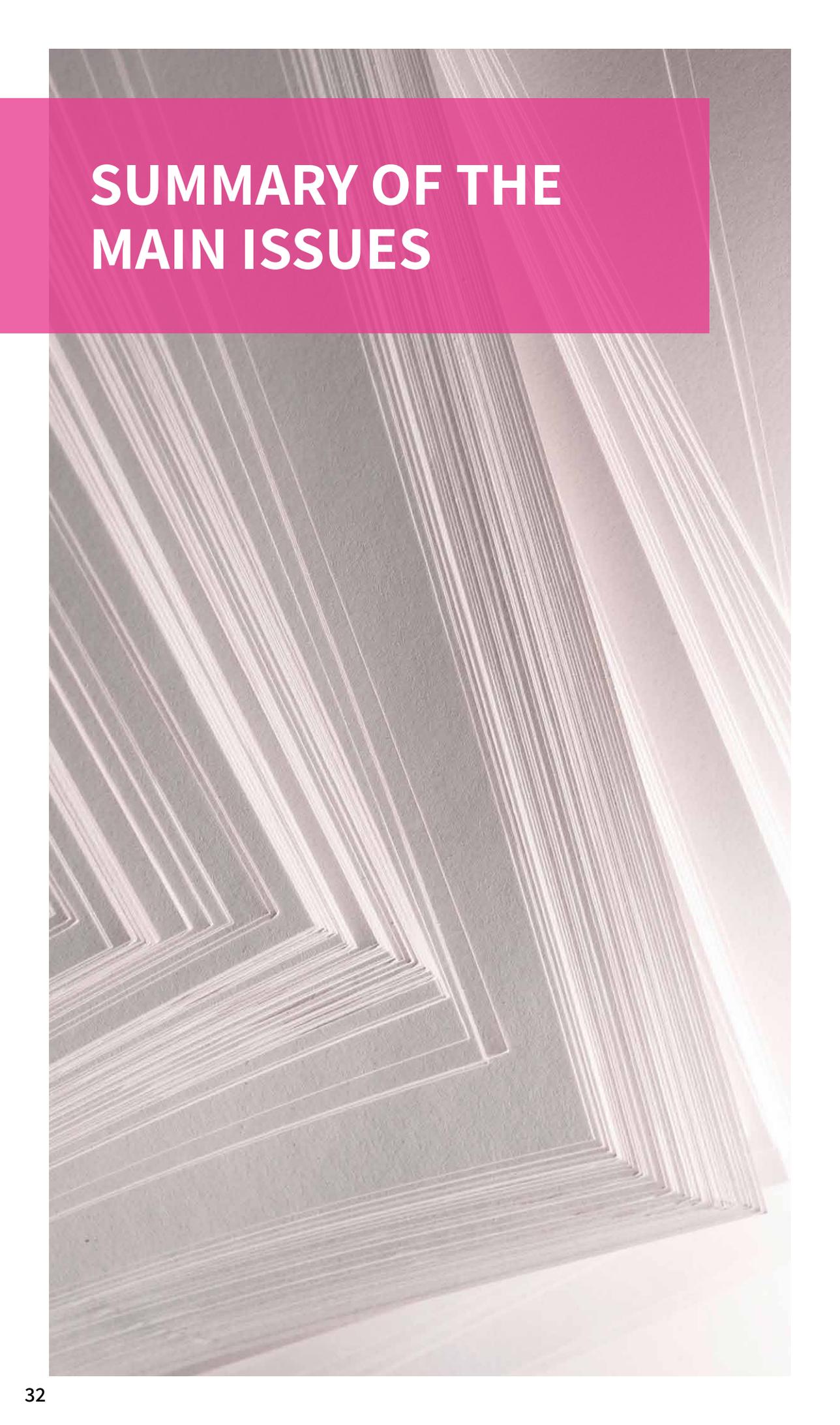


© UNICEF Togo | 2018 | Tim Webster

In order to improve the learning environment, UNICEF helped to distribute teaching and learning materials to 544 schools. Teaching aids including textbooks, teacher guides, geometry tools and other educational materials were distributed to 2,176 teachers. 73,060 children, including 35,069 girls, have benefited from an improved learning environment through the distribution of satchels and school kits.

COMBATING BULLYING AT SCHOOL

In 2019, Clairefontaine also committed itself to raising awareness among young people about the scourge of bullying at school. According to the French Ministry of National Education, on average 10% of pupils are victims of bullying at school. Financial support was given to Malika Ung, founder of Dire-son, to create original podcasts related to this issue. The 12 episodes of the series “Bullied” are available online at the following address: <https://podcast.ausha.co/bullied/>.

The background of the page is a light grey color with a series of thin, parallel lines that create a sense of depth and perspective. These lines are arranged in a way that they appear to be receding into the distance, forming a series of nested, slightly offset rectangular shapes. A solid pink rectangular block is positioned at the top left, containing the main title in white, bold, sans-serif capital letters.

SUMMARY OF THE MAIN ISSUES

Issue	Policy	Indicator	Objective 2025	Outcome at end-2019
Supporting the development of digital and the digital transformation	Research and development of new products in more sustainable market segments	(indicator to be applied)	To be defined	-
Sustainable forest management	Purchase of FSC- and PEFC-certified virgin pulp	Purchase rate of certified fibres	100%	94.4%
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	- 11.1%
		Electricity consumption (kWh / tonne of gross paper production)	6% reduction compared to 2016	- 7.3%
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	+ 0.9%
Employee health and safety	Application of the occupational risk assessment document, implementation of action plans	Industrial accident frequency rate Number of lost time industrial accidents per 1,000,000 hours worked	<15	25
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	35%	30.0%

VERIFICATION REPORT OF THE NON-FINANCIAL PERFORMANCE DECLARATION

To the shareholders,

In our capacity as an independent entity accredited by Cofrac under the number 3-1055 (scope available at www.cofrac.fr), where hereby present our report on the non-financial performance declaration relating to the fiscal year ended 31 December 2019 (hereinafter the “declaration”), presented in the management report pursuant to the legal and regulatory provisions of Article L. 225-102-1, Article R. 225-105 and Article R. 225-105-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing a declaration in accordance with the legal and regulatory provisions, including the presentation of the business model, a description of the principal non-financial risks, the presentation of the policies applied with regard to these risks and the effects of these policies, including key performance indicators.

The entity’s internal procedures were applied in the preparation of the declaration.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code. Furthermore, we have implemented a quality control mechanism comprising documented policies and procedures designed to ensure compliance with the applicable legal and regulatory texts.

RESPONSIBILITY OF THE INDEPENDENT ENTITY

It is our responsibility, on the basis of our work, to formulate a reasoned opinion with regard to:

- the compliance of the declaration 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 of the French Commercial Code, namely the effects of the policies, including key performance indicators, and actions, relating to the principal risks, hereinafter the “information”.

However, we are not responsible for issuing an opinion on the compliance by the entity with the other applicable legal and regulatory provisions, in particular with regard to the monitoring plan and the fight against corruption and tax evasion, nor on the compliance of the products and services with the applicable regulations.

NATURE AND SCOPE OF THE ASSIGNMENT ---

Our work as described hereinafter has been carried out in accordance with the provisions of Article A. 225-1 et seq. of the French Commercial Code:

- we reviewed the activity of all the companies included in the scope of consolidation and the report on the principal risks;
- we verified that the declaration covers each category of information referred to in III of Article L. 225-102-1 in relation to social and environmental matters;
- we verified that the declaration presents the information referred to in II of Article R. 225-105 where relevant with regard to the principal risks and includes, where applicable, an explanation of the reasons justifying the absence of the information required by the second paragraph of III of Article L. 225-102-1;
- we verified that the declaration presents the business model and description of the principal risks related to the activity of all the companies included in the scope of consolidation, including, where relevant and proportionate, the risks generated by its business relations, its products or its services, as well as the policies, actions and effects including key performance indicators related to the principal risks;
- we consulted documentary sources and conducted interviews in order to:
 - assess the selection and validation process for the principal risks as well as the consistency of the key performance indicators with regard to the principal risks and policies presented;
 - corroborate the qualitative information (actions and effects) that we considered to be the most significant¹.
- we verified that the declaration covers the scope of consolidation, namely all the companies included in the scope of consolidation in accordance with Article L. 233-16 with the limits set out in the declaration;
- we reviewed the internal control and risk management procedures implemented by the entity and assessed the collection procedures that are intended to ensure the completeness and consistency of the information;
- for the key performance indicators and for a selection of other quantitative effects that we considered to be the most significant¹, we implemented:
 - analytical procedures involving verification of the proper consolidation of the data collected as well as the consistency of the changes in said data
 - detailed checks by means of sample tests in which we verified the correct application of the definitions and procedures and compared the data provided with the supporting documentation. This verification work was carried out on a selection of contributing entities and covers between 24% and 79% of the data selected for these checks;

- we assessed the consistency the declaration as a whole with regard to our knowledge of all the companies included in the scope of consolidation.

MEANS AND RESOURCES

Our work was carried out by three people between January and April 2020 over a total procedure time of 13 weeks. We conducted eight interviews with the persons responsible for preparing the declaration.

CONCLUSION

On the basis of our work, we found no significant irregularity that would call into question the compliance of the non-financial performance declaration with the applicable regulatory provisions or the accurate presentation of the information taken as a whole.

OBSERVATIONS

Without qualifying the conclusion expressed above and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we hereby set out the following observations: we would like to draw the reader's attention to the absence of a key indicator for the “Development of digital and the digital transformation” risk and to the details pertaining to the scope throughout the declaration.

Toulouse, 29 April 2020

The independent entity
SAS CABINET DE SAINT FRONT

Pauline de Saint Front
Associate director

¹List of information we considered to be the most significant:
Key performance indicators and other quantitative effects:

- purchase rate of certified fibres
- fuel consumption
- electricity consumption
- water consumption
- volume (in m³) of water consumed to obtain one tonne of paper
- frequency rate for accidents with work stoppages
- employment rate of managers and technical and supervisory employees



EXACOMPTA CLAIREFONTAINE

Registered office
19 Rue de l'Abbaye
88480 Etival Clairefontaine
www.exacomptaclairefontaine.fr