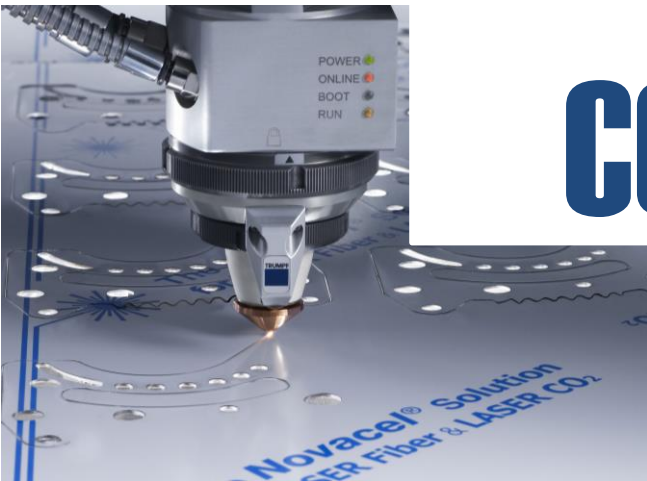


2019



COP



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Innovation and heritage since 1872

Since its founding in 1872, the Chargeurs Group has consistently stayed one step ahead of the major shifts in the French economy. Its current performance is led by a culture of constant innovation, backed by a sincere commitment to remaining true to its heritage.

1872

CREATION OF A GLOBAL GROUP

French banker and businessman Jules Vignal creates Compagnie des Chargeurs Réunis in 1872. The transatlantic shipping line operates the first regular services between France and Latin America, followed by services between France and its empire in Africa and Asia.



1945
1970

CHARGEURS RÉUNIS EXPANDS ACROSS THE WORLD

Chargeurs Réunis creates the UTA airline and Causse-Walon, a specialty overland transportation company. The Group also diversifies by investing in non-industrial businesses, such as tourism, chemicals, finance and insurance. Later, these interests are gradually sold.



1980
1990

DIVERSIFICATION INTO TEXTILES, PLASTICS AND THE MEDIA

Jérôme Seydoux, a French captain of industry who is the largest shareholder in Pricel, one of Europe's leading textile groups, acquires a controlling stake in Chargeurs Réunis. He contributes Pricel's assets and makes Chargeurs the spearhead of a new industrial adventure for more than 30 years. Chargeurs acquires a controlling interest in the Prouvost industrial empire and diversifies into media by taking over Pathé, investing in BSKyB, creating the La Cinq television station and purchasing the *Libération* newspaper. At the same time, Chargeurs disposes of its assets in maritime shipping, air transportation and overland transportation.

1996

FRANCE'S FIRST SPIN-OFF TRANSACTION

Jérôme Seydoux separates the manufacturing operations from the media empire in preparation for what will be France's first spin-off transaction. The manufacturing empire is then refocused to form what is today the Chargeurs Group.

2000
2014

REFOCUSING ON SPECIALTY MATERIALS

Retaining its lead shareholders, Jérôme Seydoux and Eduardo Malone, Chargeurs strategically refocuses on high value-added technical businesses where it holds global leadership positions. In 2008, all of the remaining garment-making operations are sold. After using the proceeds to retire all of its debt, Chargeurs steps up its innovation strategy.

Since
2015

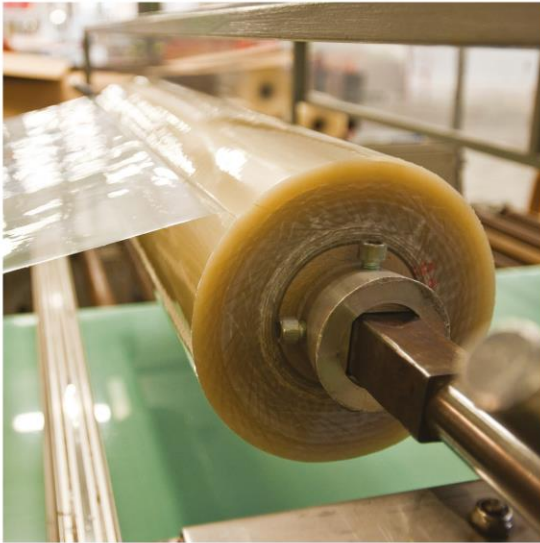
TRANSITION IN OWNERSHIP AND CHANGE IN SCALE

Jérôme Seydoux and Eduardo Malone sell their equity interest to Columbus Holding SAS, an investment company founded by Michaël Fribourg and dedicated to supporting the future of Chargeurs. Michaël Fribourg transitions the Group to a unique, distinctive excellence model, considerably strengthens the balance sheet, leads targeted acquisitions and deploys the Game Changer operational excellence plan. Chargeurs then successfully upscales its operations to become the global champion in high value-added niche markets.

Our Four Businesses

Protective Films

Chargeurs Protective Films supplies the construction, manufacturing and electronics industries with self-adhesive films for the temporary protection of fragile surfaces.



PCC Fashion Technologies

Chargeurs PCC Fashion Technologies serves the world's leading luxury, menswear and womenswear fashion brands. It designs interlinings, the only technical fabric used in garments, which keeps them flexible and helps them to retain their shape.



CHARGEURS



Technical Substrates

Chargeurs Technical Substrates functionalizes technical textiles used in the fast-growing advertising, decoration, interior architecture and building markets.

Luxury Materials

The world leader in high quality combed wool, Chargeurs Luxury Materials is strategically focusing on outstanding, fully traceable high value-added products for the global luxury and sportswear markets.

Our Business Model

Resources

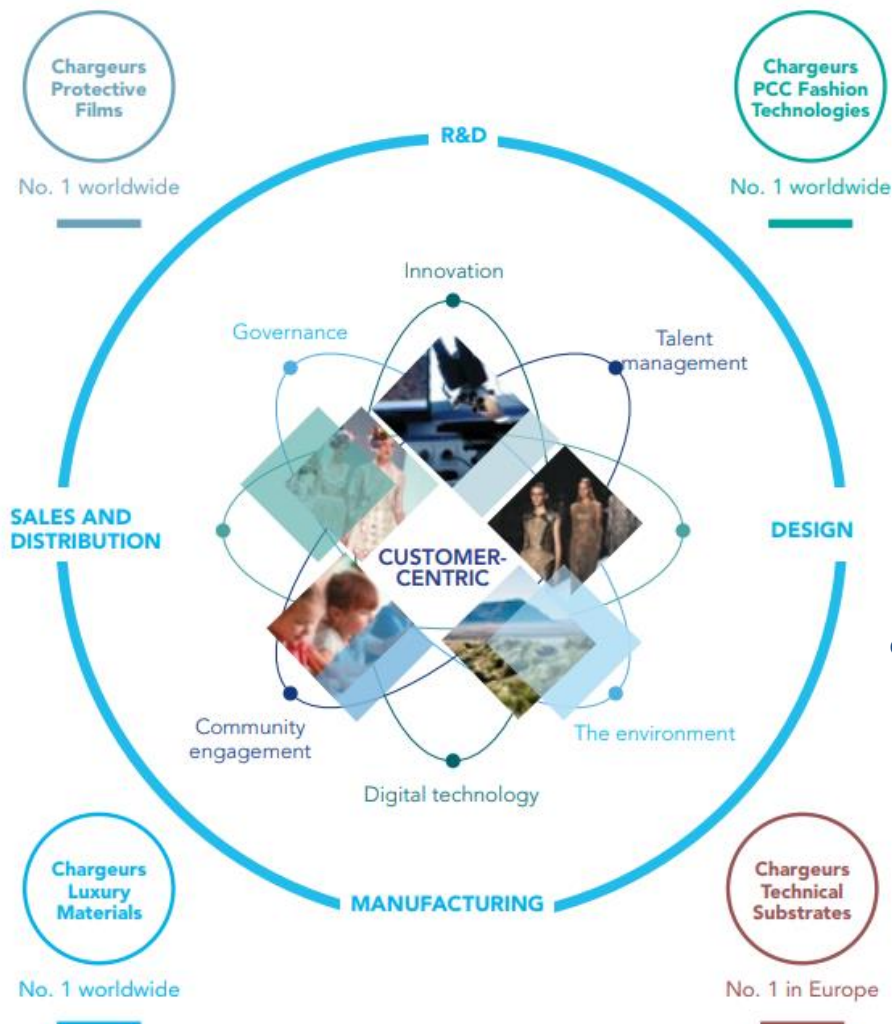
Creation of value

People
2072 employees
45 nationalities

Financial and Manufacturing resources
25 M€ in capital expenditure
66,2 M€ in acquisitions

Environmental performance
244 774 MWh of energy used
658 164 of cu.m of water used

Intellectual capital
16 R&D laboratories
€186,748 invested in training



People value
484 people hired in 2018
93% under permanent work contracts
34% of women in the Top 50

Financial and manufacturing value
€573,3m in revenue
€59,8m in EBITDA

Environmental value in 2018
CO2 emissions per unit of production down 7%
Water use per unit of production down 16%

Intellectual value
25 Executives trained in the Game Changer program in partnership with ESMT Berlin
Blockchain innovation in securing a textile label

Our CSR approach

This Communication on Progress reports on the work carried out and progress made in establishing a formal and proactive non-financial performance strategy for Chargeurs, which began in early 2016. Our CSR policies are designed to drive inclusive, transparent growth, based on the highest standards of environmental stewardship, working conditions, health, safety and social equality. They are an integral part of our Chargeurs Business Standards.

Chargeurs has yet committed to a number of international human rights standards currently in force, including:

- the Universal Declaration of Human Rights;
- the United Nations Guiding Principles on Business and Human Rights;
- the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises;
- the International Labour Organization (ILO) Conventions.

Since 2017, Chargeurs Group has taken a more structured approach to steering CSR. The goal is to create both non-financial value and a “CSR family,” i.e., a network of active, highly motivated representatives. The Group’s entire governance structure is involved in this approach, as shown when the Global Compact was signed in front of the Group’s employees in 2017. Ever since this foundational event, the Group has anchored its approach in its operational processes, while explaining the reasons behind its approach so its teams buy into it. A dedicated project manager was hired to help guide this shift in 2017, which also led to the creation of a network of representatives (14 CSR correspondents in the business units in 2018) and the implementation of regular reporting (first COP in July 2018). Our inclusion in the Gaïa index at the end of 2018 was the first achievement honoring our investment and efforts in this area. 2018 was also the year of our first extra-financial performance declaration. It has marked a turning point in our CSR strategy, as it has been the starting point to identify our priority subjects. Our first Green Committee was then organized in 2019, as well as our first CSR Summit where workshops have enabled to identify three precise axes we since focus on:

- ❖ building a responsible supply chain, which involves starting to assess our suppliers on certain criteria;
- ❖ contribute to the SDGs and develop relevant KPIs; and
- ❖ integrating circular economy in our industrial processes.

From now on, we also focus on dialoging with our stakeholders, in order to work together in the way of sustainability: we are indeed convinced that working alone won’t lead to any results.



**Recognized
ESG performance**

**In October 2018,
Chargeurs was included
in the Gaïa 2018 index
with a score of 71/100⁽¹⁾**

(1) Versus an average 59/100
for the 230 companies in the Gaïa database

Chargeurs

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H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017

2019, July the 25th

Re: Membership renewal to the Global Compact.

Dear Mr. Secretary-General,

I am pleased to confirm that Chargeurs supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption.

With this communication, we express our intent to implement those principles.

We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Chargeurs will remind to its stakeholders this commitment as often as necessary.

We recognize that a key requirement for participating in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the Ten Principles. We support public accountability and transparency, and therefore commit to report on progress annually according to the UN Global Compact COP policy.

This includes:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the UN Global Compact.
- A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the UN Global Compact principles in each of the four issues areas (human rights, labour, environment, anti-corruption).
- A measurement of outcomes (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

Sincerely yours,

Michaël Fribourg

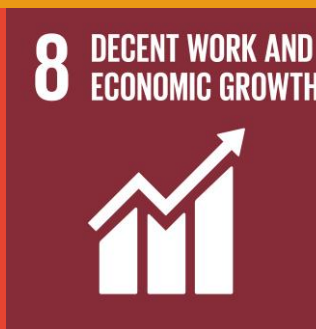
Chief Executive Officer

Joëlle Fabre-Hoffmeister

Secretary General

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



Ensuring proper representation of women in executive bodies



Target 5.5

“Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life”

- Since May 6, 2019, we go further than the legal requirement as 50% of Board members are women.
- There is also an increasing number of women in Group management’s inner circle, since they are 17 in its TOP 50 executives, representing 34% of it.

34%
of the Group's
TOP 50 executives
are women

PERCENTAGE
OF WOMEN
ON THE BOARD

40%
at 12/31/2018

50%
at 05/06/2019⁽¹⁾

The Responsible Purchasing Charter, ensuring respect for human rights through the strength and effectiveness of our supply chain.



Chargeurs Group Sustainable Purchasing Charter

By joining the United Nations Global Compact, the Chargeurs group has set the commitment of applying, promoting and supporting the Fundamental Corporate Social Responsibility principles in all of its business activities. As such, the Chargeurs group agrees to comply with these principles when collaborating with suppliers, in accordance with the following reference texts:

-The Universal Declaration of Human Rights, 1948,
-The International Labour Organization Conventions, particularly with regard to minimum age and child labour, the freedom of association, the right to organise and collective bargaining, the abolition of forced labour, equal remuneration and the right to not be discriminated against in employment.

This Sustainable Purchasing Charter formally outlines what key expectations we have from our suppliers. These principles represent the minimum social and environmental standards that we expect from entities involved in the production line of our products, in order to guarantee to our customers that all those involved in the process have been treated in a decent manner regardless of the country they are working in. We expect sustainable commitment from our suppliers to comply with these principles when working with us.

- 1. Child Labour.** Children must be at least 15 years old to work, in accordance with the ILO principles and the United Nations Convention. The rights of young workers must be respected. If an employee under the age of 18 is hired, he or she must not be assigned to dangerous or arduous tasks and must not be made to work night shifts or overtime.
- 2. Discrimination.** Any form of discrimination based on gender, age, social class, sexual orientation, family commitments, marital status, disability, ethnic and national origin, nationality, membership to any organization of workers including trade unions, political commitment or stance, or any other aspect is strictly forbidden.
- 3. Forced Labour.** All forms of forced labour are strictly prohibited, as well as slavery which violates fundamental human rights. The employer must not hold back any wages, profits, goods or important documents such as ID papers as a means to force employees to continue working for the company.
- 4. Working Hours.** The employer must comply with national laws and industry standards related to working hours and bank holidays. Furthermore, standard working hours should not exceed 48 hours per week and weekly overtime should be limited to 12 hours on a voluntary basis. Employees have the right to at least one day off per week as well as any other periods of leave provided for by national law.
- 5. Remuneration.** The employer must provide higher employees with at least the minimum wage required by local legislation and is strongly encouraged to pay the standard wage for the sector. If the legal minimum wage does not sufficiently cover the cost of essential living expenses, the employer is urged to provide the employees affected with additional pay. The employer must ensure that employees are fully informed of all aspects related to remuneration, additional pay as well as social and tax deductions, and that it is paid in accordance with all applicable laws and in a way that is convenient for employees. Overtime must be paid on time and at the rate required by national law. Disciplinary measures such as the issuance of fines or other decisions from pay are prohibited.
- 6. Freedom of Association.** Employers are aware of and respect the employees' freedom of association and collective bargaining rights.
- 7. Occupational Health and Safety.** The employer must provide his or her employees with a safe working environment and take the necessary precautions to prevent any accident or injury from occurring. Clearly defined rules and procedures on health and safety must be established and adhered to, including on the provision and use of personal protective equipment, as well as access to clean drinking water. In addition, employees must be given health and safety training that is relevant to their place of work at least once a year.
- 8. Environmental Impact.** By applying the precautionary principle, factories must use products that are compliant with international standards and which clearly display their safety data sheets. Waste and pollution management and processes (waste disposal, handling and disposal of chemicals and other dangerous substances, treatment of emissions and effluents) must comply with the minimum requirements prescribed by relevant legislation and contribute towards minimising the environmental impact of operations.
- 9. Sub-contractors and Transparency.** The company is urged to provide the charter to its sub-contractors. Our aim is that all stakeholders involved in the supply chain acknowledge and share our code of conduct.
- 10. Management System.** The company must establish and implement a Corporate Social Responsibility policy, which ensures that the principles of the Charter are adhered to. This policy aims to establish clear written procedures for each point and document all activity undertaken.

Name & Position: _____

Date: _____ Signature: _____

- Target 12.6** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
- Target 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- Target 8.7** Take immediate and effective measures to eradicate forced labour, [...] and by 2025 end child labour in all its forms
- Target 8.8** Protect labour rights and promote safe and secure working environments for all workers [...]

The Group has worked on establishing a set of criteria to share with suppliers. They constitute the minimum social, environmental and safety standards the Group expects of them to assure customers that our products are manufactured in socially and ethically acceptable conditions. These criteria have been set out formally in a Responsible Purchasing Charter, which has been given to our key suppliers from 2018.

Social criteria

Minimum working age and child labor, freedom of association, right to organize collective bargaining, prohibition of forced or compulsory labor, equal pay for men and women, and prohibition of all forms of discrimination in employment.

Environmental criteria

Environmental management systems, measurable objectives and action plans to reduce emissions, consumption of energy and natural resources, and hazardous and nonhazardous waste.

Health and workplace criteria

Written records of accidents, injuries and illnesses. Written instructions and safety trainings including proper use of chemicals, tools, machines and personal protection equipment. Regular risk reviews to identify and eliminate potential threats to health and safety in the workplace.

40+
suppliers assisted
with CSR criteria
compared to 2017

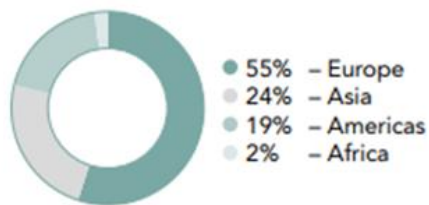


Multicultural teams for diversity

Target 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Chargeurs integrates into its teams more than forty nationalities. We are committed to create jobs in countries we work with. We are also convinced that cultural diversity is a major asset and is better than so-called mono-cultural teams. That's why most of our managers worldwide are local managers.

GROUP HEADCOUNT: GEOGRAPHIC BREAKDOWN



Facilitating the school-to-work transition for young people while promoting French excellence in the fashion industry.



Target 11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion

Target 11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage



Target 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises

Target 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training

A variety of initiatives have been set in place at Chargeurs-PCC to give students and young designers a better understanding of interlinings and how they work.



Conferences and trainings for fashion students

One of Chargeurs-PCC's Technical Sales Managers regularly leads conferences and training modules in many of France's top fashion and design schools, such as Esmod, Chambre syndicale de haute couture, La Fabrique, ENSAD, ISAA, Atelier Chardon Savard, and others to follow in France, then England, Italy and Germany. Students are also offered the possibility of guided tours around its Buire-Courcelles plant (Lainière de Picardie).

Supporting young designers through The Young Designers' Club

For two years now, Chargeurs-PCC's Young Designers Club offers young designers small group courses and one-on-one follow-up sessions at the showroom on Rue de la Pierre Levée in Paris. Young designers benefit from technical advice, product studies, sampling, but also from showroom availability in Paris and access to our network of partners across the world. The number of participants has risen sharply, from 23 in 2017 to 74 in 2018.

74
young designers
attended the Club in
2018

After graduating in 2018 from Atelier Chardon Savard, Lucas Meyer attended Chargeurs-PCC's classes before becoming a member of the Club. "I had no idea just how important interlining was," says Lucas. "I was given advice throughout the session, as well as a large amount of the selected materials to work with." The collection he presented in May 2018 included several pieces that use products supplied by Chargeurs. "I was able to create new materials," he continues. "I wanted a fabric that dried flowers could show through. I had some transparent silk for the outside, but for the inside, I needed a fabric capable of enclosing and keeping the flowers in place. Without Chargeurs-PCC's support, help and products, several creations in my collection would never have made it to the runway." Selected and illustrated by several fashion magazines, these flagship pieces enabled the designer to participate in the Young Designers Show held in Paris in August 2018. One of them was even presented at the Donjon de Vez, near Paris, which exhibits outstanding contemporary art.

Connecting new generations with the world of industry



Chargeurs opened its three French production plants to local schools on March 29, 2018 as part of the 7th **French Youth Day** initiatives. This day is an opportunity to connect young people with businesses through meetings in all sectors of the economy. 125 young people were able to learn about our businesses and gain a better understanding of the career opportunities that industry can offer them, including apprenticeship programs.

In Normandie, at the Novacel site in Déville-lès-Rouen

At Chargeurs-PCC, apprenticeships to safeguard and transfer know-how

Since 2017, Chargeurs-PCC's Buire Courcelles plant is developing apprenticeships in various trades (Warping, Knitting, Finishing, Dyeing, Inspection, Maintenance, IT, Finance). They combine practical, hands-on training in the workplace with more theoretical teaching related to the company's business in an apprentice training center. This program enables young people to be prepared for working full-time in the company once they have finished their apprenticeship, and therefore to facilitate their integration in the professional world.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



8 DECENT WORK AND
ECONOMIC GROWTH

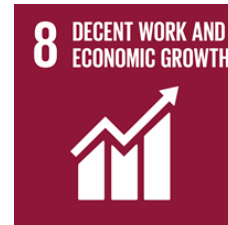


11 SUSTAINABLE CITIES
AND COMMUNITIES



SAFETY FIRST! Reducing workplace accidents

Target 8.8: Protect labour rights and promote safe and secure working environments for all worker



In 2015, all Chargeurs production sites signed the **Safety Charter**. One year later the Group added safety issues to its risk mapping. Following the Group's audit of its US plants at end-2016, a follow-up audit was conducted at end-2017 to make sure that all remedial actions had been taken. The results of this approach were positive. It has helped to strengthen the consistency of our overall systems and resulted in increased frequency of controls in the field.

Frequency rate (FR)
for occupational
accidents:
11.72%



First held on November 13, 2017, **Safety Day** aimed to heighten awareness and sharpen reactions at every stage of operations, while further developing a genuine safety culture that goes beyond mere compliance with regulations and standards. Each site organized its own program including for instance workshops on the theme of safety (using of extinguishers, posture workshops, onsite traffic regulations, etc.), site visits and trainings. Chargeurs plans to hold this event repeatedly, to encourage production plants to review the mandatory notices displayed in their premises as well as their safety instructions, and to update their staff training.



On June 16, 2018, a **second Safety Day** was organized. Various topics were addressed in the different production sites: road risk, physical and mental preparation before taking a job (warm-ups, knee joint and muscle relief exercises), fire evacuation, etc.

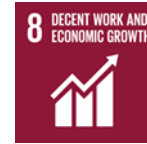


The **third Safety Day** is planned for September 19, 2019 and will continue to heighten awareness on everyone's responsibility for collective safety.



Next step for the group for what concerns safety: install the ISO 45001 safety management system at Novacel (branch of CPF), in order to constantly decrease the number of workplace accidents.

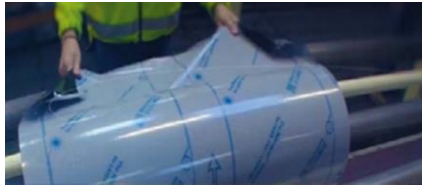
CONCERTO, an innovation that helps to provide good working conditions for the employees of client companies.



Target 8.8: Protect labour rights and promote safe and secure working environments for all worker

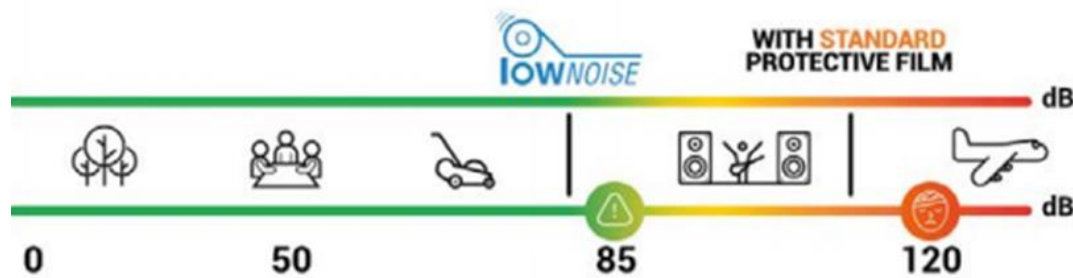


Novacel, world leader in manufacturing and marketing adhesive film for temporary surface protection applications, also invests in its customers' safety and wellbeing in the workplace with Concerto, the **Low Noise Technology** which helps cut down on noise pollution in the workplace, thereby minimizing work-related stressors.



Since 2017, rolls of high-adhesive protective film can be unwound at a noise level of less than 85 dB, which is below the current international standards and, in particular, the standards stipulated in European directive 2003/10/EC, which require personal protection equipment to be worn at a noise level above 85 dB. In addition to helping create a quiet working

environment, Low Noise film rolls are also easier to install and unwind, offering a much reduced unwind force and less risky daily manual unwinding operations.



Ensuring effective training



Target 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

Target 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training

Chargeurs has developed several programs to welcome new staff, guide talented young employees, and help experienced managers roll out the Game Changer strategy in the field.

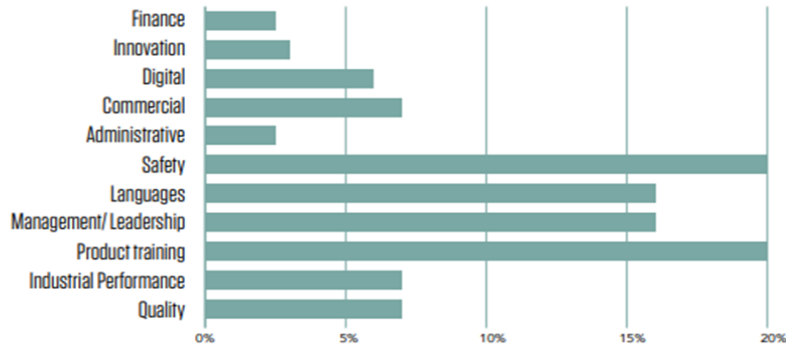
A real onboarding process for new employees

The ability to integrate new employees is critical during a stage of external growth, what Chargeurs precisely experience. The group therefore places a special focus on its onboarding programs for people joining the Group and is committed to tailoring these programs to individual needs. New employees are presented with an overview of the entire Group, which sometimes includes site visits, especially at the occasion of the Discovery Days (in France only).

An ambitious training program, driving the group's talent development

The Group considers employee training as a priority and a key issue. In 2018, 17 hours of training were provided per person, a 31% increase compared with the previous year. Several training areas were identified for the 2018 training plan: Designed to support the Group's project, these 35 000 hours of training are dedicated for the whole Group from the production line to the Management.

TRAINING AREAS – 2018 PLAN



Change in the number of training hours per employee:
+31%
17 hours of training in 2018*

A tailor-made training program with the ESMT Berlin School of Business

2018, Chargeurs worked with ESMT Berlin and its Hidden Champions Institute to develop a training program that would help its TOP 100 executives roll out the Game Changer plan. The program gave these managers five challenges so that they could propose

solutions for problems faced by the Group. Their proposals were presented to the Executive Committee, which then decided whether to approve them. For the five challenges set in 2018, one solution has already been rolled out (Amédée

Paris), two have already been approved and two are still under consideration. The inaugural session had 26 participants from four Chargeurs businesses around the world.

In 2019, 26 more managers signed up for the program, including seven from companies that recently merged with the Group.

Meanwhile, top management receives specialized training from first-rate educational institutions such as Harvard Business School.



Executive Committee in Berlin, Friday 28th September 2018

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies



Nativa, a label for traceability of the wool and animal well-being



Target 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes [...]

To reassure their customers, luxury brands now want to be able to inform them of the origin of the clothing materials they wear. In 2017, CLM launched Organica Precious Fiber with the goal of providing the sector’s participants with an industry-standard label whose certification criteria exceed those of the Responsible Wool Standard (RWS), the ZQ Merino and the Global Organic Textile Standard (GOTS). Lately, **Organica became “Nativa”**. This label seeks to make responsible purchasing an indispensable process by guaranteeing the quality and **traceability** of merino wool fibers across the value chain, from the farms where sheep are raised and shorn to the stores where the end-products are sold. As a dedicated defender of the environment, human rights and animal welfare, CLM defined a comprehensive,

Number of
Organica Precious
Fiber-certified farms:
36+
in 2018

detailed protocol for applicants requesting Nativa certification. The label combines a **wide array of criteria**, ranging from the quality of grazing land soils to the treatment of sheep on the farm (engagement to use non-mulesing practices), with highly detailed descriptions of recommended best practices to meet their needs and protect their physical health at every stage of their lives. There are also guidelines covering employee relations and social issues, in line with CLM’s emphasis on ensuring decent working conditions for farmers and ranchers. To qualify for the Nativa label, partners must agree to be assessed by an independent third party that audits their facilities and management annually. Nativa is now supported by blockchain technology, to guarantee traceability. (described in chapter 4, “Anti-corruption”).

Nativa has been certified RWS since 2018, a label that certifies that sheep are treated with respect to their Five Freedoms:

- Freedom from Hunger and Thirst
- Freedom from Discomfort
- Freedom from Pain, Injury or Disease
- Freedom to Express Normal Behavior
- Freedom from Fear and Distress



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



ALTEERRA, Eco' In and Deep Blue, or how innovation minimizes plastic pollution

Target 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Target 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities



With its deep commitment to eco-design, Senfa developed **Alterra**, a product that uses the equivalent of two recycled plastic bottles in each square meter of fabric.



Novacel Deep Blue Technology is an innovation in protective films and an alternative to PVC products. It is free of toxic materials and 100% recyclable.



The **Eco' In** range of interlinings from Chargeurs-PCC uses fibers made from recycled plastic bottles.

Controlling our air emissions

13 CLIMATE ACTION



Limiting our impact on climate change primarily means controlling our energy use and our air emissions. Volatile organic compounds (VOCs) play a significant role in climate change. Chargeurs is committed to developing more and more solvent-free products and to installing modern, efficient solvent recovery units at its plants.

Investing in ultra-modern solvent recovery or incineration units

Three solvent recovery units have been installed by CPF, at the Déville-lès-Rouen plant in France and at the Boston Tapes plant in Italy. These units make it possible to reduce solvent purchases, significantly cut VOC emissions and reduce our environmental footprint during the transportation, handling and storage of hazardous substances.

Innovating in solvent-free products



SUBLIMIS® is a 100% polyester fabric coated on one side, designed for printing using water-based inks, which are more environmentally friendly than UV inks as they do not contain solvents and are odorless. Apart from these qualities, SUBLIMIS® meets the fire-resistant standards required for applications in public places. It was voted "Product of the Year" at the SGIA trade fair in Las Vegas.

Circular Economy in Uruguay



Target 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

Target 6.5 By 2030, implement integrated water resources management at all levels

Target 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Target 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Target 12.2 By 2030, achieve the sustainable management and efficient use of natural resources

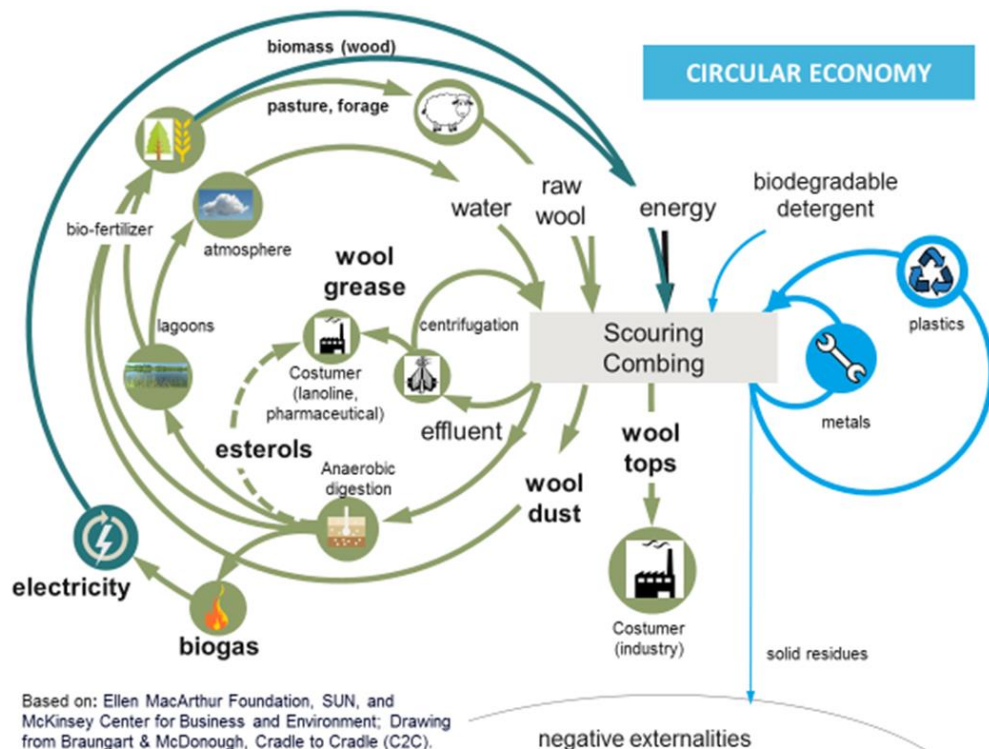


The processing of raw wool uses water in huge quantities since there are no limits set by local legislation. Consequently, to offset the water-intensive nature of CLM's wool processing operations, the **Lanas Trinidad wool combing factory in Uruguay uses 800 cubic meters a day drawn from a large rainwater catchment system** that they built, and capable of holding one million cubic meters. All this wastewater is then returned after use.

Not far from the manufacturing unit, a 140-hectare farm has a completely natural water treatment system that uses bacteria to purify water, collecting the resulting hydrocarbons. **Once treated, this water is used to irrigate local crops.** For the past three years, **the system also captures the resulting biogas, which is then combusted to produce a quarter of the electricity used by the site.**



In 2019, Lanas Trinidad wool mill received the Circular Economy prize from the National Agency for Sustainable Development (ANDE) and the United Nations Partnership Action on Green Economy (PAGE UN).



Investment in the eco-design management system at CTS



Target 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

The eco-design management system aims to design more environmentally friendly products. This design method is based on a holistic, multi-criteria analysis aiming to reduce a product's future environmental impacts across its life cycle, from raw material extraction to manufacture, transportation, utilization, and end-of-life. The French standards association **AFAQ-AFNOR** has awarded **CTS' management system the AFAQ Confirmed Eco-Design label**, which equates to level three out of a possible four and certifies that the environmental management system for CTS products is sufficiently mature.



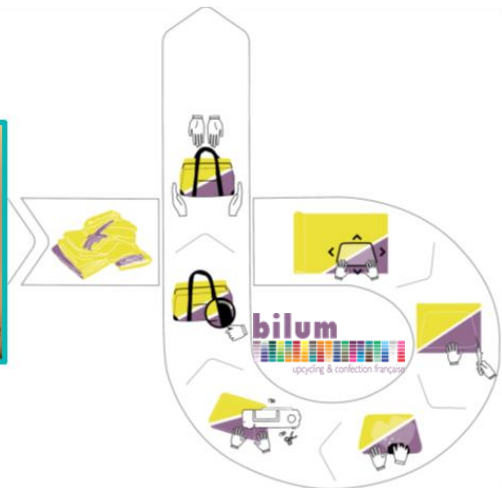
Upcycling at CTS



Target 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



CTS works in partnership with "Bilum" to give a second life to technical textiles first made for brands' external communication. Indeed, "Bilum" collects them to make accessories out of it. The models are then unique. This is an example of CTS' waste recovery.

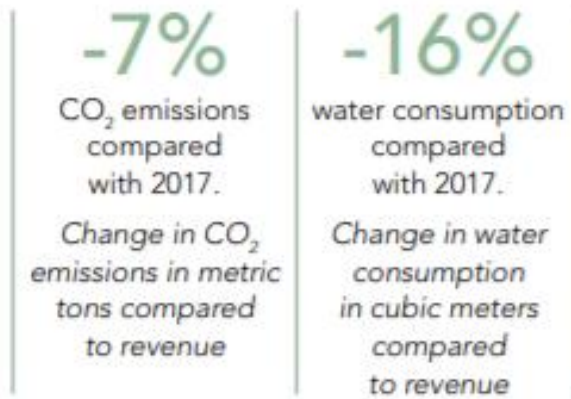


Investment in an Ethiopian eco-park for CFT

Target 12.2 By 2030, achieve the sustainable management and efficient use of natural resources



To meet customer demand, Chargeurs Fashion Technologies set up its first African production facility at the industrial park located in Hawassa, Ethiopia. It is the country's first major eco-friendly development. The park meets the highest environmental standards and employs **Zero Liquid Discharge (ZLD) technology**, a water treatment process in which all wastewater is purified and recycled, therefore leaving zero discharge at the end of the treatment cycle.



Next Steps for 2019



SEDEX

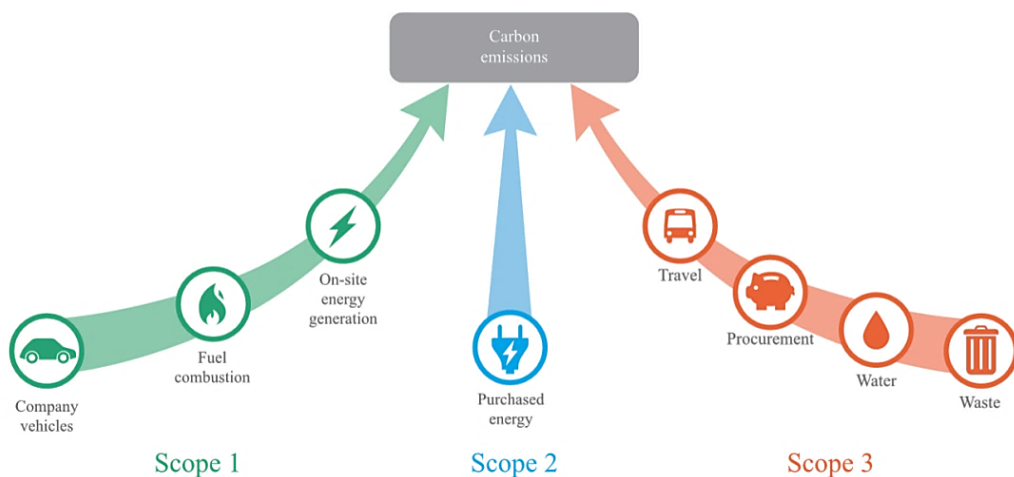


Target 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

Sedex is a collaborative platform that provides a way to assess responsible supply chain activities, including labour rights, health & safety, the environment and business ethics. It enables its members to show their customers that they respect the principles of ethically and socially sustainable production. Chargeurs' goal for 2019 is to start assessing its suppliers (at least 2) through Sedex to make sure that they include sustainability in their activities, and therefore to continuously share our values with them.

SCOPE 3

The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. The Chargeurs Group's CO₂ emissions fall within scopes 1 and 2. Chargeurs' four divisions common goal is to **integrate the scope 3 in the CO₂ calculation. We for instance plan to start tracking the carbon footprint of our professional travels through Egencia, the agency we work with.**



Chargeurs-PCC innovates with a range of sustainable products



Our products certified:



OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100
HKNO 056817 Institute
Tested for harmful substances.
www.oeko-tex.com/standard100



Example: One jacket fused with our sustainable products

1.1

bottle
recycled



=



2L

of water
saved

And also ...

- From now on, the group's objective is to **estimate the turnover realized with "green products"**, as one of its KPI.
- A commitment for Chargeurs-PCC and CLM was agreed during the Group's Green Committee **to sign the Fashion Industry Charter for Climate Action.**
- Two main commitments **to 30 percent aggregate GHG emission reductions in scope 1, 2 and 3** of the Greenhouse Gas Protocol Corporate Standard **by 2030** against a baseline of no earlier than 2015.
- As soon as possible and latest **by 2025**, commit **not to install new coal-fired boilers** or other sources of coal-fired heat and power generation, on sites within Tier one and Tier two.



Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Chargeurs strives to operate ethically and transparently and to comply with all national and international laws in force regarding bribery and influence peddling. It takes a zero-tolerance approach to such matters in all its host countries. Chargeurs also requires that its customers, suppliers and subcontractors implement a suitable policy to combat bribery and influence peddling: An Ethics Clause has been incorporated into the Terms and Conditions of our French sales subsidiaries.

Target 16.6 Develop effective, accountable and transparent institutions at all levels

Target 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels

PERCENTAGE OF INDEPENDENT DIRECTORS

40%
at 12/31/2018

50%
at 05/06/2019⁽¹⁾

A formal, widely circulated Code of Conduct



In 2017, Chargeurs grouped together and enshrined in its Code of Conduct all the values, rules and principles it wants applied within the Group. The Code provides rigorous guidance on topics such as **health, safety, environment, forced and child labor** and all forms of **harassment and discrimination** and promoting respect for **equality**, especially in terms of the **wage gap between men and women**. The Group commits to ensuring **freedom of association**, acting scrupulously in terms of **transparency** and the **fight against bribery and influence peddling**. The Group has also updated its code of conduct related to stock market transactions and the **prevention of insider trading**. The updated code now complies with the European Union’s market abuse regulation (“MAR regulation” 596/2014)

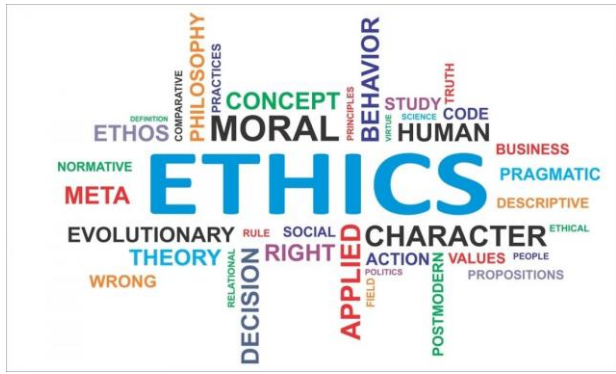
that came into force on July 3, 2016. The document also meets a legal requirement introduced by the Sapin II law of December 9, 2016. As required by the new law, all employees, subcontractors and temporary staff can report violations of the Code of Conduct to the Group’s ethics authorities through a **whistleblowing procedure**, with a dedicated email address available on the group’s website. A Chief Compliance Officer works to ensure the Code is properly understood and applied. To prevent and manage situations involving bribery, conflicts of interest or fraud, all employees are required to acknowledge their agreement to the principles set out in the Code of Conduct. The Code of Conduct is available on Chargeurs’ website at www.chargeurs.fr. <https://www.chargeurs.fr/en/content/corporate-social-responsibility>

100%
of Group employees
have signed the
Code of Conduct



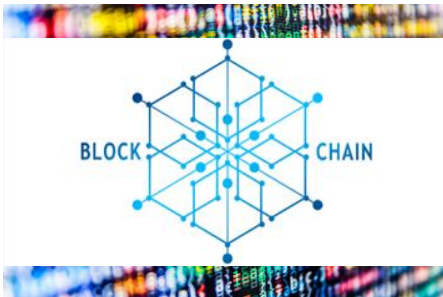
An Ethics Committee established

In addition to the Code of Conduct, the Group has created an Ethics Committee, which includes three well known people from outside the Group selected for their **impartiality** and their experience. The Group's Chief Compliance Officer can refer to the Committee as necessary, particularly in **whistleblowing cases** but also for:



- defining and recommending best governance and ethics practices for the Group to the Board of Directors;
- overseeing and verifying the proper implementation of the Code of Conduct;
- providing an advisory opinion on any situation that may violate the Code of Conduct;
- investigating violations reported through the whistleblowing system and deciding what action needs to be taken: closing the case, adopting appropriate corrective measures or initiating disciplinary and/or legal proceedings.

CLM's Blockchain technology, guarantee of perfect traceability



Blockchain is a distributed database that uses **encryption** to store information in a tamper-resistant way. It ensures a complete traceability in complex supply chains. **The CLM Blockchain is used by all Nativacertified partners throughout wool processing.** This makes it possible to trace the origin of each finished product, with a **QR code** that returns the farm of origin—a revolution in the textile industry.

