"A WORLD OF"
NICHE MARKET
LEADERS

2016
ANNUAL REPORT

STRENGTH & VISION

CHARGEURS

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STRENGTH & VISION

Chargeurs is a global industrial champion operating in niche markets. CONQUEST The Group has global leadership positions in each of its four core businesses – Chargeurs Protective Films, Chargeurs Fashion Technologies, Chargeurs Technical Substrates and Chargeurs Luxury Materials. Its dynamism is built on robust fundamentals, including a widely recognized manufacturing heritage, an incomparable global market footprint, a demanding management model, long-term shareholder impetus, a robust balance sheet and a remarkable ability to seize growth opportunities with the support of engaged employees. INSPIRATION Since our founding in 1872, globalization has been in Chargeurs' genes. We are a community of more than 1,500 employees – chemists, manufacturers, high level textile engineers and sales people – who make this adventure possible by bringing our products to life and effectively serving our customers' needs in more than 70 countries. VISION Today, by combining powerful innovation capabilities and new service solutions, while working tirelessly to improve its industrial performance, Chargeurs is writing a new chapter in its history.

Our businesses

Chargeurs is a global manufacturing and services group with leading positions in the markets for temporary surface protection, garment interlinings, technical textiles and high quality combed wool.

Leveraging a robust and distinctive manufacturing model, Chargeurs serves niche high-tech markets. The model derives its **robustness** from the combination of powerful innovation capabilities, operating discipline, a selective marketing strategy and a stable long-term reference shareholder.
Its **distinctiveness** lies in the Chargeurs standards of excellence, which enable us to develop solutions jointly with customers, partnering them across all global economic cycles.

Chargeurs - Protective Films **No.1 worldwide**

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

€506.4M
in revenue
up 5.1% like-for-like in 2016

€38.9M
in recurring operating profit
up 27.1% in 2016

Over 1,500
employees in 34 countries worldwide

Chargeurs - Fashion Technologies **No.2 worldwide**

Chargeurs Fashion Technologies is our business that serves the world's leading menswear and womenswear brands by designing interlinings, the only technical fabric used in garments, which keeps them flexible and helps them to retain their shape.

Chargeurs - Technical Substrates **European leader**

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

Chargeurs - Luxury Materials **No.1 worldwide**

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

Corporate heritage

Chargeurs' rich heritage is intimately entwined with the history of French and international capitalism, which the Company has helped to forge. That heritage has also nurtured a powerful industrial and investment culture appreciated by customers and employees, which has underpinned our prosperity and strength for more than a century.

1872

CREATION OF A GLOBAL GROUP

Created in 1872 by French banker and businessman **Jules Vignal, Compagnie des Chargeurs Réunis** was originally a transatlantic shipping line, operating **the first regular services** between France and Latin America, followed by services between France and its empire in Africa and Asia.

1945-1970

FROM THE END OF WORLD WAR II UNTIL THE END OF THE 1970'S

During the post-war years, **Chargeurs Réunis stepped up the pace of international expansion**. As well as growing the shipping business, it developed a new air transportation business with the creation of an international airline (UTA), and a specialized land transportation business (Causse-Walon). In fact, Chargeurs' first century was a period of global success in the transportation industry. As part of an **upstream and downstream diversification** drive, the Group also **invested in a variety of other industries**, from tourism via Club Méditerranée and investments in two French hotel chains, Sofitel and Novotel; to chemicals by developing Safic-Alcan & Cie and Seppic; financial services by acquiring a controlling interest in a banking company, Société Financière de l'Armement (SFA), and in Caisse Centrale de Réescompte, Crédit Mobilier Industriel Sovac and Compagnie Financière de Paris et des Pays-Bas; and insurance with the purchase of a major stake in Réunion Française. All of these non-industrial interests were then gradually sold.

1980-1990

DIVERSIFICATION INTO TEXTILES, PLASTICS AND THE MEDIA

The early 1980s marked the start of **a new business saga** when **French captain of industry Jérôme Seydoux** acquired control of Chargeurs Réunis and merged it with **Pricel, one of Europe's leading textile groups**, making Chargeurs the **spearhead of a new industrial adventure** for more than 30 years. Thus began a period of aggressive business growth, during which Chargeurs acquired a controlling interest in the Prouvost textile empire and successfully moved into media, taking over Pathé, investing in BSkyB, creating the La Cinq television station and purchasing the Libération newspaper. Chargeurs also disposed of its assets in maritime shipping (to Delmas-Vieljeux, which later sold them to CMA-CGM), air transportation (to Air France) and specialty transportation.

1996

FIRST SPIN-OFF OPERATION IN FRANCE

In 1996, **the media empire was spun off into a separate company and the manufacturing empire was refocused** to form what is today the Chargeurs Group.

2000-2014

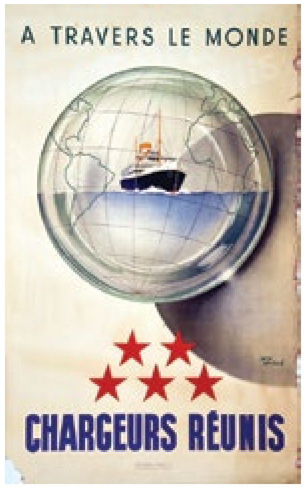
REFOCUSING ON SPECIALTY MATERIALS

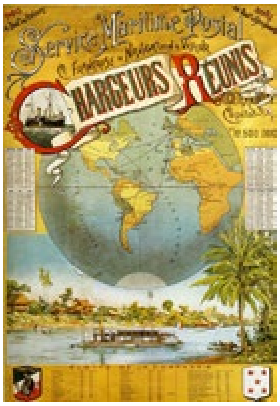
With its reference shareholder, the concert party comprising **Jérôme Seydoux and Eduardo Malone**, Chargeurs **strategically refocused on leading, high value-added technical businesses**. In 2008, all of the remaining garment-making operations were sold. After successfully paying down all of its debt, **Chargeurs stepped up its innovation strategy**. The business model for the wool division was transformed, shifting its core to trading the finest wool while keeping an active minority stake in manufacturing.

SINCE 2015

A TRANSITION IN OWNERSHIP TO FRENCH INVESTORS AND DEPLOYMENT OF AN EXCELLENCE MODEL

Having led Chargeurs for several decades, the shareholder concert party comprising Jérôme Seydoux and Eduardo Malone sold its equity interest to Colombus Holding SAS. Founded and currently headed by **French industrialist Michaël Fribourg**, Colombus Holding is a very long-term to permanent investment structure **dedicated entirely to supporting the future of Chargeurs**. Its investors, by Mr Fribourg's side, include leading French institutions (CM-CIC, BNP Paribas, Efficap, COVEA) and family offices. Upon joining Chargeurs, Michaël Fribourg immediately began transitioning the Group to a **distinctive excellence model** built around the Chargeurs Business Standards, strengthening the balance sheet (notably through an **inaugural Euro PP issue**), launching the **targeted acquisition** of Main Tape, a US company specialized in temporary surface protection, and deploying the **best international standards**. These initiatives have **extended the leadership** of the Group's businesses, while also delivering **a sharp improvement in performance** and an increase in the Chargeurs share price (along with the share's promotion to compartment B of NYSE Euronext Paris).





01— CHARGEURS RÉUNIS
02— CHARGEURS RÉUNIS 03— PROUVOST
04— UTA 05— CHARGEURS RÉUNIS

Chargeurs: a distinctive growth model based on operational efficiency and industrial value creation.

Michaël Fribourg
— CHAIRMAN AND CHIEF EXECUTIVE OFFICER —

The Group's successful ownership transition and performance consolidation in 2015, not forgetting its achievements under the **"Performance, Discipline, Ambitions"** plan implemented in 2016 mean that, today, Chargeurs has developed its own distinctive DNA. An international industrial group with leading positions in its four niche markets, Chargeurs has what it takes to grow the business and to drive performance gains, the innovation pipeline and business process efficiency improvements for the benefit of all our customers. The Group has emerged from the transformation process, reporting like-for-like gains of 5.1% in revenue and 31.0% in recurring operating profit in 2016. These results illustrate the significant upturn in performance achieved across all of our businesses, which all reported better-than-expected increases in their operating margins.

The Chargeurs Business Standards, an essential key to success. Our above-target operating results are attributable to the quality of the Chargeurs Business Standards, which are regularly enhanced by the heads of our businesses supported by the 1,500 Chargeurs employees based in 34 countries who serve an ultra-diversified customer base spanning more than 70 countries.
Using an approach focused on comprehensive solutions closely aligned with customer needs, the Group is engaged in a process to deliver continuous improvements in **Performance**. Incremental and ground-breaking innovation, a unique talent management process and sustained investment are of critical importance in today's volatile economic environment. While modesty and prudence remain our watchwords, the Group has undeniably enabled its businesses to advance through a combination of strict **Discipline** and improved operational efficiency in their respective areas. As well as delivering measurable results, the Group's **Ambitions** have a cumulative knock-on effect, creating a sense of satisfaction and pride that has strengthened the systems in place for several years and leveraged them to revitalize the Group.

"The Chargeurs Business Standards developed for the Group give it the resilience needed in a volatile macro-economic environment."

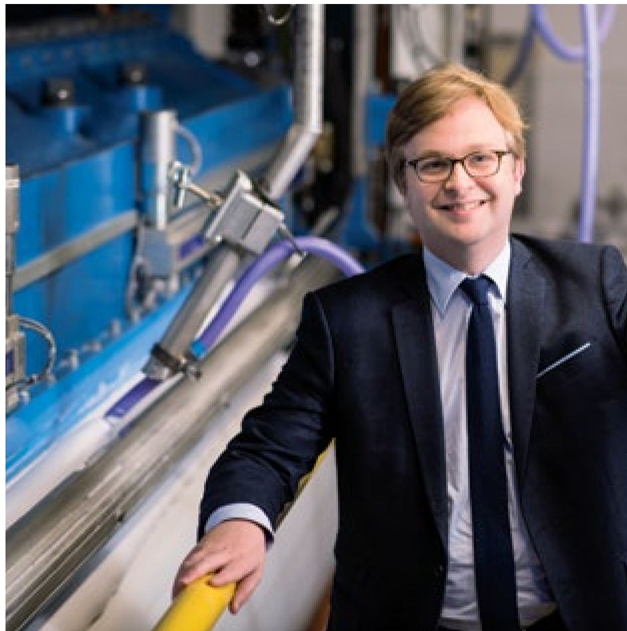
Manufacturing as the cornerstone. Chargeurs has a well-established manufacturing heritage. We streamline production where necessary (China and Brazil in 2016) and constantly invest to maintain our technological advance and optimize our manufacturing base. Thanks to this strategy, all of our plants are industrial champions. In addition to supplying excellent, innovative products for their niche markets, they are now organized as an agile manufacturing resource capable of offering dynamic, competitive, responsive and distinctive customer solutions. Chargeurs is also configured to take full advantage of the current volatility in its business environment. As a global organization with multiple domestic markets, it is able to seize the opportunities offered by some forty economic cycles worldwide that are at different stages and evolve at different rates.

Carefully targeted acquisitions. Impelled by this dynamic, we have a clear and effective plan for doubling our profitable revenue in the next ten years as the seamless integration of carefully selected acquisitions strengthens the industrial, technological or marketing resources

"Our carefully targeted strategic acquisitions will be designed to extend our global leadership of niche markets."

available to support our business segments or geographic positioning. The July 2016 acquisition of Main Tape, Inc. by Chargeurs Protective Films is a perfect illustration of this strategy. By acquiring a North American manufacturing hub, we enjoy even greater protection against unfavorable dollar exchange rates. We have also added a new manufacturing facility to our Franco-Italian hub. This global approach combining protection and engagement explains the Group's success, including a rate of like-for-like revenue growth that is three times greater than the increase in European GDP. Better yet, we aim to outperform the economy by an even wider margin in the coming years, in order to fully utilize our resources in the most dynamic regions. The Chargeurs Business Standards represent a valuable source of guidance during the pre-acquistion and acquistion process, helping to ensure that new subsidiaries make a positive contribution from year 1, even in very diverse cultural and economic environments.

Long-term value creation drivers. This industrial and marketing strategy is designed to stretch both ends of the value chain, but our more ambitious overarching aim is to make Chargeurs a game changer in its industrial niches.



Be it in protective films, interlining, technical textiles or high quality fibers, our ambition is to be the markets' driving force, leading their permanent reconfiguration. We have already started deploying this strategy, placing Chargeurs in the position of leader and game changer and offering customers the benefit of our head start in technology, logistics and marketing. Innovation continues to represent a core priority.
This has long been the case for Chargeurs Protective Films, to support its objective of maintaining and, if possible, extending its competitive lead, while for Chargeurs Fashion Technologies, the product innovations unveiled in 2016 have clearly paid off. At Chargeurs Technical Substrates, the development of new coated textile ranges for marketing and advertising applications have placed the division well ahead of the competition. Last but not least, Chargeurs Luxury Materials is the only global supplier of high quality combed wool capable of offering customers in the luxury fashionwear and sportswear industries full product traceability "from the sheep to the shop".
Chargeurs' sustainable competitiveness strategy, energetically endorsed by our CSR strategy, aims to convert a whole series of regulatory restrictions into an essential source of differentiation for our customers.

A distinctive model. The Group's 2016 performance increased its visibility not only among customers but also amongst the financial community. In January 2016, Chargeurs shares were promoted to Compartment B of NYSE Euronext Paris. Supported by an engaged reference shareholder that increased its stake in July 2016, we can also count on the backing of our diversified shareholder base which includes many retail investors. By acquiring Chargeurs shares, they can expect a satisfactory return on their investment that reflects the Group's access to all of the world's economic cycles. Our stock market performance in 2016 also reflects the disciplined approach shared by Group employees, all of whom contributed to a 24% increase in cash flow to €30.0 million and helped attract new long-term financial partners to cement controlled future growth.
Chargeurs' fundamental aim is to be a diversified industrial group operating in global niche markets with the necessary resources to leverage its leadership positions in order to act as a game changer driving the reconfiguration of its business segments.
We live and breathe excellence, constantly focusing on the operational challenges and looking for ways to become more efficient and more useful to our customers, and regularly checking that our achievements are consistent with our chosen trajectory. In 2017, we intend to go further and faster by taking up selected new organic and external growth opportunities in order to extend our various businesses' technological and operational lead.

"The Group is continuing to deploy its distinctive performance and innovation model in international markets."

Michaël Fribourg
Chairman and Chief Executive Officer

Significant events of the year

The highlights of the year – increased profits, new investors in the Group's debt, significant cash generation, an increase in the dividend and a targeted acquisition – illustrate the faster pace of improvement in operating performance achieved thanks to the "Performance, Discipline, Ambitions" plan and deployment of the Chargeurs Business Standards.

JANUARY 2016

- Chargeurs promoted to compartment B of NYSE Euronext Paris. – 2015 revenue: up 1.7% like-for-like, excluding wool trading.

FEBRUARY 2016

MARKET LAUNCH OF **ULTRA-THIN** (40-GAUGE) INTERLINING AND **ECO'IN RECYCLED PRODUCTS** BY CHARGEURS FASHION TECHNOLOGIES.

MARCH 2016

- P2015 results: recurring operating profit up 33.6%.
- Extraordinary General Meeting held to provide Chargeurs with new tools to support its growth strategy.

APRIL 2016

- Chargeurs awarded the trophy for the Best Finance Department ("Trophées des Leaders de la Finance").
- 5-meter width offering launched by Chargeurs Technical Substrates.

MAY 2016

Inaugural €57 million **Euro PP issue launched** and €33 million worth of revolving credit facilities set up.

- Payment of the 2015 dividend of €0.30 per share, up 50% on the 2014 dividend.
- €2.6 million liquidity contract set up.
- New appointments to the Group Executive Committee.

JUNE 2016

- Solvent equipment installed at Chargeurs Protective Films.
- Nertex showroom in Paris opened by Chargeurs Fashion Technologies.

JULY 2016

- Strengthened product traceability program at Chargeurs Luxury Materials.
- Colombus Holding's stake in Chargeurs increased from 27.6% to 28.2%.

Acquisition of Main Tape, Inc. by Chargeurs Protective Films.

AUGUST 2016

NEW CHARGEURS FASHION TECHNOLOGIES **INTERLINING PLANT IN ETHIOPIA** BROUGHT ON STREAM.

SEPTEMBER 2016

- New increase of 30.1% in recurring operating profit in the first half of the year.
- 2016 interim dividend of €0.20 per share approved and paid.

NOVEMBER 2016

- Third-quarter 2016 revenue: up 7.5% like-for-like.
- Good results from implementation of the "Performance, Discipline, Ambitions" plan and the new Chargeurs Business Standards.
- New €15 million 7-year Euro PP issue.

STRENGTH & VISION

Thanks to its operational excellence model, Chargeurs has seen an increase in the pace of improvement in operating performance and is in good shape to achieve further growth.

With revenue of more than €500 million, up 5.1% like-for-like* versus 2015, and recurring operating profit of €38.9 million, **up 27.1%**, Chargeurs delivered a remarkable performance, once again exceeding its annual objectives.
Led by its powerful innovation capabilities, global footprint, operating discipline and selective focus on profitable business, the Group will pursue its strategy of operational excellence in 2017 and consolidate its global leadership positions in niche industrial markets in the years ahead.

** Like-for-like growth: determined by excluding the effects of changes in the scope of consolidation and exchange rate changes. The effect of exchange rate changes is calculated by converting current period figures at the prior period exchange rate.*

KEY INDICATORS

4

BUSINESSES HOLDING FOREFRONT POSITIONS

— Chargeurs Protective Films
— Chargeurs Fashion Technologies
— Chargeurs Technical Substrates
— Chargeurs Luxury Materials

€506.4

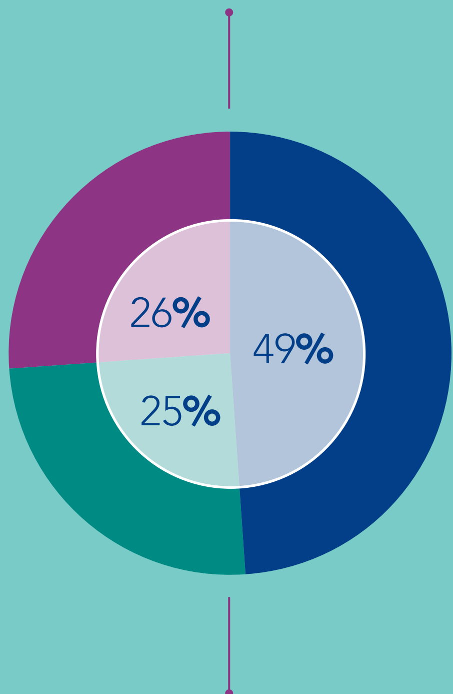
MILLION IN REVENUE

UP 5.1%
LIKE-FOR-LIKE
IN 2016

75

THE NUMBER OF GEOGRAPHIC MARKETS SERVED BY THE GROUP

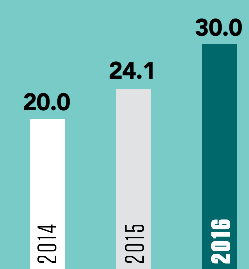
2016
REVENUE BY REGION
(IN € MILLIONS)



€250.1M or • **49% — EUROPE**
€129.4M or • **26% — ASIA**
€126.9M or • **25% — AMERICAS**

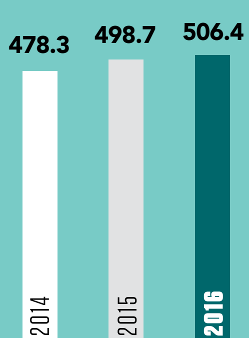
27%
GROWTH IN RECURRING OPERATING PROFIT IN 2016

CASH FLOW
IN € MILLIONS



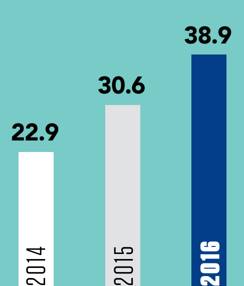
up 50% in 3 years

REVENUE
IN € MILLIONS



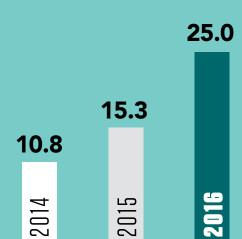
up 5.9% in 3 years

RECURRING OPERATING PROFIT
IN € MILLIONS



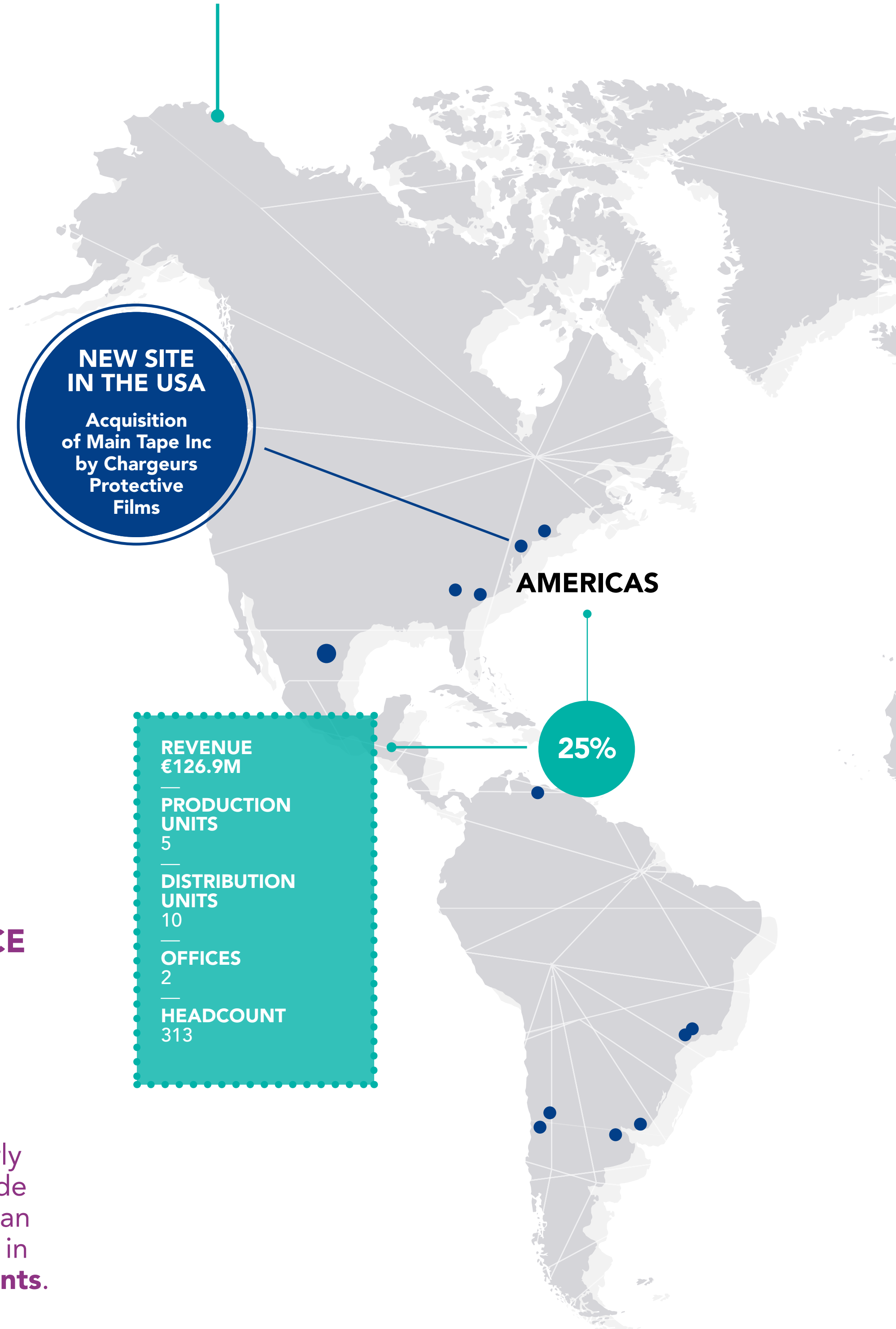
up 70% in 3 years

ATTRIBUTABLE NET PROFIT
IN € MILLIONS



x 2.3 in 3 years

A GLOBAL GEOGRAPHIC FOOTPRINT

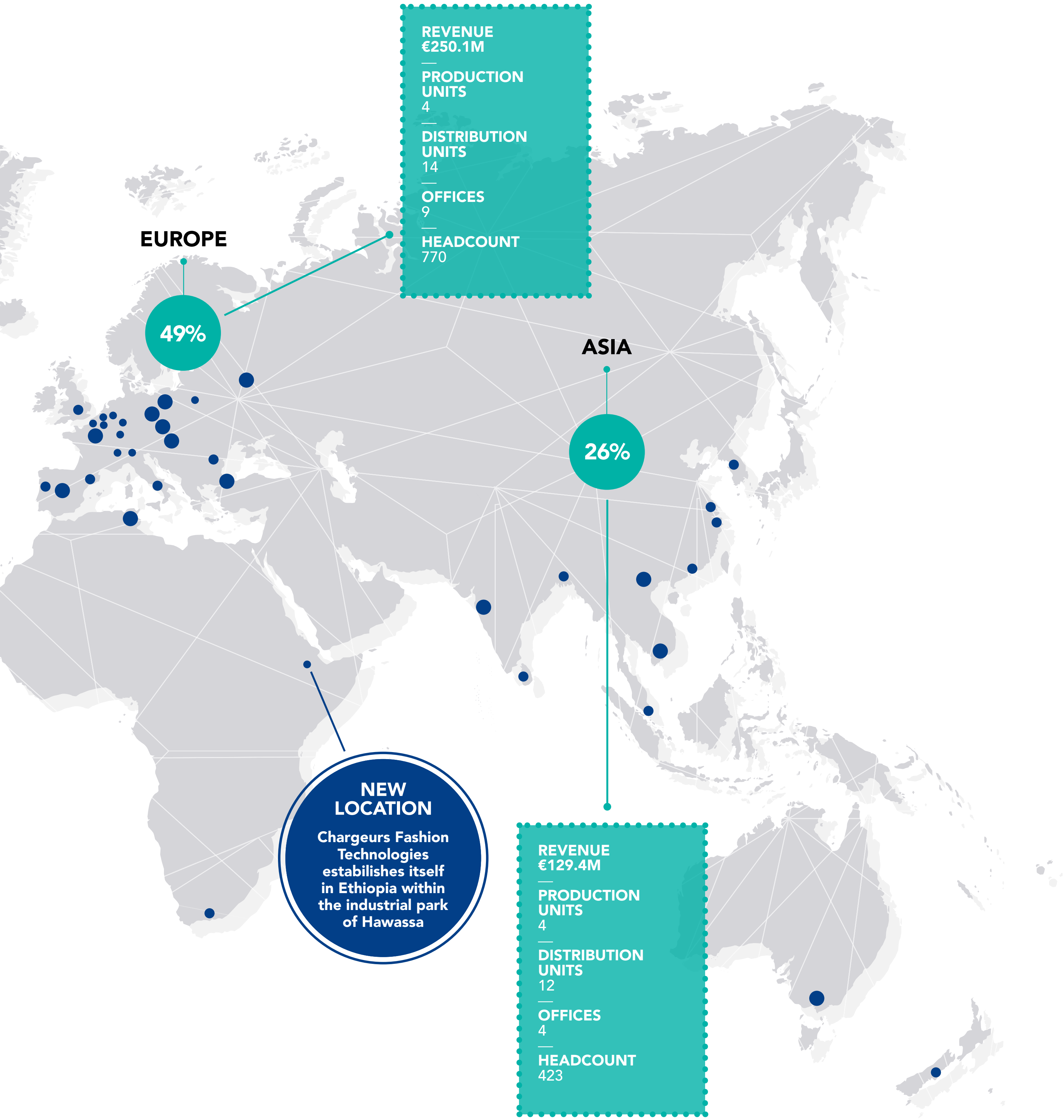


A GLOBAL PRESENCE

More than

90%

Chargeurs achieves nearly **90%** of its revenue outside France thanks to more than **1,500 employees** based in **34 countries** on **5 continents**.

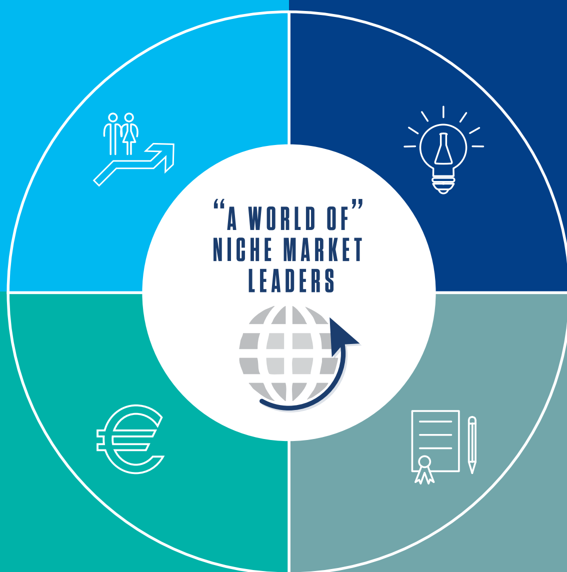

REVENUE
€250.1M
PRODUCTION UNITS
4
DISTRIBUTION UNITS
14
OFFICES
9
HEADCOUNT
770
EUROPE
49%
ASIA
26%
NEW LOCATION
Chargeurs Fashion Technologies estabilishes itself in Ethiopia within the industrial park of Hawassa
REVENUE
€129.4M
PRODUCTION UNITS
4
DISTRIBUTION UNITS
12
OFFICES
4
HEADCOUNT
423

ENGAGED MANAGEMENT OF HUMAN CAPITAL

- Decentralized global management
- Managerial leadership
- Investing in human capital and leveraging international talent
- Leveraging talent across all generations

NICHE PRODUCTS & SERVICES

- High barriers to entry
- Continuous innovation
- Innovative services and bespoke products developed jointly with our customers
- Advanced management of specific, integrated solutions
- Total quality and reliability



A ROBUST AND DISCIPLINED FINANCIAL CULTURE

- High return on capital employed
- Efficient management of finance costs and other financial expenses
- Tight control over operating cycles
- Implementation of highly selective, accretive growth transactions

AN OPERATIONAL EXCELLENCE MODEL

- Continuous optimization of core processes
- Diversified global geographic footprint
- Efficient supply chain processes
- "Best cost" culture and continuous cost management
- Optimum productivity and expertise

The Chargeurs business model

A sustainable worldwide model focused on distinctive high-tech products closely aligned with the needs of global customers, and a "think global, act local" approach.

A method based on strategic and operational effectiveness

Our mission

TO MANUFACTURE OUTSTANDING, INNOVATIVE, RELIABLE AND BESPOKE NICHE PRODUCTS AND SERVICES THAT ENHANCE OUR CUSTOMERS' PERFORMANCE AND SUCCESS.

Our guiding principles

— Acting to meet an objective: to make Chargeurs a diversified industrial group of **excellence**

— **Day-to-day management** of customers, products and talent, providing impetus at grass-roots level

— Very strong emphasis on implementing **effective** changes across the entire value chain

— Re-engineered **fundamentals** to embed a distinctive and lasting **corporate culture**

Our values

— A commitment and a closely managed process to guarantee constant reliability, **quality** and operational excellence

— A **passion** for developing sustainable solutions to the specific and complex needs of our customers

— **Engagement** at the highest level in nurturing our human capital, ethics and cultural diversity

— Pioneering ambition and **boldness**, supported by a strong culture of innovation and continuous manufacturing resource improvement

EXECUTIVE COMMITTEE

INVESTOR INFORMATION

CHANGES IN SHARE CAPITAL

SITUATION AU	31/01/2016[2]	31/12/2016
NUMBER OF SHARES	**22,966,144**	**22,966,144**
Of which number of shares held in treasury[3]	13,334	13,334
Of which number of Chargeurs shares held by subsidiaries	-	-
Of which number of Chargeurs shares held by employees[4]	-	-
SHARE CAPITAL[1]	**3,674,583.04€**	**3,674,583.04€**

(1) Par value: €0.16 per share.
(2) As of December 31, 2015, 22,958,399 shares were issued and outstanding.
(3) Article L.225-211 of the French Commercial Code. Total cost: €230,851.35 representing an average price of €17.31 per share.
(4) Article L.225-102 of the French Commercial Code.

STOCK MARKET DATA

Market listing

Market: NYSE Euronext/ Compartment B.
ISIN: FR0000130692 – CRI
Indices: EnterNext© PEA-PME and CAC PME.
SRD: Eligible for deferred settlement in the long-only segment.

ELIGIBLE PEA PME

OWNERSHIP STRUCTURE

NUMBER OF SHARES WITH DOUBLE VOTING RIGHTS

At January 31, 2017, the total number of shares carrying double voting rights amounted to 96,412 out of a total of 23,049,222.

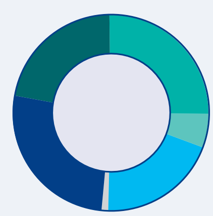
TRADING IN CHARGEURS SHARES BY MANAGEMENT OR MEMBERS OF THE BOARD OF DIRECTORS

Colombus Holding SAS, a member of the Board of Directors, acquired 150,000 Chargeurs SA shares on July 15, 2016.

SHAREHOLDERS OWNING MORE THAN 5% OF THE SHARE CAPITAL

AS OF JANUARY 31, 2017	number of shares	% interest	% voting rights
Colombus Holding SAS	6,484,805	28.2%	28.1%
Treasury stocks	13,334	0.1%	0.0%
Sycomore Asset Management	1,324,026	5.8%	5.7%
Other shareholders	15,143,979	65.9%	66.2%
Total	**22,966,144**	**100.0%**	**100.0%**

OWNERSHIP STRUCTURE
AS OF JANUARY 31, 2017
(% OF TOTAL OUTSTANDING SHARES)



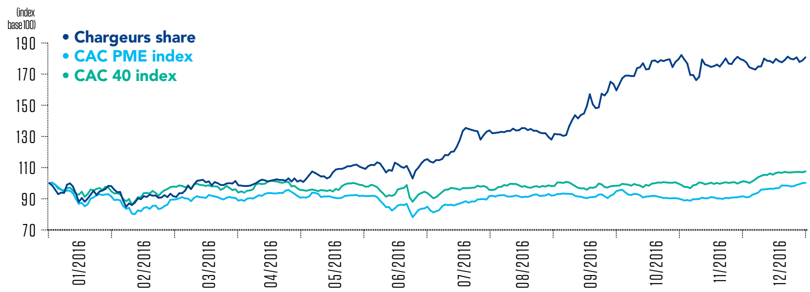
Number of shares: 22,966,144

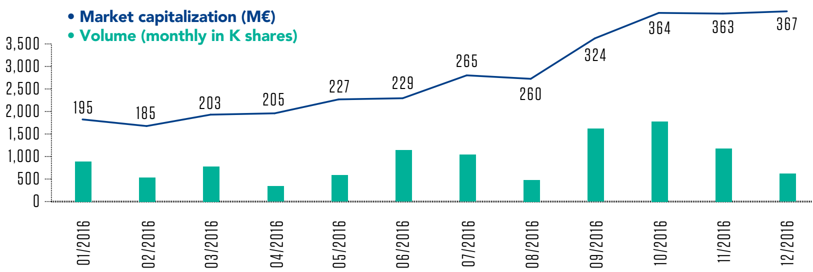
- 28.2% - **Colombus Holding SAS**
- 0.1% - **Treasury stock**
- 26.9% - **French institutions, of which Sycomore AM**
  - 5.8%
- 23.5% - **Private shareholders**
- 21.3% - **International institutions**

SHARE PERFORMANCE IN 2016

A GAIN OF 80.7%

Chargeurs shares gained 80.7% between January 1st and December 31, 2016. This stock market performance acknowledges the quality of the Group's financial fundamentals and its operational excellence strategy.





SHARE INFORMATION

	2014	2015	2016
Price on December 31	€5.09	€9.00	€15.96
Number of shares outstanding (in millions)	€16.0	23.0	23.0
Interim dividend (gross)	€-	€-	€0.20
Final dividend (gross)	€0.20	€0.30	€0.35
Total dividend (gross)	€0.20	€0.30	€0.55
Attributable net profit (€m)	€10.8	€15.3	€25.0
Payout rate (*)	30%	45%	51%

(*) Based on net profit for the year concerned.

2017 FINANCIAL CALENDAR

THURSDAY, MARCH 9, 2017
(before the start of trading)
2016 annual results

THURSDAY, APRIL 20, 2017
(before the start of trading)
First-quarter 2017 financial information

THURSDAY, APRIL 20, 2017
Annual General Meeting

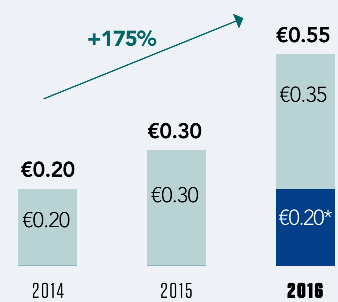
THURSDAY, SEPTEMBER 7, 2017
(before the start of trading)
2017 interim results

THURSDAY, NOVEMBER 14, 2017
(after the start of trading)
Third-quarter 2017 financial information

DIVIDENDS

At its meeting held on March 8, 2017 under the chairmanship of Michaël Fribourg, the Board of Directors decided to recommend to shareholders at the April 20, 2017 Annual General Meeting payment of a 2016 dividend of €0.55 per share (including the €0.20 interim dividend paid in September 2016), an increase of 83% compared with the 2015 dividend of €0.30.
In light of the faster pace of improvement in operating performance and the Group's stronger fundamentals, the Board of Directors wishes to reward Chargeurs' shareholders for their loyalty and long-term commitment.

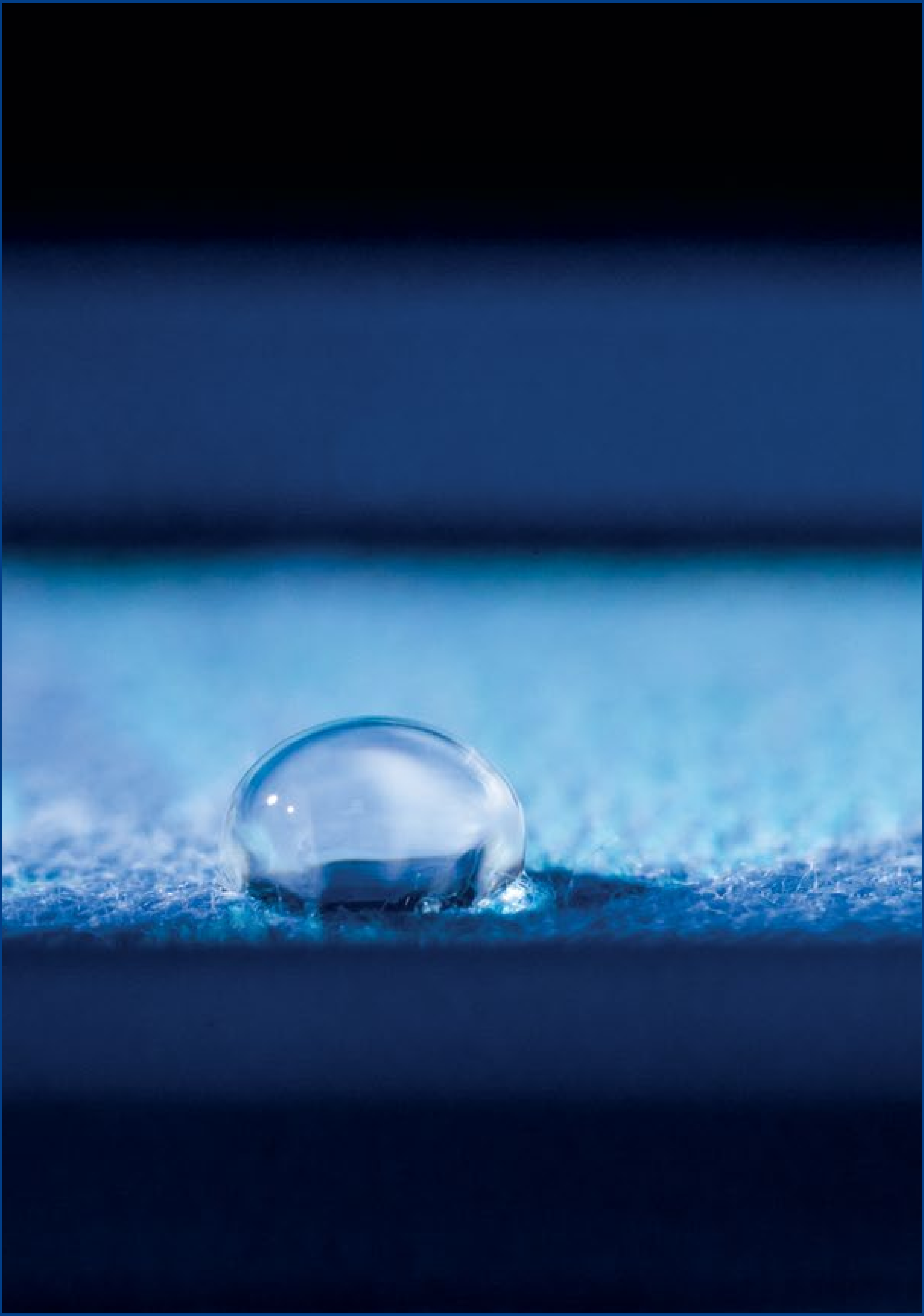
DIVIDENDS



* interim dividend

CHARGEURS IS COVERED BY THE FOLLOWING ANALYSTS

ALPHAVALUE
BERENBERG
MIDCAP PARTNERS
Portzamparc GROUPE BNP PARIBAS



PERFORMANCE & CONQUEST

BECOMING THE "GAME CHANGER" IN OUR INDUSTRIAL NICHES

Chargeurs is a global manufacturing and services group with leading positions in the markets for temporary industrial surface protection, garment interlinings, technical textiles and high quality combed wool. Our four businesses' developers, sales people, textile engineers and chemists create high value-added products for markets with very high barriers to entry. At the forefront of innovation and with pioneering expertise, they work jointly with customers to develop solutions that are closely aligned with their needs.

Their shared challenge is to deliver sustained improvement in industrial performance and service quality, in order to capitalize on all opportunities to grow and reconfigure their business sector.

Chargeurs Protective Films CPF

Chargeurs Fashion Technologies CFT

Chargeurs Technical Substrates CTS

Chargeurs Luxury Materials CLM

Chargeurs Protective Films

The world leader in temporary surface protection

In 2016, Chargeurs Protective Films reported sharply improved performance and once again exceeded its targets, while at the same time helping to consolidate the temporary surface protection market.

€250.3M
in revenue, up 6.5% like-for-like

€28.0M
in recurring operating profit, up 28.4%

Over **600**
employees in 17 countries

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

Its highly technical films maintain a finished product's surface integrity at every stage in the customer's manufacturing process (folding, stamping, profiling, etc.), as well as during handling, transportation and fitting. Our mastery of all temporary surface protection technologies enables us to offer a comprehensive range of self-adhesive films that protect products from smudging and scratching and improve their heat and stress resistance during production and surface priming for painting before finalization. Surface protection is applied far upstream in the customer process to guarantee impeccable surface quality from one end to the other of the production process. In this way, our films also help customers to lower their production costs.
The protection surface market is structurally growing, in step with the development of modern economies. With its innovation-led strategy and commitment to partnering customers by recommending bespoke surface protection solutions, Chargeurs Protective Films is leveraging its distinctive and sustainable approach to extend its competitive lead.

Découpe laser

MARKET FOCUS

"The leading provider of innovative coating solutions"

The rapid pace of industrial transformation has led to the emergence of multiple technical surfaces that require protection throughout the transformation process. Chargeurs Protective Films plays a central role in helping customers address the emerging issues when their new products are still on the drawing board, by offering innovative temporary surface protection solutions closely aligned with their needs. The continuous innovation process is illustrated by Chargeurs Protective Films' new products (Laser Fiber), new machinery (coating line) and customer-centric organization systems.

"Our objective to always stay ahead of the competition in terms of innovation and service"

Laurent Derolez
Managing Director,
Chargeurs Protective Films

Can temporary surface protection still be described as niche?

Temporary surface protection is still a global niche market due to the high barriers to entry. As the economy becomes more sophisticated and global, demand for temporary surface protection solutions in emerging markets is growing rapidly. Our strategy aims to extend our global leadership in this market. The July 2016 acquisition of Main Tape, Inc. in the United States is a perfect example of this strategy, because it has improved our geographic footprint, enhanced our product mix and strengthened our customer service capabilities in North America. Lastly, the Group's total support has enabled us to act quickly and efficiently, an experience that is incredibly motivating and inspiring.

How do you plan to preserve the innovation capabilities that have underpinned Chargeurs Protective Films' success?

Our deep grasp of our customers' needs and challenges ensures that we have all the information we require to understand our market, particularly the factors that pull the market and push technology. Our R&D determines the most fruitful areas of research to fulfill our goal of proposing the best technical solutions through incremental or disruptive innovations. Take for example our Concerto product, a low noise film that considerably improves the acoustic comfort of operators working on our customers' assembly lines.

Is this part of your CSR policy?

Yes. Not only do we protect the surface of our customers' products, we also aim to protect the health of their production line workers. When we develop an alternative to PVC (which contains chlorine), eradicate CMR products, or recover harmful waste from our processes that can be burnt as fuel, we become more sustainably competitive.

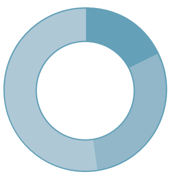
Chargeurs Protective Films

Global leader

Over

90%

of revenue generated outside France



REVENUE BY REGION

18% - ASIA
30% - AMERICAS
52% - EUROPE

A global presence and ultra-specific solutions

Chargeurs Protective Films is present on the world's main markets. Products are manufactured at two plants in the United States, one in Italy and one in France, and distribution is handled by eleven marketing subsidiaries and eight sales offices that together cover over 50 countries. Capacity utilization rates are kept high by allocating production to the different plants in response to changes in demand in the various national markets and leveraging the product mix to maintain a presence in all segments of this niche market.
This strategy has made Chargeurs Protective Films more competitive, allowing it to benefit from growth in its underlying markets.

4

PRODUCTION FACILITIES

France / Italy / United States (2)

11

MARKETING SUBSIDIARIES

France / Italy (2) / Germany / Spain / United Kingdom / Belgium / United States (2) / China / South Korea

8

SALES OFFICES

Czech Republic / Poland / Russia / Austria / Turkey / India / Australia / Mexico

FOCUS ON INNOVATION

The building glass market is expanding. Chargeurs Protective Films now develops self-adhesive films to protect glazing with low emissive, showerguard, self-cleaning and other functional coatings.
These products extend a line-up that already includes mirror safety backing films.

A "beyond-state-of-the-art" manufacturing resource

Full mastery of cutting-edge technologies

1 - Surfaces
The marketing department works with the sales teams to identify and analyze the needs of the various temporary surface protection markets (stainless steel, pre-coated metals, plastics, glass, etc.). After selecting the issue to be addressed, the technical and financial data are sent to the technical department.

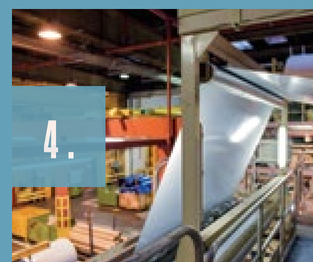
2 - Formula development
The R&D department defines the formulas for the films and adhesive based on the specifications. Each formula is exclusive and responds to a market need.

3 - Industrial process definition
Chargeurs Protective Films is an expert in coating and extrusion technologies. Coating consists of depositing a calibrated layer of adhesive on plastic film produced by partners on dedicated machines.

4 - Transformation
The surface protection films are then re-rolled or cut to size depending on the end-customer's applications.

5 - Quality controls
Chargeurs Protective Films' products comply with the applicable standards (e.g. REACH). All industrial machinery is checked at regular intervals to ensure compliance with environmental standards.

6 - Warehousing and supply chain
The rolls of plastic film are checked, labeled and wrapped before being shipped throughout the world.



Chargeurs Fashion Technologies

Positioned competitively as one of the world's top two garment interlining manufacturers

In 2016, Chargeurs Fashion Technologies reported a strong improvement in profitability, helped by a renewed focus on innovation and revamped managerial, industrial and commercial strategies. The creation of a new subsidiary in Ethiopia is an example of the division's new momentum.

€132.0M
in revenue in 2016
up 0.1% like-for-like

€8.0M
in recurring operating profit,
up 45.5 %

Over
750
employees
in 21 countries

Chargeurs Fashion Technologies is our business that serves the world's leading menswear and womenswear brands by designing interlining, the only technical fabric used in a garment. Interlining is generally hot-fused between the fabric and the lining, to help jackets, coats, shirts and blouses to retain their shape and structure. The division's chemists and textile engineers develop and apply the coating technology used to manufacture the interlining.

The technology requires high level expertise for its development and the ability to continuously adapt to the fabrics chosen by the leading brands for their many collections throughout the fashion year. Interlining is a high value-added product built around our intimate knowledge of the leading international brands, ability to allocate production across a global manufacturing base, supply chain capabilities and innovative service solutions. It is a niche business that combines speed, technical content, differentiation and know-how. The customer base spans all segments of the apparel market, from luxury to ready-to-wear and fast-fashion.

In addition to its excellent innovation capabilities and rapid response to new fashion trends, Chargeurs Fashion Technologies' plant equipment complies, and in some instances is the only equipment to comply, with the highest market standards. All of these strengths are essential to satisfy the business's increasingly demanding customers.

MARKET FOCUS

"Inside Fashion"

Chargeurs Fashion Technologies' interlining gives shape and structure to the garments sold by over 1,600 luxury, ready-to-wear and fast-fashion brands. Its global footprint, with eight plants and 18 marketing subsidiaries, enables it to offer a local service to every customer in a highly mobile apparel industry. Chargeurs Fashion Technologies is at the center of this industry. In June 2016, it opened a showroom in Paris, in the heart of the capital's garment district, to showcase all of the products from its innovation pipeline. A second showroom is due to open in the Manhattan district of New York during the first half of 2017.

"We are a major international player present across all continents"

Bernard Vossart
Managing Director,
Chargeurs Fashion Technologies

Coming soon, a new showroom in New York showcasing Chargeurs Fashion Technologies' expertise

It all started with a return to competitiveness. In 2016, all the changes initiated in 2015 started to pay off, in the shape of more than 45% growth in recurring operating profit. We pursued the rationalization process throughout the year. In China, we withdrew from the Yak joint venture and local production was transferred to a single plant. Some outsourced production operations were brought back in-house to increase capacity utilization rates. Following these measures, Chargeurs Fashion Technologies is now planning its short and long-term future as a newly competitive market player.

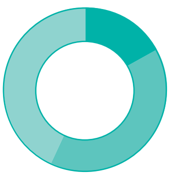
What levers do you have to help drive interlining industry consolidation?

We have three closely-related levers. The first lever is our innovation capability. In this traditional business, we are able to demonstrate that many innovative solutions exist which, better still, are in strong demand to keep pace with the latest fashion trends. In 2016, we were the first (and, so far, still the only) interlining manufacturer to offer a range of extremely thin 40-gauge interlining fabrics ideally suited to the very light satin and voile garments currently in fashion. The range has been very successful and a second 40-gauge machine will come on stream in 2017.
The second lever is our talent management process.
We have appointed new members to the Executive Committee, organized the succession of several Country Directors and hired interlining specialists to support our product development process.
The third lever is capital spending. Examples include our new plant in Ethiopia and the upgrade of our French plant. In this regard, the return to a less heavily geared balance sheet has enabled us to raise the funds needed to finance our growth.

Chargeurs Fashion Technologies

Wold number 2

Over
90%
of revenue generated outside France



REVENUE BY REGION

17% - AMERICAS
40% - EUROPE
43% - ASIA

Pioneering international growth

In August 2016, a new manufacturing and distribution subsidiary began operations in Ethiopia, the second most populated country in Africa, which has enjoyed average growth of 11% over the past ten years. The new plant and offices in the Hawassa textile industry park (HIP) will enable us to partner our major global customers even more effectively. With this investment, we are cementing our increasingly prominent position as a standard-bearer for best corporate social responsibility and environmental practices, by participating in the social development policy and ethics program of HIP, which serves as a benchmark for developers of other industrial parks in Central and Eastern Africa.

8
PLANTS ON 4 CONTINENTS
France / United States / China / Bangladesh / Sri Lanka / Argentina / Brazil / Ethiopia

18
MARKETING SUBSIDIARIES
France / Italy / Germany / United Kingdom / Portugal / Romania / Tunisia / United States / China / Hong-Kong / South Korea / Singapore / Sri Lanka / Bangladesh / South Africa / Chile / Brazil / Argentina

8
SALES OFFICES
Czech Republic / Spain / Belgium / Turkey / Vietnam / India / Indonesia / Canada

FOCUS ON INNOVATION

Eco'In. At Chargeurs Fashion Technologies, 80% of products have already earned Oeko-Tex Class 1-certification We are going even further in meeting our environmental commitments by developing an interlining range made using recycled polyester yarn (from plastic bottles), marketed under the **Eco'In** brand. We are seeing growing customer demand for **Eco'In** and have made expanding the range a strategic priority.

Technologies and expertise representing high entry barriers

A management model based on a culture of excellence across all core processes

1 - Warping
The first stage in the production process. The yarn is wound onto the warping beam for transfer to the knitting unit.

2 - Knitting
The fabric base is then knitted. Each knitting machine is connected to a computer which checks production and quality in real time.

3 - Finishing and dyeing
The product is stabilized using a chemical or thermal process, retaining the degree of suppleness needed for its application to the most difficult fabrics. The dyeing unit enables the interlining to be produced in the fashion season's colors. More than 60% of interlining products are dyed.

4 - Coating
Small drops of thermo-adhesive resin are applied to the fabric using a perforated cylinder. Infrared readers check that the resin is properly applied. Chargeurs Fashion Technologies scored a world first by developing and launching the Global Molecular Point (GMP) coating process, a patented innovation that helps to prevent seepage and significantly increases bond strength when the interlining is hot-fused between the garment fabric and the lining.

5 - Total quality controle
Quality controls are performed on each production batch at various stages in the process, covering the products' stability, bond strength, suppleness and feel.

6 - Systematic inspection
Each length of interlining is inspected as it leaves the production line. The cutting and packaging/labeling processes are fully computerized. All interlining produced at Chargeurs Fashion Technologies' plants is inspected meter by meter.

7 - Global supply chain operations
Once the interlining has undergone quality controls and been labeled and packaged, the rolls are stored in the warehouse by stock-keeping unit before being shipped throughout the world.

Chargeurs Technical Substrates

The manufacturing performance of an industry champion serving increasingly innovative markets

In 2016, Chargeurs Technical Substrates confirmed its market leadership and increased its production capacity with the commissioning of a new 5-meter width coating line that responds closely to customer demand.

€24.6M
in revenue in 2016 up 21.2% like-for-like

€3.8M
in recurring operating profit, up 5.6%

79
employees

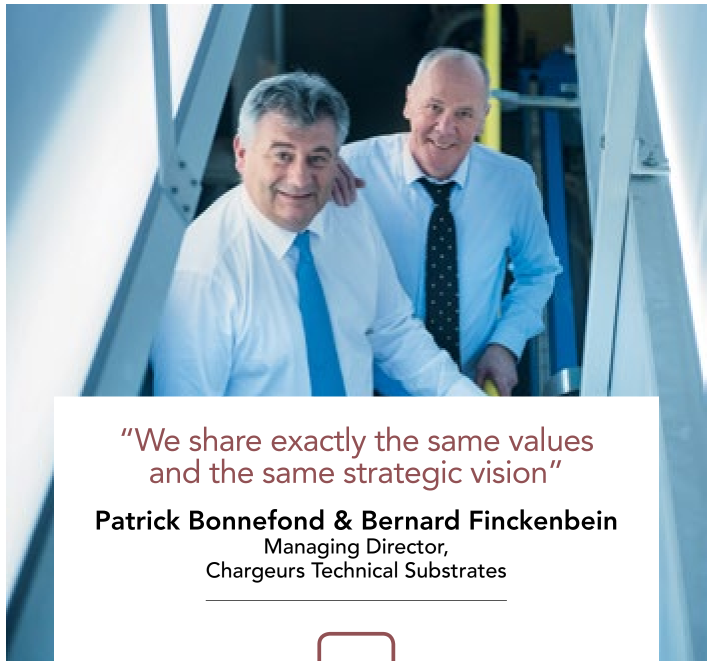
Chargeurs Technical Substrates functionalizes technical textiles used in the fast-growing advertising, decoration and interior architecture markets. Being able to master coating technology in all its forms is a major asset of three of our four businesses. Extremely delicate and complex to implement technically, coating enables Chargeurs Technical Substrates to functionalize textiles for specific applications, such as the shading or uniform diffusion of light, soundproofing or electromagnetic wave (GSM, WiFi) filtering. These functionalities can also be combined, for example to create large advertising displays on which the fabric can diffuse light, be fireproofed and printed in very high resolutions.

As the European leader in its niche market, with products that enjoy a strong reputation among customers, Chargeurs Technical Substrates has successfully built positions in emerging market segments. Thanks to its production ecosystem (comprising printer manufacturers and the publishers of dedicated software) and efficient internal organization, the division has kept pace with the double-digit growth enjoyed by its market.

MARKET FOCUS

Chargeurs Technical Substrates: the strengths of an industrial champion whose products enjoy a solid reputation in the advertising and decoration markets

- High-level expertise in textiles and technical coating technologies
- Unrivaled print quality for markets where the quality of indoor or outdoor displays is the single most important criterion
- Continuous product development to keep pace with market trends
- A responsive R&D center capable of quickly developing specific products
- An agile and efficient ecosystem comprising printing professionals (ink and machine manufacturers)
- Differentiating and functionalized products (light, fire and sound-proofing products, wave filtering products)
- Efficient customer service
- A coated textile offering in widths of up to 5 meters.



"We share exactly the same values and the same strategic vision"

Patrick Bonnefond & Bernard Finckenbein
Managing Director,
Chargeurs Technical Substrates

Last year ended with a change of Senior Management at Chargeurs Technical Substrates:
BF: Yes, I am taking retirement, confident that I'm leaving the division in good hands.
PB: I would like to thank Bernard for developing the division to where it is today, with a promising growth outlook on the back of last year's very good results. Bernard's sound business acumen led to a shift in business focus from shirt triple interlinings to functionalized technical textiles for buoyant markets such as digital printing which have seen rapid growth in demand for very large widths.

Will you be able to tap into this expanding niche market?
PB: We have the strengths needed to capture this potential. In the communication and interior architecture segments, it's essential to use high quality ink and textiles. This is where we excel, by offering zero-defect high-tech, differentiating and innovative products. 10% of Chargeurs Technical Substrates' employees work in R&D, which is an unusually high proportion. What we need to do now is step up our marketing effort.
BF: Patrick's right. We need to raise our visibility. For the most part, our products are sold through distributors and the challenge now is to be recommended systematically by both them and equipment suppliers. For this to happen, we have to ensure that the quality of our products is a guarantee of quality across the entire value chain.

Are you planning to increase your resources?
PB: The Decoprint sales team has been strengthened (in France and on the American continent) and a marketing department has been set up. We have also extended our international distribution network. In a word, while exploring possible new avenues of product development, reflecting on how to better target the various participants in the value chain and maintaining our commitment to innovation, we need to tap the full potential of all the innovations introduced in the market in recent years.

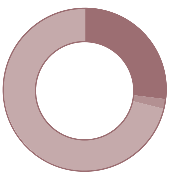
Chargeurs Technical Substrates

A european leader

Focus on interior architecture... on the environment... on an overall sense of wellbeing

As a specialist in functionalized technical textiles, Chargeurs Technical Substrates is nurturing new ambitions in the interior architecture segment – to offer personalizable fabrics capable of muffling sound or improving a room's acoustics, blocking light and electromagnetic waves or with fire-retardant properties. These new properties emerging from the R&D pipeline and unveiled at specialized trade fairs, reflect Chargeurs Technical Substrates' innovation and adaptation capabilities, and its close attention to current and forecast market needs.
The textile industry is embracing eco-design principles.
Upstream work to eliminate all environmentally harmful products from the production process is also one of our priorities.
In the space of ten years, the production process has become almost entirely solvent-free.
Today, just 500 kg is used each year, solely for machine-cleaning purposes, versus a dozen tons in years gone by.

70%
of revenue generated outside France



REVENUE BY REGION
2% - AMERICAS
27% - ASIA
71% - EUROPE

1
PRODUCTION UNIT
in Sélestat, Alsace (France)

31
COUNTRIES SERVED BY AGENTS AND DISTRIBUTORS
including: United Kingdom / Germany / Spain / Portugal / Italy / Switzerland / Austria / Belgium / Netherlands / Sweden / Denmark / Serbia / Romania / Czech Republic and Poland / United States / India / China / Australia

FOCUS ON INNOVATION

EstoMpe. In a world steeped in electromagnetic waves from mobile phones and computers, Chargeurs Technical Substrates has gained a head's start on the competition by developing an innovative new technical textile capable of blocking these waves sold under the EstoMpe brand. The technique consists in printing a specific conductor pattern on the textile using silver-based ink to create a filter. The pattern can be digitally or screen printed thanks to the application of a very specific surface coating to the textile. EstoMpe can be used to create areas where all electronic communications are blocked and to efficiently protect people suffering from electromagnetic hypersensitivity.

DECRYPTION

A management model based on a culture of excellence across all core processes

An integrated and controlled production process

1 - Textiles
The fabrics have clear characteristics and innovative materials have been developed.

2 - Formula development and paste coating formulation
The Technical Substrates R&D teams in Sélestat develop coating formulas to meet market demand for technical and quality products.

3 - Coating
The fabric is coated with a resin-based foam. Thanks to its distinctive production resources, Chargeurs Technical Substrates is capable of offering coated textiles in widths of up to 5 meters.

4 - Inspection
Each roll of coated textile is inspected as it leaves the production line to guarantee that the product performs in line with the customer's specifications.

5 - Quality controls
Tests are performed at each stage in the industrial process to ensure that the textiles' technical characteristics comply with the highest health and safety standards.

6 - Warehousing and supply chain
Each roll of coated textile is described in detail in the stock list. Advanced warehousing and supply chain management systems guarantee that products are delivered on time to customers throughout the world.

Chargeurs Luxury Materials

Full traceability of high quality combed wool

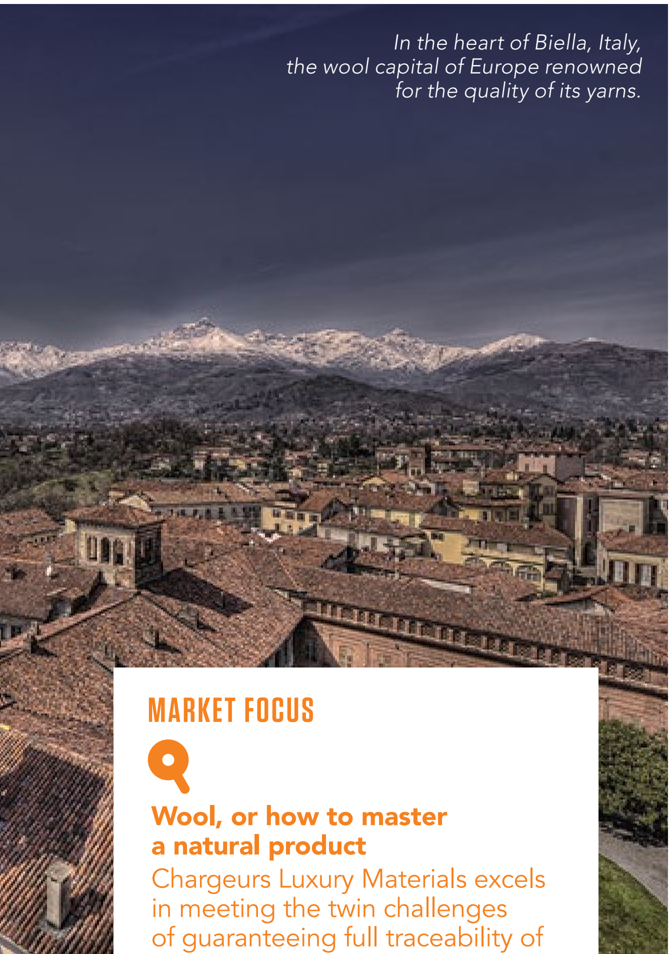
In 2016, Chargeurs Luxury Materials (the new name of Chargeurs Wool) drew on the key aspects of its expertise – quality and stability, full traceability and know-how – to market premium combed wool for prestigious luxury fashionwear and sportswear brands.

€99.5
million in revenue in 2016 up 6.8% like-for-like

€2.9
million in recurring operating profit up 16%

23
employees

Chargeurs Luxury Materials supplies the world's finest, softest and most resistant wool fibers. The world leader in premium wool trading, the division is stepping up its strategic focus on outstanding, high value-added products. The only global trader capable of offering customers wool from every producing region, Chargeurs Luxury Materials is deploying an optimized business model that operates through firm contracts. Quality, traceability and fiber stability: the business leverages its expertise in selecting the finest greasy wool tops from producers worldwide. These are processed in combing mills in the United States, Uruguay, Argentina and China. It is then the turn of the division's marketing teams, who are in daily contact with the world's most prestigious brands and constantly match supply and demand, to efficiently deliver the right solution to each customer whatever their location.
The focus of Chargeurs Luxury Materials' R&D units is to offer increasingly fine, softer wool grades, drawing on the Group's sustainable production/distribution cycle model and constantly working to strengthen its long-term integration in local producer communities and regional ecosystems. These strategic choices, which lift the division's business performance, are aligned with the enduring market demand for wool grades produced in full compliance with animal welfare and environmental standards for the fast-growing luxury fashionwear and sportswear segments.



In the heart of Biella, Italy, the wool capital of Europe renowned for the quality of its yarns.

MARKET FOCUS

Wool, or how to master a natural product

Chargeurs Luxury Materials excels in meeting the twin challenges of guaranteeing full traceability of the wool – which requires detailed knowledge of production methods and a loyal supplier base – and delivering very high quality wool, whatever the weather conditions, the age of the sheep or the quality of their fodder.

As a natural product, the quality of wool may vary. To guarantee traceability and fiber stability, Chargeurs Luxury Wool leverages its exceptional expertise in topmaking.

Topmaking, a key phase in the production process for woolen garments, consists of creating long, fine blended-wool fibers, known as tops that are closely aligned with the needs of the spinning mills.

Thanks to its presence alongside wool producers and the partner combing mills, Chargeurs Luxury Materials master all of the stages in the value chain.

> "We supply a valuable resource, with full knowledge of where it came from and of its compliance with our standards of excellence."

Federico Paullier
Managing Director,
Chargeurs Luxury Materials

Three years into the new business model, how is Chargeurs Luxury Materials doing?
It's doing very well! Since we adopted the new model, we have consistently reported a profit and improved our margins. It's an achievement worth highlighting, because the wool market has always been exceptionally volatile. Our organization enables us to reduce the wool risk by closely involving all participants in the value chain, from the wool producer to the spinning mill and the major apparel brands.

And yet you operate in the often aggressive wool trading arena?
That's true, but we have developed a highly distinctive, leading-edge offer that respects the growing desire, among our customers and the buyers of their fashionwear and sportswear brands, to live in harmony with the natural world. Naturally, that doesn't prevent us from adopting a pragmatic approach in what is still a very tough market. This explains the decision to reorganize our Chinese partner combing operations, improve our production capacity and rethink the supply chain to base topmaking activities closer to our European and American luxury fashionwear and sportswear customers.

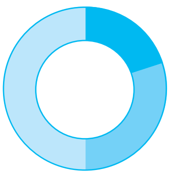
What are your priorities for 2017?
We are working on several fronts. For example, in 2016 a second Superwash line came on stream in China. We also reduced the energy costs of all of our partner combing mills. In 2017, we plan to open a showroom in New York with Chargeurs Fashion Technologies, to showcase our supply chain and the performance of our business model, which is increasingly sophisticated and effective following the major certification program launched in application of our CSR policy.

Chargeurs Luxury Materials

Global leader

100%

of revenue generated outside France



REVENUE BY REGION

20% - ASIA
30% - AMERICAS
50% - EUROPE

4
PARTNER COMBING MILLS
United States / Uruguay / Argentina / China

7
MARKETING AND MANAGEMENT SUBSIDIARIES
Uruguay / Italy / France / United States / New Zealand / Argentina / China

6
WOOL SOURCES
United States / New Zealand / Uruguay / Argentina / Australia / South Africa

FOCUS ON INNOVATION

Activewear, sportswear, outdoor wear: "green" apparel provides a breath of fresh air!

Chargeurs Luxury Materials' customers don't need to be told that wool, a natural product with outstanding properties, resonates with market trends and consumer demand for garments made from natural materials to wear during their outdoor activities. More and more people are rediscovering wool's properties which restore meaning to garments through a combination of structure and substance, applications and garment-making techniques. Chargeurs Luxury Materials supports these trends, which are being driven in the first instance by the high quality fiber supplied by producers.

SCAN
AND DISCOVER THE TRACABILITY

Certified farms

Certified wool sourcing and combing

Wool spinning

"From the sheep to the shop"

Local and global expertise and a strict policy of transparent communications with suppliers and customers

Traceability is central to Chargeurs Luxury Materials' business model and all of the division's partner combing mills are committed to obtaining Responsible Wool Standard (RWS) certification.
RWS is an independent, voluntary standard. On farms, the certification ensures that sheep are treated with respect to their Five Freedoms (Freedom from Discomfort, Freedom from Pain Injury or Disease, Freedom to Express Normal Behavior, Freedom from Fear and Distress) and also ensures best practices in the management and protection of the land.
Through the processing stages, certification ensures that wool from certified farms is properly identified and tracked.

We supply organic wool complying with Global Organic Textile Standards (GOTS)
GOTS is recognized as the world's leading processing standard for textiles made from organic fibers. It defines high-level environmental criteria along the entire organic textiles supply chain and requires compliance with social criteria as well.

In partnership with New Zealand Merino, we offer ZQ-certified wool, an exceptionally high quality, traceable fiber
The ZQ Merino program was launched by The New Zealand Merino Company to help people understand that their textile choices could be a reflection of their beliefs "you are what you wear".

We attach importance to non mulesing practices both in Latin America and in Australia and New Zealand.

Weaving/Knitting

Manufacturing

Shop

INSPIRATION & ANTICIPATION

AMBITIONS & LASTING COMPETITIVENESS

2016 was a landmark year for Chargeurs.
Changes in its reference shareholders and governance system in late 2015 led to the addition of a new priority for the Group, a deeper engagement in sustainable competitiveness. As a manufacturing group, Chargeurs has always sought to ensure that its different businesses uphold strict CSR criteria, something which is reflected in its previous reports and the illustrative examples they feature, notably when it comes to protecting the environment at our manufacturing plants. Today, they are part of a reaffirmed vision that has resonance for all stakeholders and promotes a set of values addressing the key areas of:

- customer satisfaction, the goal underpinning everything we do;
- human development, the cornerstone of our transformation.

Innovation in Human Resources management & training
Innovation in products & marketing
Innovation in organization
Innovation in environmental practices

Innovation in
Human Resources Management & Training

A blend of talents

Giving employees the means to grow with the Group

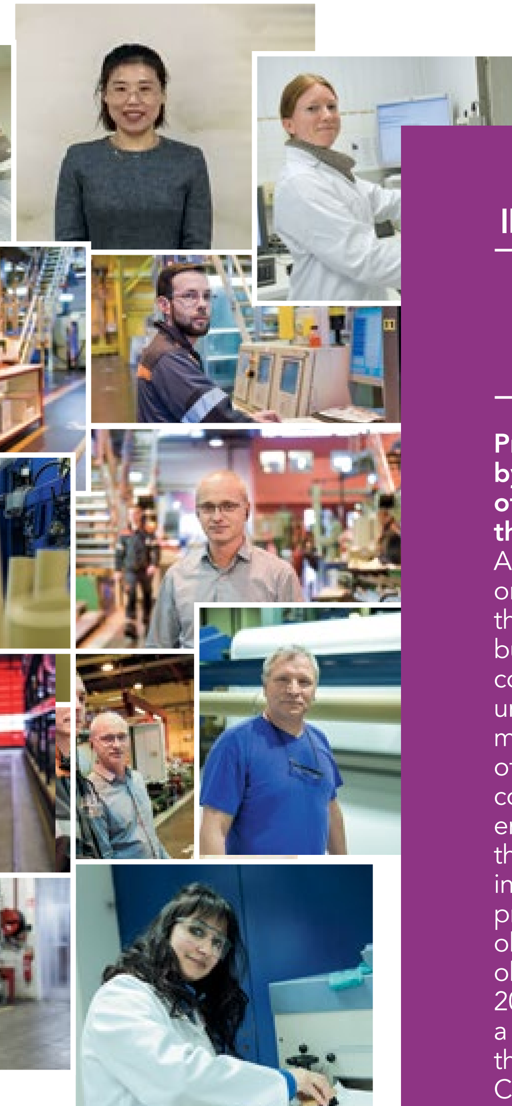
An organization that protects and nurtures specialized expertise
Chargeurs is a key link in the product value chain. Its role is not generally visible to the uninitiated, but is nonetheless decisive. This discreet role, which goes with our positioning in niche industrial markets, has sometimes deterred some job-seekers from applying for a position, unaware of our Group's distinctive value and the opportunities we offer to acquire expertise. In all of our companies, it is impossible for staff to do their job without learning the business's technical fundamentals.
Each business explains and recognizes internal initiatives to preserve the exceptional expertise that is central to its performance and trading environment.

Apprenticeship programs are often the key to unearthing new talent, with young school-leavers joining the Group to learn a trade and discovering, by working in our teams, that what started as a job has become a passion.
Two years on average are needed for each team member to be capable of contributing fully to the activities of their unit. Learning how to select wool and master the micron measurement process at Chargeurs Luxury Materials (CLM) requires a long apprenticeship alongside the best wool combing experts in Patagonia or New Zealand. Selecting the best interlining for the fabrics chosen by designers for their next collection is a skill learnt in the shade of the engineering department of Chargeurs Fashion Technologies (CFT). The process takes place in the back room of the fashion house under the unforgiving eye of the *chef d'atelier*, to develop the winning interlining with clockwork precision.

These are little known professions that we help young people to discover, giving them the opportunity to participate in creating something beautiful for an industry that is experiencing a renaissance.
Meeting the challenge of deploying coating expertise along with expertise in developing chemical formulations, with regular input from the research and development teams to meet customer demands: Chargeurs Protective Films (CPF) has been doing just that for many years with growing success, overtaking competitors that are less skilled in combining the two techniques.
Mastering the alchemy between base textiles and coating is another

2 years
the average period of internal training needed to master an operational skill

157
the number of new employees who joined the Group in 2016



FOCUS ON INNOVATION

Promoting a group spirit by enabling employees of each business to discover the other businesses.
A series of initiatives was organized in 2016 to enable the employees of each business to get to know their colleagues working in other units. Extending beyond meetings between members of senior management, these contacts enabled sales people, engineers, and members of the CSR and HR teams to share information about their values, projects, practices and objectives. Several of these objectives should be fulfilled in 2017, with the development of a Group on-boarding process, the inclusion of more stringent CSR criteria in the Group's procurement policies, the introduction of collaborative tools and the adoption of new managerial practices.

2

the number of seminars organized in 2016 among employees of all four of the Group's businesses to build a shared future trajectory

challenge that Chargeurs Technical Substrates' teams constantly meet. The Sélestat plant and R&D center regularly take on young people at the end of their apprenticeship, teaching them to love a profession that always offers spectacular results.

Bold talent management

At Chargeurs we don't just pay lip service to the principle of investing in talent. Since the beginning of 2016, a number of actions have been launched to strengthen our teams and expand individual skill-sets at all levels:
• **External hires** to embed the new governance team's ambitions for the Group. Bringing in external talent helps to expand and strengthen the skill base, while also opening up the organization to new ideas and a bold approach to Group projects.
• **Exercises to encourage** employee initiative, with an employee of Chargeurs Fashion Technologies France asked to open the division's New York office, a marketing entity set up within Chargeurs Fashion Technologies and another unit within Chargeurs Luxury Materials assigned the task of rethinking the production value chain.
• Imaginative **new modules** are being introduced. After several months' preparation, Chargeurs Business Solutions swung into action in early 2017 as an internal consultant for the Group's businesses, on-hand to help them prepare and implement their many projects.
In all of the Group's teams around the world, each individual is actively encouraged to share their ideas and practices with other units. An exacting and committed approach to talent management that promotes openness and international experience and encourages internal mobility.

Innovation
in products & marketing

Eco-responsibility is central to our innovations

Delivering increasingly innovative solutions to our customers

Our customers' expectations guide our product and service strategies. To respond effectively, we encourage all our businesses to innovate, because an innovation-led strategy is the only way to continuously enhance the added value that we offer our customers. Our eco-responsible approach is central to this strategy.

Our businesses are keenly aware that their products play a key role in the production processes of other industries and work tirelessly to guarantee customer satisfaction.

Our customers are satisfied

9.5/10

the rating obtained from an ethics audit conducted on behalf of Chargeurs Luxury Materials' largest customer in New Zealand. The audit was performed at our wool combing mill in China. This was a high score compared to the industry average (6.7/10).

icebreaker

Innovation helps them to acquire and retain leadership positions in their markets by adding value to their customers' manufacturing processes and sales and marketing strategies.

Through its position upstream from the production process for wool-based products, Chargeurs Luxury Materials helps brands to manage their supply chain.

By choosing Chargeurs Luxury Materials, these brands can guarantee to their own customers that their products are made from organic wool sourced from producers that apply the highest animal welfare standards and transformed at environmentally responsible combing mills. Customers derive a clear commercial advantage from this service and this guarantee.

Chargeurs Fashion Technologies' value-added strategy has led to the development of Eco'In.

This new interlining range is manufactured at our French and Chinese plants using polyester yarn made from recycled plastic bottles. Customers are invited to support extensions to the Eco'In range, as part of a textile industry initiative to promote eco-responsible production.

Another environmental initiative is Oeko-Tex®, a worldwide consistent, independent testing and certification system for textiles. Oeko-Tex®-certified products are guaranteed as being free from chemical substances that are harmful to health and the skin, and as having been made using environmentally sound processes. 80% of Chargeurs Fashion Technologies products are certified as Oeko-Tex® Class 1, the most exacting standard corresponding to articles for babies and toddlers up to three years of age.

This certification enables Chargeurs Fashion Technologies' customers to promote their products as being made from eco-responsible interlining.

Eco'In, an interlining range manufactured using polyester yarn made from recycled plastic bottles.

1. The empty plastic bottles are collected
2. Our partners transform the bottles into polyester yarn
3. Our plants in France and China use the yarn to make interlining
4. Your garments are made using high quality and long-lasting interlining

FOCUS ON INNOVATION

CONCERTO low noise technology was developed by Chargeurs Protective Films as a solution to the problem of noise in units and factories that apply highly adhesive protective film.

In all of these units, particularly those in the stainless steel industry, the noise level can be as high as 110 decibels which is more than the noise generated by a pneumatic drill.

Thanks to Chargeurs Protective Films' innovation, the main market players are now able to apply highly adhesive protective film at optimum noise levels.

The noise of unrolling Concerto film is below the level beyond which health and safety regulations require personal protective equipment to be worn (85 dB in Europe and most other countries around the world).

This has many benefits for our customers:

- reduction in noise-related health risks
- reduction in the number of days lost to sick leave due to noise-induced stress
- reduction in noise-related costs
- reduction in expenditure on noise protection measures
- positive impact on CSR policies: application of the film is improved because it is stretched more tightly, leading to a reduction in application time and waste.

By offering this new product to its customers, Chargeurs Protective Films gives them a clear commercial advantage.

Innovation
in organization

Flexible structures to keep pace with change

As production and consumer spending become increasingly location-independent, Chargeurs is agilely and proactively embracing digital nomadism.

An agile organization to meet the challenges of changing markets
Our ability to adapt our structures is a core competitive strength. We regularly adjust our organization in response to market changes and changes in customer demand, to enable everyone to perform to the best of their ability within their unit. In 2016, a number of significant improvements were made.

At Chargeurs Protective Films, a lean manufacturing program was launched that closely involved all of the 246 employees of Novacel's French plant in a continuous improvement process. The ground-breaking program was led by the plant's general manager, who immediately observed a positive impact on last year's equipment uptime and performance rates, as well as on the Quality Rate*.

At Chargeurs Fashion Technologies, the Péronne facility in northern France and Nertex's showroom in Paris were refurbished (by increasing the height of the chimneys and painting the buildings) but more importantly, their teams took a fresh look at how they were organized, in order to create a more efficient, stress-free working environment. The sales engineering department has been combined with the R&D center to speed development of the new products required by customers for each new collection; a very simple way of making a product circuit more fluid and more efficiently testing the product's alignment with demand.

In international markets, the Chinese entities have adjusted their organization so that targeting of the Asian market is now led from Shanghai. In addition, a plant is being set up in Ethiopia to bring manufacturing closer to the business's customers.

** Quality Rate : ratio between the number of certified parts and the number of parts produced.*

"At Chargeurs Protective Films, a Lean 6 Sigma approach has been adopted at the Novacel plant in Déville-lès-Rouen. This approach, which focuses on customer satisfaction and industrial performance, aims to increase productivity and improve product quality. The objective is to make Lean 6 Sigma part of the Novacel culture"

Laurent Derolez
Managing Director
Chargeurs Protective Films

Lastly, at Chargeurs Technical Substrates, the team in Alsace has been expanded to target the international market in a more structured manner, with sales people assigned to specific regions in order to lay the foundations for the future extension of the business's geographic footprint.

Among industrial partners of Chargeurs Luxury Materials, the manufacturing facilities in Zhangjiagang (China) and Jamestown (United States) have dedicated a section of their plant to the development of Superwash, a flagship product that has been a core focus of recent R&D work and spending.

Attentive management of working conditions
Working for Chargeurs means embracing the Group's practices and values, particularly in terms of working conditions. We endeavor to drive continuous improvement in production line methods and practices. Examples include the widespread deployment of automated material handling systems capable of lifting increasingly heavy rolls and reducing the strain for warehouse employees.

At Lainière de Picardie (Chargeurs Fashion Technologies), new working hour arrangements have been introduced to address arduous conditions at certain workstations and the impact of long careers.

By hiring new apprentices and adjusting the plant's age pyramid, it was possible to offer these employees more hospitable working hours.

At Chargeurs Protective Films, Concerto low noise technology has reduced noise levels for employees working in the production units of Novacel and its customers.

FOCUS ON INNOVATION

Safety, a constant concern
Because, when it comes to managing a plant, employee safety is just as important as product quality, Chargeurs follows a zero-tolerance policy in the workplace.
In line with the high standards set by the Group, in 2016 all the plants reviewed their safety processes and took a fresh look at their indicators, to ensure that they had the information needed to anticipate possible breaches. Random audits supported the process, which will be extended in 2017 at all levels and in all countries, following the risk-mapping exercise undertaken in 2016.

100%
the proportion of US sites that underwent a safety audit in 2016

96%
Quality rate at Novacel SA (CPF)

Innovation
in environmental practices

Reducing our environmental impact

Our innovation process extends to our manufacturing methods, in order to offer increasingly green products.

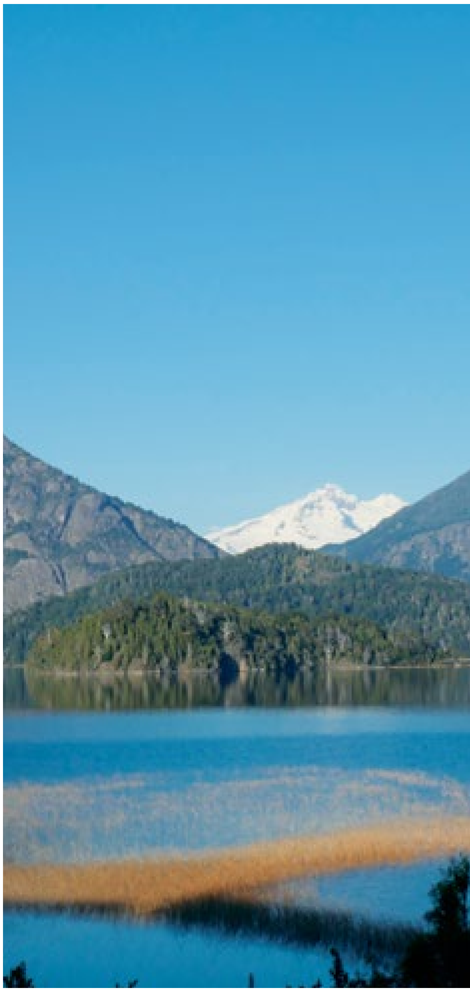
Protecting the environment is an important challenge for our plants and is a key factor in our drive to continuously improve our industrial and distribution processes.

After installing a new solvent recovery unit at its historical plant in Déville-lès-Rouen, in north-western France, in 2015, Chargeurs Protective Films is now investing in a second unit that will notably lead to a reduction in its VOC* emissions.

Chargeurs Fashion Technologies is working to steadily increase the number of Oeko-Tex® Class 1 products (certified as being safe for babies and toddlers up to three years of age). Of the division's 20 best-selling products, 13 are Oeko-Tex® Class 1-certified, a certification rate that illustrates our commitment not only to manufacturing eco-responsible products but also to employing cleaner manufacturing processes using fewer chemicals.

** VOC: Volatile Organic Compounds.*

Chargeurs Luxury Materials has placed traceability at the center of its business model by creating partnerships based on trust with certified producers.
The division offers the world's leading brands merino wool sourced from all producer countries – New Zealand, Australia, Uruguay, Argentina, South Africa and North America – with full "from the sheep to the shop" traceability. By embedding traceability in the supply chain model, Chargeurs Luxury Materials deploys an optimized and innovative global business model, supplying the finest wool grades while guaranteeing the sheep's welfare and protecting their ecosystem. In line with this model, all of its partner combing mills are in the process of obtaining Responsible Wool Standard (RWS) certification guaranteeing that wool from certified farms is correctly identified and tracked in the partner combing mills. The green innovation approach is constantly being improved by our subsidiaries and partners.



-15%
is the decrease in the total weight of waste generated in tonnes at LPBC (CFT)

SCAN
AND DISCOVER
one of our partnership in CLM

Patagonia is the preferred ecosystem of merino sheep.

The Chargeurs Technical Substrates eco-design approach
Innovation is central to Chargeurs Technical Substrates' business, led by a very active R&D center. The division takes the lead in exploring new trends and technical innovations, and in 2010 was one of the first companies to join the Alsace-based fiber unit's CIM-ECO program to acquire and develop eco-design skills. Over the years, participation in this program has stimulated research, leading to practical results and high impact complementary activities.
This innovative approach is being deployed as part of a formal eco-design management system based on a recognized standard: the AFAQ-Eco-design guidelines.
Application of these guidelines helps companies to maintain a process of continuous improvement in the environmental performance of their products.

An independent audit is performed every 18 months by the certifying body to ensure that the guidelines are properly applied. The results of the audit are used as the basis for fair and objective communication on the audited entity's environmental performance. Following the most recent audit performed by AFAQ-AFNOR in 2015, Chargeurs Technical Substrates was awarded AFAQ Eco-design "Confirmed" certification (corresponding to the third level out of four). One important result of applying these guidelines is that Chargeurs Technical Substrates has been able to abandon the use of solvents.

0%
the quantity of solvents in Chargeurs Technical Substrates' products

FOCUS ON INNOVATION

A new Chargeurs Fashion Technologies plant in an Ethiopian eco-park.
Ethiopia has just finished building a vast industrial park, representing a US$ 246 million investment.
The Hawassa industrial park, located in the town of the same name, is the largest of its kind in Ethiopia.
Powered by renewable electricity sources, it is the country's first major eco-friendly development. The park will provide jobs for more than 50,000 Ethiopians.

It will meet the highest environmental standards and will employ Zero Liquid Discharge (ZLD) technology.

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CSR, FINANCIAL AND LEGAL INFORMATION

In 2016, Chargeurs again recorded excellent performances with a double-digit EBITDA growth in all business lines. Chargeurs moved up a gear in its development building on its solid strategic vision and distinctive operational and financial discipline, underpinned by the new Chargeurs Business Standards describing the Chargeurs Way.
In 2017, while maintaining the constant vigilance required by today's global geopolitical and macro-economic environment, Chargeurs will pursue its strategic ambition of building global positions in its niche industrial markets in order to be the game changer and to outperform competition. Internationalization, innovation, operational discipline and a unique approach to managing talent, will be the highlights of 2017, to support a strong and sustainable value creation process.

CORPORATE SOCIAL RESPONSIBILITY

STATUTORY AUDITORS

PricewaterhouseCoopers Audit, Auditor
63, rue de Villiers
92208 Neuilly-sur-Seine – France

Yves Nicolas, Substitute Auditor
63, rue de Villiers
92208 Neuilly-sur-Seine – France

S & W Associés, Auditor
8, avenue du Président-Wilson
75116 Paris – France

Yves-Alain Ach, Substitute Auditor
Audit Conseil Holding
58 bis, rue de la Chaussée-d'Antin
75009 Paris – France

The Annual Report can be downloaded in English or French from the Company's website www.chargeurs.fr

CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

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ORDINARY AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS APRIL 20, 2017

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CONCORDANCE TABLES OF THE ANNUAL FINANCIAL REPORT AND OF THE MANAGEMENT REPORT

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CORPORATE SOCIAL RESPONSIBILITY

2016 was a landmark year for Chargeurs. Changes in its core shareholder base and governance system in late 2015 prompted the definition of a wider range of priorities and a much deeper engagement in the CSR process.

As a manufacturing group, Chargeurs has always sought to ensure that its businesses uphold strict CSR standards, as seen in the examples described in previous reports, particularly as regards environment stewardship around our manufacturing plants.

These standards have now been embedded in a reaffirmed vision that is shaping our governance principles, with a particular concern for the consistency that underpins a long-term commitment.

In the summer of 2016, Chargeurs took advantage of the change in governance to revitalize a Values program, with the goal of combining the Group's longstanding strengths with the new energy and ambition being instilled across the organization. During this phase, several factors demanding a deeper analysis of our corporate social responsibility emerged.

After reviewing the values expressed in 2015, the Group decided to refocus them on four key notions:

- **Reliability:** reflecting each individual's commitment to operational quality and excellence that will allow them to fully master the value chain.
- **Passion** or the expression of each team's engagement in niche market segments, driven by the aim of constantly delivering innovative solutions to the specific and complex needs of our customers.
- **Commitment** to the Group's founding values: ethics, cultural diversity and the development of human capital.
- **Courage** and ambition to support a culture of strong innovation and the continuous improvement of our manufacturing capacities.

These values form the basis for our shared standards, instilled in every employee through a wide range of internal processes, such as people reviews, the definition of operational plans and team management. More specifically, every executive is expected to embrace these standards in order to contribute to the Group's mission:

To manufacture outstanding, innovative, reliable and bespoke niche products and services that enhance the performance and success of our clients.

Our corporate social responsibility process, presented here, is intended to reflect the momentum now underway. In line with the Values program, priority objectives have been defined in consultation with the main managers of the business divisions. They are structured around two factors that express the traditional concerns of the CSR process:

- **customer satisfaction;**
- **human development.**

In this way, the actions being undertaken by our business units in the field and on behalf of the Group are taking on new meaning and significance.

Client satisfaction includes all of the factors that contribute to cementing lasting, high-quality relationships with our customers, focused on innovation, the development of partnerships, the preservation of the environment (product traceability, outstanding on-site process waste treatment, etc.), and, more generally, all of the factors likely to add value to the products and services delivered to customers.

Human development includes our commitment to the development and renewal of employee skills and expertise, the implementation of career paths and succession plans, the mentoring of employees and promising talents and the quality of social dialogue, but also gender equality and employee safety in offices, in production plants or when traveling.

To take into account the employee and environmental impact of its operations, and its engagement with every host community around the world, the **Chargeurs social responsibility process is aligned with the commitments expressed in France's Grenelle II legislation and the Paris Agreement.**

Because we believe that growth and competitiveness go hand in hand with quality, we are shrinking our environmental footprint while also maximizing the value we create for our customers, employees, shareholders and other stakeholders.

In conducting our business in more than 34 countries, we are committed to complying with the highest standards of ethics and integrity, to secure the trust of our customers and partners.

The Group's CSR standards and guidelines have been compiled in a manual and distributed to every subsidiary. Compliance is supported by a CSR Reporting Guide, whose procedures are based on French decree no. 2012-557 dated April 24, 2012.

These internal documents help to guide outside organizations in reviewing our performance in the various CSR indicators. Persons wishing to consult the documents may contact the Corporate Communications department. The Reporting Guide is updated every year to reflect the latest reporting requirements and CSR indicators.

PricewaterhouseCoopers Audit has been commissioned to serve as the independent third party tasked with reviewing the CSR data in this report.

CSR REPORTING METHODOLOGY

The following methodology describes the parameters used to measure the indicators deemed to be the most applicable to our approach. It clearly defines each one and, when appropriate, its calculation method.

- **Employee relations indicators** are based on consolidated Group-level data covering number of employees, compensation, employee relations, employee health, training and equal opportunity. These data are reported by all of the consolidated subsidiaries.
- **Environmental indicators** reflect data reported by all of the consolidated production units for their organization, particularly regarding certification processes and the sustainable use of resources. To support an extremely detailed analysis, waste management, volatile organic compound (VOC) emissions and greenhouse gas (GHG) emissions data are reported only by the largest production units.
- **Social responsibility indicators** concern the Group and, for some data, only France.

The following issues are not addressed in this report because management feels that they do not have a material impact on our operations:

1) noise pollution;
2) land use;
3) measures to safeguard biodiversity;
4) regional and local impact of the Company's operations;
5) philanthropic initiatives;
6) measures to fight against food waste;
7) measures to adapt to climate change.

To drive continuous improvement in our CSR performance, the validity of each issue and the exclusions are reviewed every year.

LIMITATIONS OF SCOPE

As indicated above, data for certain employee relations indicators, such as absenteeism, hirings and terminations, are reported only by the operations in France. Given its decentralized organization, Chargeurs feels that in other countries, these data should be managed by the local units, in compliance with local legislation and rules.

In the case of environmental data, the creation of a new subsidiary in the Charges Protective Films business made it possible to broaden the 2016 scope of reporting, attesting to the Group's commitment to raising the visibility of its performance across the global business base.

In addition, each business unit strove to reduce disparities in calculation methods or tracking procedures in certain countries, where standards are not as strict and treatment channels are not as organized as in France.

HUMAN DEVELOPMENT

All of the men and women who help to drive Chargeurs' growth and performance make up its human capital. Human capital issues include guaranteeing employee safety in the workplace, supporting employee skills development, encouraging diversity and dialogue, and making jobs exciting and appealing for both new talent and current employees.

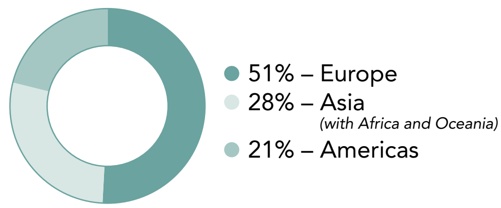
WORKFORCE

The Group had a total of 1,506 employees as of December 31, 2016, virtually unchanged from the previous year-end due to the combined impact of several factors. In particular, a US plastic film production unit was consolidated as from July 2016, adding a total of 81 employees.

At the same time, a certain number of jobs were lost at Chargeurs Fashion Technologies after its units in China restructured to improve their ability to serve Asian markets and strengthen their supply chain.

Group-wide, Europe accounted for 51% of the total workforce at year-end, with Asia, Africa and the Pacific region representing 28% and the Americas 21%.

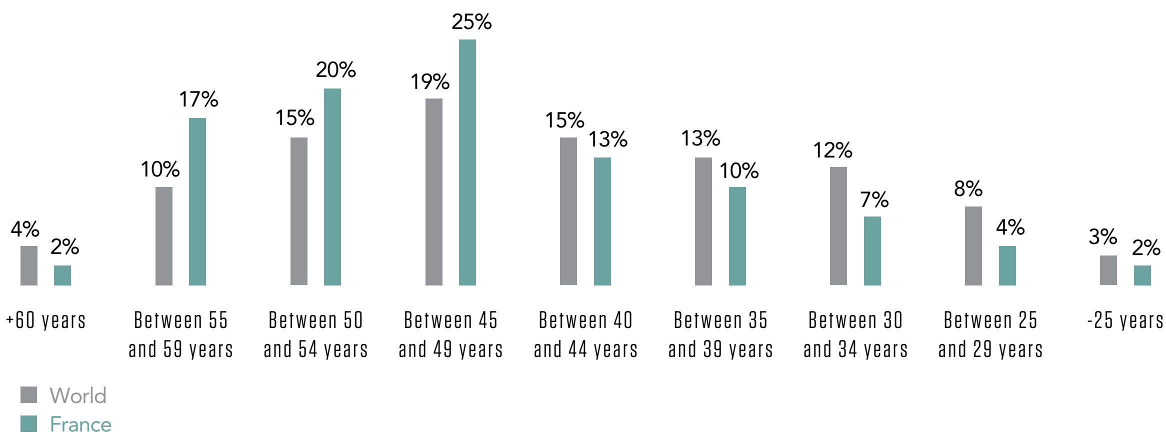
WORKFORCE BY REGION



Temporary staff represented 2.6% of total employees, compared with 2.8% in 2015. They are generally taken on in response to production peaks.

In terms of the regional, economic and employment impact of our operations, we are committed to preserving jobs in our host communities. As regards employment and regional development, we are helping to maintain a balance of supply and demand in these labor markets, particularly in France where three production units are located. Because it hires locally, Chargeurs is recognized in its host countries as a source of local economic development.

AGE PYRAMID WORLD VS FRANCE



The age pyramid for the global workforce is being presented for the first time.

The age pyramid in France remained unchanged over the year, with employees under 40 still accounting for 23% of the workforce. The largest demographic remains the 45-49 group, at 25% of French employees, while people over 50 represented 39%.

In 2016, the French units reported 60 hirings and 41 separations, for a net increase of 19 people.

The realization that French employees tend to be older than the workforce in the rest of the world prompted the business divisions to organize joint discussions in 2016.

To attenuate this trend, bring in new talent and prepare for the Group's future with updated expertise, a number of hirings were carried out during the year or scheduled for 2017.

WORKING HOURS

Chargeurs ensures that operating units comply with working hours legislation in every host country, while continuously seeking to align workforce management with its needs.

In addition, risks were mapped in 2016 and a code of conduct will be introduced in 2017. Employee relations policies are deployed across the Group in full awareness of the ILO conventions.

Absenteeism (excluding maternity leave, vacation and unpaid leave)

Total absenteeism in the French units stood at 10 days per person, or two fewer than in 2015.

EQUAL OPPORTUNITY

Of the total 2016 workforce, 26.5% were women, down slightly from 27.6% the year before.

In the business divisions, the ratio was 16% at Chargeurs Protective Films, 44% at Chargeurs Technical Substrates, 32% at Chargeurs Fashion Technologies and 35% at Chargeurs Luxury Materials. Women also accounted for 50% of holding company employees, as well as for 23% of managers worldwide and 40% of the Chargeurs Board of Directors.

The array of nationalities among our managers across the globe reflects the cultural diversity of Chargeurs teams. Given its focus on self-managing operating units, the Group is highly committed to preserving and enhancing this diversity of talents and cultures, to drive innovation and keep its businesses competitive.

Because local managers are hired whenever possible, the number of expatriates is extremely low.

Several people joined our teams in 2016. In particular, the 81 employees of Main Tape, which became part of Chargeurs Protective Films during the year, increased the percentage of US-based employees.

Every employee is well aware that it is in everyone's interest to expand the Group's international footprint, which has been part of its DNA since the beginning. In recent months, the business divisions have engaged in joint discussions to promote initiatives that would improve cross-business communication, create events to encourage the sharing of best practices and pool tools and information currently used separately. In the months ahead, these projects are expected to lead to a number of cross-business initiatives, which will be described in the 2017 report.

Disabled employees still accounted for nearly 6% of the workforce in the three French subsidiaries. This was close to the quota mandated under local legislation and far exceeded the actual average of 3.1% of French private sector jobs in 2012 (last known data, from the Agefiph Report published in May 2015).

HEALTH AND SAFETY

The health and safety of our employees and subcontractors are an absolute priority across the organization.

In 2016, the Group began to map its risks, starting with the safety aspects.

Already in 2015, all of the plant managers signed the Chargeurs Safety Charter, which demands constant vigilance at every stage of operations, proactive behavior, strict compliance with regulations and standards, and the deployment of multi-year action plans. This process is designed to i) identify and share best practices in such areas as encouraging employee engagement, improving support in understanding the risks at each workstation, managing subcontractor safety and ensuring a safe and secure working environment; and ii) drive continuous improvement while attenuating risks.

The health and safety data concern all of the production units.

In 2016, the lost-time frequency rate stood at 10, compared with 18 in 2015, while the severity rate also declined, to 0.5 from 0.6 in 2015.

These improvements were led by the heightened employee awareness of prevention measures in every production plant.

The severity rate is calculated in line with French practices, based on calendar days of lost-time.

At Chargeurs Protective Films, the frequency rate was 20.8, compared with the French chemical/rubber/plastic industry[1] average of 17.4, while the severity rate was 0.7, less than the industry average of 1.0.

The division's Italian production facilities and related marketing unit have both earned OHSAS 18001 certification, which defines an occupational health and safety management system designed to drive continuous improvement across all these operations.

At Chargeurs Technical Substrates, the frequency rate was 8.2, compared with the French chemical/rubber/plastic industry[1] average of 17.4, while the severity rate was 0.1, much lower than the industry average of 1.0.

In the textile businesses, the average worldwide frequency rate stood at 20.8, compared with 19.3 for the textile industry in France[1], where safety regulations are often stricter than in other countries. The severity rate was 0.5, compared with the industry average of 1.7.

Occupational illnesses

No one in the Group was reported to be suffering from an occupational illness in 2016.

Safety agreement signed

In China, a Chargeurs Fashion Technologies production unit renewed its dedicated health and safety agreement.

TRAINING

The diversity of the Group's businesses makes it complicated to define shared priorities for technical training. Subsidiaries allocate significant funds to training, in particular to maintain the capabilities needed for the efficient, safe operation of the production facilities.

Moreover, these facilities, particularly in France, emphasize apprenticing to train new employees in their business' specific skills. Because our units operate in businesses demanding highly advanced expertise, some of which is now being lost, a number of in-house skills transfer programs have been developed.

In 2015, the Chargeurs Fashion Technologies plant in Buire-Courcelles, France introduced a skills and expertise curriculum for each of its production units (warping, knitting, finishing, dyeing, coating, inspection and quality control), which enabled seasoned, highly skilled employees to attend two modules:

- Preserving Expertise
- Transferring Expertise

These modules helped to identify and showcase the skills and capabilities demonstrated in each unit.

In 2016, following completion of these courses, the plant hired three operators who participated in the curriculum, as did two employees as part of their skills development training.

In addition, for the past eight years, the plant has conducted programs to enable employees to earn inter-industry skills qualification certificates (CQPI), which promote acquired expertise, offer employees a skills certificate recognized in a number of industries in France, and improve their employability. Employees may earn CQPI certification in three areas:

- Industrial equipment operator
- Quality operator
- Logistics agent

To date, 50 employees have been trained to earn a total of 67 CQPIs (an employee can earn multiple certifications), 55% of production operators have been awarded certification, and 17 employees have earned two CQPIs.

Enhancing the diversity of skills and talent in the Group, and enabling employees to grow by adapting themselves to increasingly fast-changing working environments, is a constant concern.

This is why all employees participate in an assessment review twice a year to identify each one's needs and define personalized career development objectives. Based on the review, an action plan can then prioritize the skills that need improvement and determine a training schedule.

In all, 58% of the workforce attended a training course in 2016, compared to 62% in 2015, while the average amount of training declined to 11 hours per trainee.

In fact, 2016 was a year of transition, during which organizational adjustments, acquisitions and transfers sometimes prevented scheduled courses from being held. On the other hand, all the guidelines have been defined to support deployment of these projects beginning in 2017.

Chargeurs is actively developing its human capital through training programs and assignments in the various corporate services, operating units or regions. This process is led by the unit chief executives, in line with our decentralized management structure. While supporting the development of our organization, the programs are aligned as closely as possible with local and regional needs. **Dedicated quality, safety and environmental training** accounted for **69%** of total Group-wide training hours in 2016.

In addition to these programs, a variety of cross-functional training courses are being prepared.

(1) Source: http://www.risquesprofessionnels.ameli.fr

EMPLOYEE RELATIONS

While respecting its decentralized organization, Chargeurs remains committed to promoting social dialogue, especially with employee representatives. Representative bodies have been elected in 13 subsidiaries, including the three main Chargeurs Protective Films units, the Chargeurs Technical Substrates' production unit and the Chargeurs Fashion Technologies units with more than 50 employees worldwide. In France, the proportion of union representatives has held steady for many years, and stood virtually unchanged at 5% in 2016.

Moreover, in Europe, the Group Works Council in France is helping to promote the exchange of views between the Executive Committee and employee representatives.

At the Council's meeting on May 26, 2016, local elected officials met with Group executives for a frank and open exchange of views. A presentation of the Group's development strategy by the Chairman and Chief Executive Officer and the heads of the business units gave the officials a better understanding of the changes that occurred in late 2015 and reassured them as to the sustainability and continued expansion of the Group's business activities.

OUTCOMES OF CORPORATE AGREEMENTS

In compliance with local labor legislation, the French units conducted negotiations on the annual pay round during the year.

In addition, Lainière de Picardie Buire-Courcelles renegotiated an agreement on working hours. Outside France, several subsidiaries have signed agreements on the organization of working hours and/or compensation, depending on the country. In all, nine agreements were signed in Group units during the year.

COMPENSATION

Chargeurs' commitment to decentralization also applies to the management of human resources and compensation, in compliance with local legislation. In this way, each subsidiary is responsible for setting employee compensation, either through annual pay rounds or through annual people reviews, supervised by headquarters in the case of managers.

In several subsidiaries, compensation levels are set by internal agreements. Measures are in place to ensure that wages and salaries are determined without any form of discrimination throughout the working relationship with employees.

A significant proportion of managers receive performance-related bonuses, in line with our value creation strategy and the objectives defined for the year.

Compensation for corporate officers is presented on pages 143-147.

The information below has been prepared based on the recommendations in the Corporate Governance Code for Small- and Mid-caps published by MiddleNext in December 2009.

HUMAN RESOURCES INDICATORS

Employees	Definition	Measurement unit	At Dec. 31, 2014	At Dec. 31, 2015	At Dec. 31, 2016
Total employees	Employees on payroll at December 31	Employees under permanent and fixed-term contracts	1,566	1,512	1,506
Use of temporary staff	Temporary staff	% of total employees under permanent and fixed-term contracts	1.8%	2.8%	2.6%
Employees by business	Group employees by business	Headquarters	13	15	18
		Protective Films	532	542	632
		Technical Substrates	80	76	79
		Fashion Technologies	920	857	754
		Luxury Materials	21	22	23
Employees by region	Group employees	France	523	517	536
		Rest of Europe	243	246	234
		Asia (including Africa/Oceania)	528	498	423
		Americas	272	251	313
	Chargeurs Protective Films	Europe	79%	79%	69%
		Asia (including Africa/Oceania)	6%	6%	5%
		Americas	15%	15%	26%
	Chargeurs Technical Substrates	Europe	100%	100%	100%
		Asia (including Africa/Oceania)	0%	0%	0%
		Americas	0%	0%	0%
	Chargeurs Fashion Technologies	Europe	27%	27%	32%
		Asia (including Africa/Oceania)	54%	54%	50%
		Americas	19%	19%	18%
	Chargeurs Luxury Materials	Europe	38%	41%	39%
		Asia (including Africa/Oceania)	19%	18%	22%
		Americas	43%	41%	39%
Gender parity	Group employees	Number of men	1,122	1,094	1,107
		Number of women	444	418	399
		Percentage of women	28.4%	27.6%	26.5%

Training	Definition	Measurement unit	At Dec. 31, 2014	At Dec. 31, 2015	At Dec. 31, 2016
Numbers of persons trained	Employees who attended at least one training course	% of total employees	55%	62%	58%
Training hours	Time spent in training by employees who attended at least one training course	Average training hours per person	12 hours	16 hours	11 hours

Safety	Definition	Measurement unit	At Dec. 31, 2014	At Dec. 31, 2015	At Dec. 31, 2016
Accidents	Frequency rate: number of occupational accidents per million hours worked	Occupational accidents resulting in at least one day lost time	15.6	18.0	10.2
Absenteeism due to occupational accidents, excluding commuting	Severity rate: number of days' absence per thousand hours worked	Days lost due to an occupational accident	0.6	0.6	0.5

Compensation	Definition	Scope	At Dec. 31, 2014	At Dec. 31, 2015	At Dec. 31, 2016
Payroll costs	Annual payroll costs recorded in the accounts (in euro millions)	Employees of fully consolidated companies worldwide	70.5	76.7	77.8

SOCIAL RESPONSIBILITY COMMITMENTS

Our regional, economic and employment impact is analyzed solely in terms of jobs created and local economic development due to the business operations of our units. The analysis of jobs created by business and region may be found on page 50.

RELATIONS WITH LOCAL ORGANIZATIONS

Both in France and abroad, relations with local organizations, subcontractors and suppliers are conducted in accordance with Chargeurs' values – in particular the creation of value for our customers, employees and shareholders, the respect for people and property, and fair and honest business practices – and with the standards of good practice embraced by every plant or corporate manager.

Our management organization combines decentralization and empowerment, so that local management is responsible for relationships with schools and universities, trade federations and other local organizations.

In France, for example, Novacel, Lainière de Picardie and Senfa are deeply involved in the local, national and international industrial fabric through their support for general, business and trade schools (in particular by paying the French apprenticeship tax to selected institutions), their partnerships with universities, technical laboratories and innovation clusters, and their participation in national and international trade federations. These partners provide them with invaluable expertise and an outside perspective.

In as much as Chargeurs operates in B2B niche markets without any direct contact with end-consumers, there are only limited opportunities for dialogue with stakeholders interested in our activities, such as associations to combat social exclusion, educational institutions, environmental protection associations, consumer associations and host communities. Nevertheless, to the extent possible, we are committed to acting in harmony with the cultures and traditions of our host countries.

Chargeurs has long forged dedicated **partnership agreements** in each business.

Chargeurs Luxury Materials, for example, has backed its powerful worldwide combed wool sales network with four industrial partnerships in four countries on two continents to guarantee the reliability, traceability and quality of the delivered products and services, based on trust, respect and transparent relationships.

SUBCONTRACTORS AND SUPPLIERS

Relations with subcontractors and suppliers are guided by the values and procedural principles that every unit and corporate manager has pledged to uphold and that express our expectations for the suppliers, resellers and partners with whom we work in accordance with sustainable, responsible and ethical social and environmental practices.

Subcontracting is used by the businesses to enable them to focus on their core competencies. In the case of Chargeurs Luxury Materials, this has led to agreements with the partner combing mills to ensure the traceability of wool labeled OEKO-TEX® Standard 100 and Global Organic Textile Standard (GOTS), thanks to their CSR commitments and OHS 18000 and/or ISO 14001 and ISO 9001 certifications.

The purchasing policies applied by the businesses are focused on meeting our customers' demanding standards of quality, reliability and competitiveness, so as to maintain the quality of our portfolio of value-added products and services.

For Chargeurs Protective Films, nearly all of the raw materials sourced in 2016 by its French unit came from companies or corporations that either affirm a formal CSR commitment or have demonstrated the quality of their operations.

For example, its largest subcontractor is equipped with efficient, highly automated installations and an organization built on international quality standards that enable it to meet the business unit's demands.

Chargeurs Technical Substrates' leading supplier is ISO 9001 and EN 9100-certified, and is also certified to the OEKO-TEX® Standard 100, which is a globally uniform testing and certification system for textile raw materials, intermediate and end products at all stages of production. Testing for harmful substances covers substances that are prohibited or regulated by law, chemicals that are known to be harmful to health and parameters that are included as a precautionary measure to safeguard health.

For Chargeurs Fashion Technologies, the main expectations of its garment-maker customers also concern product quality and the assurance that the interlinings are harmless, as attested by our units' ability to provide OEKO-TEX® Standard 100 certification, including the highly demanding class 1 certification for products that could come into contact with a baby's skin.

MEASURES TO PROMOTE CONSUMER HEALTH AND SAFETY

Chargeurs Protective Films is deeply engaged in the CSR process. The two European production units have earned certification according to the international ISO 9001 quality management standard and the international ISO 14001 standard, which defines the procedures for developing, implementing, maintaining and assessing an environmental management system. They can also demonstrate to customers their compliance with European REACH legislation. The Italian production unit has also been certified to the OHSAS 18001 standard, which stipulates a method for deploying an occupational health and safety management system and corresponding guidelines.

The goal is to improve risk management to reduce the number of accidents, comply with legislation and improve performance. As of end-December 2016, the Italian production unit had had a record 1,271 days without an accident, demonstrating the effectiveness of its safety management system and the engagement of all its employees in the safety process. Note that protective films are designed for the temporary protection of surfaces at every stage of the production process and are not intended for sale to consumers.

Senfa, the Technical Substrates' French production unit, has been awarded the AFAQ Confirmed Eco-Design label, which certifies the maturity of the unit's eco-design process. Continuous improvement in the process is being driven by the objectives set at the beginning of each year.

As mentioned above, Chargeurs Fashion Technologies and Chargeurs Luxury Materials offer their garment-maker and spinning-mill customers products that carry the OEKO-TEX® Standard 100 label and comply, in the case of Chargeurs Fashion Technologies, with the European REACH Directive, which guarantees that these products do not contain any PFCs or phthalates.

FAIR AND HONEST BUSINESS PRACTICES

Constant attention is paid to the practices of our employees and the subsidiaries, to ensure that they consistently set an outstanding example. Trust is one of our core values. To prevent and manage cases of bribery, conflicts of interest or fraud, every plant manager has pledged to comply with the principles of good practice applicable in all of our operations, while constantly raising the standards. This commitment is in line with our corporate values and supported by the close relationships between the corporate business teams and their subsidiaries, as demonstrated by regular visits to host countries by senior executives and by members of the corporate finance and human resources departments. The Group's principles will be formally specified in a Code of Ethics in 2017.

CUSTOMER SATISFACTION – ENVIRONMENTAL INFORMATION

As of end-2016, the Chargeurs Group comprised 56 head offices, sales offices and production units around the world. To attenuate their environmental impact, an environmental management system based on the ISO 14001 standard has been deployed, with a set of metrics designed to drive reductions in water, gas and electricity use. The main production facilities operated by the Chargeurs Protective Films and Chargeurs Luxury Materials businesses have been ISO 14001 certified.

Measures to prevent, reduce or remediate releases into the air, water or the soil that could seriously damage the environment are tracked subsidiary by subsidiary with the goal of complying with local legislation.

These raw data were then used to calculate indicator performance for the year. Most of the data reported below are expressed on a unit-of-production basis, e.g. millions of square meters (Mm^2) of film for the Protective Films business, square kilometers (km^2) of product for the Technical Substrates business, and millions of square meters (Mm^2) of product for the Fashion Technologies business.

The data and/or indicators reported by the subsidiaries may sometimes lack consistency due to the use of different methodologies, particularly as concerns volatile organic compound (VOC) and greenhouse gas emissions.

Several production units also already recycle their packaging waste.

In 2016, environmental data were reported from 12 production facilities operated by the Group during the year, of which four Chargeurs Protective Films units, one Chargeurs Technical Substrates unit and seven Chargeurs Fashion Technologies units.

Total water and energy used by these plants edged up by a slight 3% and 5% respectively in 2016, as a direct result of the increase in output over the year.

The holding companies are also improving their sustainable development performance by significantly reducing their use of paper. In particular, they are encouraging retail shareholders to view and download their proxy statements online, thereby reducing the need to print and mail them. An increasing number of other corporate documents are following the same paper-less route, which is easing our environmental impact by saving water, avoiding carbon emissions and reducing waste, while also improving organizational productivity by eliminating manual processes.

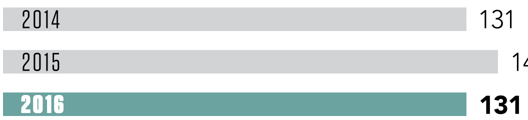
PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS

None.

CHARGEURS GROUP – 2016

ENERGY USE

Chargeurs Protective Films
(in Mwh/mm²)



Chargeurs Fashion Technologies
(in Mwh/mm²)

Chargeurs Technical Substrates
(in Mwh/km²)

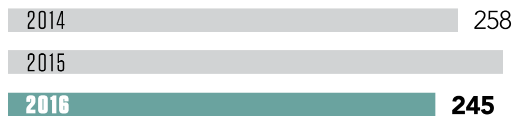
Energy use indicators show a significant 7% reduction at Chargeurs Protective Films.

They rose by 6% at Chargeurs Fashion Technologies, but initiatives are under way to roll back consumption. For example, a physical vapor deposition line has been installed to combine coating and vapor deposition in a single machine.

Energy use at Chargeurs Technical Substrates remained unchanged over the year.

WATER USE

Chargeurs Protective Films
(in m³/mm²)



Chargeurs Fashion Technologies
(in m³/mm²)

Chargeurs Technical Substrates
(in m³/km²)

All of the French units withdraw their water in compliance with local practices and rules.

Chargeurs Protective Films and Chargeurs Technical Substrates each reduced their consumption by 12% over the year. However, water use rose by 10% at Chargeurs Fashion Technologies, mainly due to the French dyeing operations, which use more water. In 2016, 80% of the division's interlinings were dyed.

NON-HAZARDOUS WASTE

Chargeurs Protective Films
(in T/mm²)

Chargeurs Fashion Technologies
(in T/mm²)

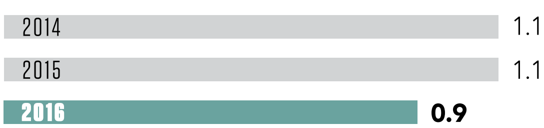
Chargeurs Technical Substrates
(in T/km²)

Chargeurs' units reduced their raw materials intake and improved the measures undertaken to use them more efficiently. To limit changeover and cutting waste, production schedules and widths have been optimized.

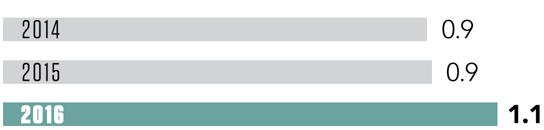
The amount of non-hazardous waste declined by 8% at Chargeurs Protective Films and by 21% at Chargeurs Technical Substrates, but rose by a slight 4% at Chargeurs Fashion Technologies. Note, however, that Chargeurs Fashion Technologies reduced its combined tonnage of hazardous and non-hazardous waste by 15%.

HAZARDOUS WASTE

Chargeurs Protective Films
(in T/mm²)



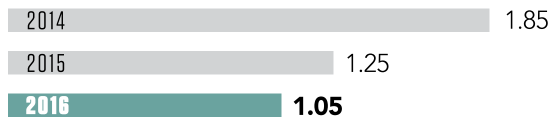
Chargeurs Fashion Technologies
(in T/mm²)



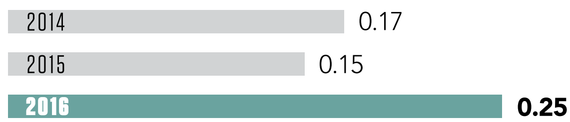
Chargeurs Technical Substrates
(in T/km²)

VOC EMISSIONS

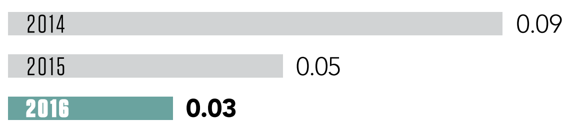
Chargeurs Protective Films
(in tons of carbon/mm²)



Chargeurs Fashion Technologies
(in tons of carbon/mm²)



Chargeurs Technical Substrates
(in tons of carbon/km²)



VOC emissions per unit-of-production declined by 16% at Chargeurs Protective Films in 2016, and are expected to remain on a downward trend in 2017 following the installation of a regenerative thermal oxidizer at the Boston Tapes plant in Italy.

Emissions at Chargeurs Technical Substrates continued to fall, by a further 30% during the year. Senfa has pledged to stop using solvents in its products.

At Chargeurs Fashion Technologies, emissions rose significantly due to the increase in output at the Chinese plant.

GREENHOUSE GAS EMISSIONS

Chargeurs Protective Films
(in T/mm²)

Chargeurs Fashion Technologies
(in T/mm²)

Chargeurs Technical Substrates
(in T/km²)

Chargeurs sites its production units as close to customers as possible, so as to reduce its transportation costs and the related environmental impact. Chargeurs Fashion Technologies, for example, recently opened a plant in an eco-friendly industrial park in Ethiopia, whose output will be sold to a customer located on the same site.

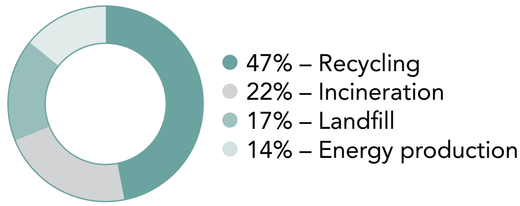
Greenhouse gas emissions per unit-of-production declined by 9% at Chargeurs Protective Films, but rose by 11% at Chargeurs Technical Substrates. They also increased by 6% at Chargeurs Fashion Technologies, due to higher energy use, particularly at the facility in Wujang, China. At its partner combing mill in Uruguay, Chargeurs Luxury Materials uses renewable biogas produced by the technology that replaced the mill's old anaerobic treatment tanks, thereby reducing greenhouse gas emissions by 95%.

In 2017, we will calculate the material sources of greenhouse gas emissions from the Company's operations, in particular through the use of the goods and services it produces.

WASTE DISPOSAL METHODS

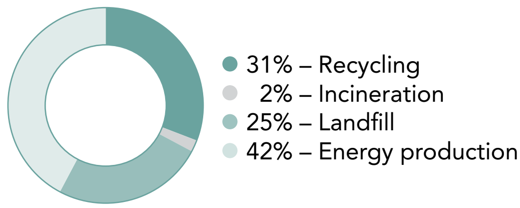
Chargeurs Protective Films

IN 2016 :



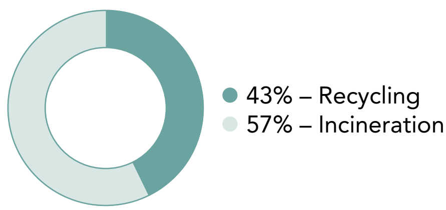
Chargeurs Fashion Technologies

IN 2016 :



Chargeurs Technical Substrates

IN 2016 :



REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

For the year ended 31st, 2016

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditor of Chargeurs, appointed as independent third party and certified by COFRAC under number 3-1060[(1)], we hereby report to you our report on the consolidated human resources, environmental and social information for the year ended 31st, 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

COMPANY'S RESPONSIBILITY

The Board is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

STATUTORY AUDITOR'S RESPONSIBILITY

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved 6 persons and was conducted between October 2016 and March 2017 during a 4 week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000[(2)] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the CSR section of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

(1) Whose scope is available at www.cofrac.fr
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted 10 interviews with 10 persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important (detailed in appendix):

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us[1] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 25% of headcount considered as material data of social issues and between 29% and 77% of quantitative environmental data considered as material data of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part taking into consideration, if any, industry best practices set out in the Global Reporting Initiative.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

French original signed by:
Neuilly-sur-Seine, March 27th 2017

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Eric Bertier *Partner*	Sylvain Lambert *Corporate Social Responsibility Department Partner*

(1) We believe that the sampling methods and sample sizes we have used, based on our professional judge.

APPENDIX: LIST OF CSR INFORMATION THAT WE CONSIDERED TO BE THE MOST IMPORTANT

Social performance indicators:

- Total workforce and breakdown by gender and geographical region
- Hires and redundancies
- Workplace health and safety conditions
- Workplace accidents, in particular their frequency and severity, and occupational diseases
- Training policies
- Number of training hours
- Elimination of discrimination in employment and occupation
- Promotion and adherence to the terms of the conventions of the International Labour Organization

Environmental performance indicators:

- Company organisation to address environmental issues and if relevant, performance monitoring or certification in terms of environment
- Training and communication to employees issues relative to environmental protection
- Resources allocated to prevent environmental risks and pollution
- Measures to prevent, reduce or remedy emissions into the air, water or soil that seriously affect the environment
- Measures to prevent, recycle and dispose of waste
- Water consumption and supply according to local constraints
- Raw materials consumption and measures taken to use them more efficiently
- Energy consumption, measures taken to improve energy efficiency and use of renewable energy
- Greenhouse gas emissions

Corporate responsibility indicators:

- Conditions of dialogue with stakeholders
- Inclusion of social and environmental criteria in the procurement policy
- Extent of sub-contracting and consideration of the corporate responsibility of suppliers and contractors in dealings with them
- Measures taken in favour of consumer health and safety

CHAIRMAN'S REPORT
ON CORPORATE GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

This report has been prepared by the Chairman for presentation to the Annual General Meeting of Chargeurs shareholders of April 20, 2017, as required by article L. 225-37 of the French Commercial Code *(Code de commerce)*.

The preparation process included making inquiries of the departments involved in overseeing internal control and risk management processes.

The report was submitted to the Audit Committee and the Compensation Committee for review on March 8, 2017 and was approved by the Board of Directors on the same date.

REFERENCE FRAMEWORK

The Board of Directors has decided to use the Corporate Governance Code for Small- and Mid-caps published by MiddleNext (revised in September 2016) as Chargeurs' reference framework for corporate governance practices and procedures, and particularly for the preparation of this report.

This Code can be downloaded from the MiddleNext website (in French only).

Since changing its governance structure on October 30, 2015, Chargeurs has enriched its corporate governance rules with a view to continually ensuring that its governance practices are adapted to its operating context and requirements and building a set of rules that will facilitate its business development over the long term. As part of this continuous improvement approach, the Company has particularly drawn on the MiddleNext Code (including its September 2016 revised version), and therefore applies the majority of the recommendations contained in this Code.

As recommended by France's securities regulator (AMF) in its "comply or explain" recommendation 2013-20 issued on November 18, 2013, the Chargeurs Annual Report contains a summary table setting out the recommendations in the MiddleNext Code that are not relevant to the Company or that the Company has elected not to apply, with explanations provided in each case.

The members of the Board of Directors have been informed of and have reviewed the *"Points de vigilance"* ("Points to be watched") sections of the Code, which set out the main issues to be addressed in order to ensure that the Company's governance system operates smoothly. The directors recognize that the purpose of these sections of the Code is to encourage the Board to consider these issues, without necessarily being required to prepare explicit, detailed responses.

Chargeurs' practices and procedures in the areas of risk management and internal control are based on the general principles defined by the AMF in its July 22, 2010 document entitled *"Cadre de Référence sur les dispositifs de gestion des risques et de contrôle interne: Guide de mise en oeuvre pour les valeurs moyennes et petites"*, which provides a risk management and internal control framework and guidelines for small- and mid-cap companies.

CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE

On October 30, 2015, Chargeurs acquired a new major shareholder (Columbus Holding SAS) and the Board of Directors decided to change the Company's governance structure by combining the positions of Chairman of the Board and Chief Executive Officer. Michaël Fribourg was then appointed as Chargeurs' Chairman and Chief Executive Officer.

Chairman and Chief Executive Officer

Following the decision to change the Company's governance structure, the Board of Directors appointed Michaël Fribourg as:

- Chairman of the Board of Directors, for his term as a member of the Board; and
- Chief Executive Officer, for a period of five years.

The Chairman and Chief Executive Officer (i) organizes and leads the work of the Board and reports thereon to the shareholders at General Meetings; (ii) oversees the effectiveness of the Company's governance structures and monitors compliance with generally accepted governance principles and best practices; and (iii) assumes responsibility for implementing the strategy decided by the Board of Directors and for the day-to-day management of the Company.

Combining the roles of Chairman and Chief Executive Officer fully respects the balanced governance rules described in this report and is a perfect fit with Chargeurs' decentralized operational structure under which there is a separate CEO for each of the Company's four business lines. It also facilitates highly efficient management and reporting processes and contributes to the Group's development, thanks to the regular, effective discussions that take place between the Chairman and Chief Executive Officer and the business line's CEOs, in an overall climate of trust and confidence.

The new governance structure not only gives the Group a clear, strong vision of its future prospects and development, led by a Chairman and Chief Executive Officer who has deep and unrivaled expertise in the Company's businesses and the operational challenges they face, but also enables responsive decision-making — an essential requirement for today's fiercely competitive global markets. At the same time, it is the best type of structure for achieving the Group's strategic transformation that is being spearheaded by the new Chairman and Chief Executive Officer.

Lastly, having a combined position of Chairman and Chief Executive Officer facilitates dialog between the Board and shareholders, as they have a single point of contact, and this forges close investor relations with shareholders, based on strong and ongoing communication. In particular, every year the Chairman and Chief Executive Officer meets with shareholders and financial analysts when Chargeurs releases its annual results.

Restrictions on the Chairman and Chief Executive Officer's powers

In accordance with the Company's bylaws, when the Chairman of the Board also performs the role of Chief Executive Officer, he has the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and except for those powers that the law attributes to shareholders in General Meetings and to the Board of Directors. He represents the Company in its dealings with third parties.

Internal restrictions on the Chairman and Chief Executive Officer's powers concern the requirement to obtain the Board of Directors' prior approval before issuing any guarantees that are binding on the Company, except in cases where the Board of Directors has expressly delegated its authority within the limits defined in articles L. 225-35 and R. 225-28 of the French Commercial Code.

BOARD OF DIRECTORS

Membership

A list of the members of the Board of Directors is provided on page 162 of the Annual Report.

The Board has five members, including the Chairman and Chief Executive Officer, as well as a non-voting director (*censeur*) who attends Board meetings in a consultative capacity.

The criteria used by the Board to assess whether directors are independent are set out in its Rules of Procedure and are largely based on the recommendations of the MiddleNext Code. Consequently, the Board assesses whether each member:

- is an executive in the Company or the Group or has any particular ties with any of the executives of the Company or the Group;
- is — or has been in the past three years — an employee or a corporate officer of the Company or another Group entity;
- is a significant client, supplier or banker of the Company or a company of the Group, or a client, supplier or banker for whom the Company or the Group represents a significant share of its business;
- has a close family relationship with a corporate officer;
- is — or has been in the past six years — a Statutory Auditor of the Company.

Having reviewed each of its member's situations on a case-by-case basis, the Board considers that it has two independent directors, at December 31, 2016: Catherine Sabouret and Isabelle Guichot.

Directors are appointed for a term of three years, which is perfectly adapted to the Company's operations and requirements. Their terms of office are staggered, as shown in the table on page 162 of the Annual Report.

Changes to the Board of Directors as proposed at the Annual General Meeting of April 20, 2017

In view of the recent changes made to the Board's structure, the following directors will be put forward for election or re-election at the Annual General Meeting of April 20, 2017:

- Cécilia Ragueneau, who is being put forward for election as an independent director. If she is elected, the number of women on the Board will be kept at two, which complies with the provisions of French Act 2001-103 dated January 27, 2011 relating to balanced gender representation on corporate boards. The profile of Cécilia Ragueneau is provided on page 166 of the Annual Report.
- Emmanuel Coquoin, who is being put forward for re-election as his term of office is due to expire at the close of the Meeting.

The Company's directors have diverse professional and personal backgrounds and significant international experience. The names of the members of the Board and their profiles are provided on page 166 of the Annual Report, which is published on Chargeurs' website. These profiles show a range of complementary skills and experience, representing a major asset for the Group.

In accordance with AMF recommendation 2013-20 issued on November 18, 2013, the Annual Report includes a summary table setting out changes in the Board's membership during 2016, as well as the independence status of each director as assessed using the criteria applied by the Board.

The Board does not have any members representing either employee shareholders or employees in general, as the Company's headcount is below the thresholds specified in articles L. 225-23 and L. 225-27-1 of the French Commercial Code that trigger the requirement for employee representation.

Professional ethics and conduct, roles and responsibilities and organization of the work of the Board of Directors

The Board of Directors' roles and responsibilities and main operating procedures are set out in the Company's bylaws. At its March 14, 2016 meeting, the Board decided to introduce a set of Rules of Procedure that supplement the bylaws by setting out the organizational and operating procedures of the Board and its Committees as well as the rights and obligations of directors, non-voting directors and members of the Board Committees.

The Rules of Procedure were subsequently amended at the Board meeting held on December 7, 2016 in order to take into account the main provisions of the revised version of the MiddleNext Code as well as the new role of Audit Committees specified in article L. 823-19 of the French Commercial Code, as amended by Government Order 2016-315 dated March 17, 2016, relating to audit reform.

The Rules of Procedure correspond to an internal document but substantial extracts are included in this report.

Each director is informed of the obligations arising from their appointment and the rules of professional ethics and conduct applicable to them in accordance with the provisions of the Rules of Procedure and the recommendations contained in the MiddleNext Code. The Company has not identified any cases of non-compliance with these rules.

To the best of the Company's knowledge, as of the date of this document there are no conflicts of interest, and no such conflicts were identified in 2016, between the duties that the directors have to the Company and their personal interests or other duties.

Furthermore, no related-party agreements governed by article L. 225-38 of the French Commercial Code were signed or renewed during 2016.

The directors have been given a guide on the prevention of insider trading, which reminds them of their legal and regulatory obligations in their capacity as "insiders" with respect to Chargeurs. They have also been advised of the new disclosure rules applicable to transactions in the Company's securities, as required under the European Market Abuse Regulation — which came into force in France on July 3, 2016 — and the related implementation regulation dated March 10, 2016.

The Board of Directors determines the Company's business strategy and oversees its implementation.

It generally meets at least four times a year: twice to examine the interim and annual financial statements, once to review Group strategy in relation to the budget and business plan, and once after the Annual General Meeting to implement the decisions voted by shareholders. At each meeting, the directors also discuss the Group's business performance, major projects and any matters specifically submitted to the Board.

However, since 2016, the Board's workload has increased considerably and now far exceeds simply monitoring the Group's daily running. Consequently, special Board meetings are held to discuss and review the Company's key strategic projects. In practice this means that Board meetings may be called at any time depending on the current circumstances and the directors are fully involved in overseeing the Group's main strategic goals and actions.

At its meetings, the Board also regularly reviews and is consulted on the measures put in place by the Company in relation to succession planning for top executives and other key personnel. Succession planning was earmarked as a priority from the start of 2016 in order to anticipate future requirements and adapt the Group's organizational structure in line with its developments and growth. This notably led the Company to expand its Executive Committee during the year by appointing (i) a

Secretary General, whose main responsibilities will include overseeing the succession planning policy and ensuring the continued excellence of the Group's management teams, and (ii) an Executive Vice-President, International Business Development and Acquisitions. In addition, in early 2017 a new Chief Executive Officer was appointed for Chargeurs Technical Substrates.

Prior to each Board meeting, the directors receive all of the information and documents they require in order to perform their duties, in the form of a meeting pack that contains the agenda and a presentation of the Company's operations and the various projects submitted for their approval. The meeting pack is provided sufficiently in advance so that the directors can effectively prepare for the Board's discussions. They may also ask the Chairman and Chief Executive Officer to give them any additional information they may consider useful for carrying out their work.

The Chairman and Chief Executive Officer communicates transparently with the members of the Board, keeping them up to date about the Company's operations, business trends and developments and competition.

The directors also have numerous opportunities to meet and discuss with the Chief Executive Officers of the Group's four business lines, both during the Board meetings dealing with the presentation of their forecast accounts and budget and during visits to Chargeurs' production sites. Board members are also invited to the Group's annual seminar, which brings together the executives of its international subsidiaries.

The directors receive attendance fees, whose aggregate amount is approved by shareholders at the Annual General Meeting. In 2016, the total amount of these fees paid was €200,000, which was allocated among the directors based on their attendance at meetings of the Board and the Board Committees (apart from the Chairman and Chief Executive Officer who does not receive fees for his role as a director of the Company). In accordance with article L. 225-102-1 of the French Commercial Code, a table summarizing the directors' fees received by the directors and the non-voting director is provided on page 143 of the Annual Report.

Work of the Board of Directors in 2016

In 2016, the Board met nine times, five more than usual. The attendance rate at these meetings was 100% and they lasted an average of two hours. The members of the Board were particularly involved in the various major projects launched by the Company during the year.

The Board's work during the year included approving the parent company and consolidated financial statements for 2015 as well as the interim consolidated financial statements at June 30, 2016. On the basis of these interim financial statements it decided to pay an interim dividend for 2016. It also approved the forecast accounts for 2016 and the 2017 budget.

Also at its meetings in 2016, the Board:

- Monitored the Group's business operations and financing, including the review and approval of two issues of ordinary bonds for €57 million and €15 million respectively.
- Approved several major strategic decisions, such as Chargeurs Protective Films' acquisition of Main Tape in the USA.
- Was consulted on, and kept informed of, the recruitment process for Chargeurs Technical Substrates' new Chief Executive Officer.
- Used the shareholder authorization to buy back the Company's shares via a liquidity contract.
- Put in place Rules of Procedure for the Board and subsequently aligned them with the new laws and regulations.
- Decided on the compensation package to be awarded to the Chairman and Chief Executive Officer.
- Tracked the progress of the Company's update to its legal risk map.
- Reviewed the Statutory Auditors' engagements.

As well as attending meetings, the directors were invited to visit several production sites both in and outside France in order to give them further insight into the Group's operations.

The Board of Directors did not carry out a formal self-assessment of the work and procedures of the Board or the Audit or Compensation Committees in 2016. However, the directors discussed these issues at various times during the year, therefore complying with the overall objectives of the MiddleNext Code's recommendations.

COMPENSATION COMMITTEE

Membership structure and roles and responsibilities of the Compensation Committee

The Compensation Committee was set up by the Board of Directors at its meeting on December 16, 2015. At December 31, 2016, it had two members: Isabelle Guichot (independent director and Chair of the Committee) and Nicolas Urbain (a non-director member, who is the permanent representative of Colombus Holdings SAS on Chargeurs SA's Board).

The profiles of the Compensation Committee members are provided on page 143 of the Annual Report.

The membership structure of the Compensation Committee and the experience of each of its members are suited to the Board of Directors' size and requirements.

The Board's Rules of Procedure state:

"The roles and responsibilities of the Compensation Committee include putting forward proposals and recommendations to the Board of Directors concerning:

- the Company's overall executive compensation policy;
- the compensation packages awarded to executives and the calculation methods used for setting the relevant amounts; and
- more generally, any matters concerning executive compensation submitted to the Committee by the Chairman of the Board of Directors.

The Compensation Committee may use the services of external specialists, at the Company's expense, provided it informs the Chairman of the Board in advance and receives the Board's prior approval. Where this is the case, the Committee is required to report on the use of such specialists to the Board of Directors."

Consequently, the Compensation Committee assists the Board in the above-mentioned areas and helps it to set the compensation and benefits of executives so that the Company can retain, motivate and hire the best talent, while ensuring that executive pay is aligned with shareholders' interests and the Company's performance.

The Compensation Committee applies the seven criteria listed in the thirteenth recommendation (R13) of the MiddleNext Code relating to setting and disclosing executive compensation: Completeness, Balance, Benchmark, Consistency, Clarity, Measurement and Transparency.

Work of the Compensation Committee in 2016

The Compensation Committee met four times in 2016, with an attendance rate of 100%. During these meetings, the Committee reviewed and issued recommendations on the following matters:

Compensation and benefits of the Chairman and Chief Executive Officer

The Committee issued recommendations to assist the Board with setting the variable portion of the Chairman and Chief Executive Officer's compensation for 2016 based on (i) the achievement levels of the performance criteria set by the Board at its December 16, 2015 meeting, and (ii) an assessment of Chargeurs' share performance in 2016.

It also issued recommendations about the Chairman and Chief Executive Officer's compensation package for 2017. All of these recommendations were followed by the Board.

Information on the compensation and benefits of the Company's Chairman and Chief Executive Officer, is provided on pages 144-147 of the Annual Report.

Fixed and variable compensation awarded to the Chief Executive Officers of the Group's four business lines

After reviewing the fixed and variable compensation for 2016 awarded to the Chief Executive Officers of the Group's four business lines, the Compensation Committee put forward proposals to the Board about their variable compensation for 2017.

Directors' fees

The Committee issued a recommendation on the aggregate amount of directors' fees to be set for 2017, which will be submitted for shareholder approval at the Annual General Meeting of April 20, 2017.

AUDIT COMMITTEE

Membership structure and roles and responsibilities of the Audit Committee

At its meeting on December 3, 2009, the Board decided to set up an Audit Committee in application of article L. 823-19 of the French Commercial Code.

At December 31, 2016, this Committee had two members, both of whom are directors: Catherine Sabouret (Committee Chair) and Emmanuel Coquoin. The Board's non-voting director, Georges Ralli, also attends Audit Committee meetings.

The profiles of the Compensation Committee members are provided on pages 163-165 of the Annual Report.

The membership structure of the Audit Committee and the experience of each of its members are suited to the Board of Directors' size and requirements.

When determining the roles and responsibilities of the Audit Committee, the Company referred to the report of the AMF Working Group on Audit Committees, which was issued in 2010 and can be viewed on the AMF's website at http://www.amf-france.org.

Acting on the Audit Committee's recommendation, the Board amended its Rules of Procedure on December 7, 2016, notably to take into account the new roles of audit committees provided for in article L. 823-19 of the French Commercial Code, as amended by Government Order 2016-315 dated March 17, 2016. Following these amendments, the Rules of Procedure now state:

"The Audit Committee's roles and responsibilities include:

- monitoring the processes used to prepare financial information and the methods applied for preparing the financial statements and, where necessary, putting forward recommendations on ensuring the integrity of financial information;
- reviewing and analyzing the annual financial statements and reporting to the Board on this review;

- monitoring the effectiveness of the measures put in place related to risk management, internal control, regulatory and operational compliance and respecting the applicable rules on professional ethics and conduct;
- monitoring and participating in the procedure for selecting Statutory Auditors including submitting recommendations (i) in accordance with Article 16 of EU Regulation 537/2014 at the end of the selection procedure for appointing new Statutory Auditors (notably when the existing Statutory Auditors' term has reached the maximum authorized duration); or (ii) on re-appointing existing Statutory Auditors;
- overseeing the work carried out by the Statutory Auditors and giving an opinion on the quality of their engagement, taking into account the observations and conclusions of the French Auditors' Oversight Body (H3C) following its periodic quality controls;
- ensuring compliance with the rules guaranteeing the independence of the Statutory Auditors, and, in particular (i) verifying that the conditions set out in article 6 of EU Regulation 537/2014 are respected (compliance with the conditions applicable before accepting or continuing an engagement for a statutory audit, annual confirmation of independence and assessment of any threats to their independence), and (ii) taking the measures required in accordance with paragraph 3 of article 4 of said EU Regulation if the total fees received by the Statutory Auditors from the Company in each of the last three consecutive fiscal years exceed 15% of those Auditors' total client fees for the year concerned;
- approving any supply of non-audit services by the Statutory Auditors which are authorized in the "Authorized Services Charter" drawn up by the Audit Committee;
- examining the Chairman's report on the membership of the Board of Directors, the preparation and organization of its work, and internal control and risk management procedures;
- regularly reporting to the Board on the Committee's work, notably on the role it plays in relation to monitoring the audit engagements of the Statutory Auditors, and issuing any recommendations concerning the above-mentioned topics and informing the Board on any difficulties it may encounter."

"The Audit Committee meets as often as the Committee's Chair thinks fit and at least twice a year, before the Board meetings held to approve the publication of the interim and annual financial statements. Other meetings may be requested by the Chairman of the Board if he considers it necessary. Agendas for Audit Committee meetings are drawn up by the Committee Chair, or in her absence the Chairman of the Board.

The Committee Chair regularly reports to the Board of Directors on the work of the Audit Committee and promptly informs the Board if any difficulties are encountered."

Work of the Audit Committee in 2016

The Audit Committee met three times in 2016, with an attendance rate of 100%.

During these meetings, the Committee particularly focused on the following:

- examining the processes used to prepare the parent company and consolidated financial statements for 2015 and the draft interim financial statements for the first half of 2016;
- submitting proposals to the Board concerning the Statutory Auditors whose terms are due to expire at the April 20, 2017 Annual General Meeting; managing the selection process organized by the Company for appointing new Statutory Auditors (including reviewing the scope of the invitation to tender, the specifications and the selection criteria). This work continued in 2017 and involved holding interviews with the three pre-selected firms, and issuing a recommendation to the Board on the selection of the new Statutory Auditors whose appointment will be proposed at the April 20, 2017 Annual General Meeting (in accordance with the obligations applicable following the audit reform introduced by EU Directive 2014/56, EU Regulation 537/2014 and French Governmental Order 2016-315 dated March 17, 2016);
- in application of the above-mentioned audit reform, during 2016 the Audit Committee drew up a charter of non-audit services that it authorizes to be supplied by the Statutory Auditors and their networks and which do not fall within the scope of services that are prohibited under EU Regulation 537/2014;
- reviewing the "Points to be watched" and the recommendations in the revised version of the MiddleNext Code issued in September 2016;
- monitoring the progress of and reviewing the work carried out by a law firm commissioned by the Company in 2016 to update the Group's legal risks map. Information on this update is provided below in the "Internal control and risk management procedures" section.

During its meetings held in 2016, the Audit Committee heard reports from the Group Chief Financial Officer, the Group Secretary General, the Statutory Auditors (during the meetings concerning the review of the financial statements) and the law firm commissioned to update Chargeurs' legal risks map.

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

Internal control is a system that the Company defines and implements under its own responsibility to provide reasonable assurance concerning:

- compliance with laws and regulations;
- implementation of the instructions and guidelines set by senior management or the Board of Directors;
- efficient operation of the Company's internal, operational, industrial, commercial and financial processes, particularly those contributing to the safeguarding of its assets;
- reliability of financial reporting.

More generally, internal control contributes to the oversight of the Company's businesses, the effectiveness of its operations and the efficient use of its resources.

By helping to anticipate and manage the Company's risks, internal control plays a key role in conducting and overseeing its various business operations. It cannot, however, provide an absolute guarantee that all risks have been eliminated.

SCOPE OF INTERNAL CONTROL

The Group is organized around a lean holding company and four business lines:

- Chargeurs Protective Films;
- Chargeurs Fashion Technologies;
- Chargeurs Technical Substrates;
- Chargeurs Luxury Materials.

COMPONENTS OF INTERNAL CONTROL

An efficient organization

Chargeurs is organized around decentralized operating structures and efficient information systems that provide the corporate teams with (i) high-quality financial information; (ii) detailed understanding of how the businesses work and how they generate earnings and cash; and (iii) the ability to swiftly identify risks.

The Group is engaged in several very different businesses and has operations around the world. To take into account this diversity, organizational measures have been put into place to manage the risks that could have a material adverse effect on earnings, assets and commitments.

The cornerstones of the system are:

- empowerment and accountability: the Chairmen and Chief Executive Officers of the subsidiaries have full responsibility for managing their units;
- short lines of communication;
- regular reporting on strategic issues;
- group insurance programs covering all insurable risks;
- an Insurance Manager for each business line and at corporate level;
- Corporate Social Responsibility (CSR) teams at both corporate level and in each business line.

An information system focused on accountability

All Group companies produce monthly management reporting packages using the same information system and the same accounting standards (IFRS).

The Chargeurs' information system is based on the monthly income statements and key balance sheet indicators reported by each of our consolidated companies (56 companies at December 31, 2016).

Each subsidiary's Chief Executive Officer and Finance Director produce written comments on their monthly results, presented in a standard format.

These results, together with the updated annual forecasts reflecting the impact of any significant new developments, are reviewed during monthly meetings between the Chairman and Chief Executive Officer and the Chief Executive Officers of the business lines.

A system to map, analyze and address the main identifiable risks

The Executive Committee pinpoints mission-critical issues and designates the most appropriate manager for each one, regardless of his/her position relative to other managers. A specific reporting system is in place so that the Chairman and Chief Executive Officer is informed directly, at regular intervals, of the status of these managers' work. The quality of their status reports is one of the areas covered during their annual performance review.

The issues dealt with generally concern events that could have a material adverse effect on the Group's financial results and its various risk exposures.

An outside consulting firm, specialized in economic forecasting, is used to help evaluate macro-economic risks specific to each of the Group's host countries. The consultants periodically present their findings to the Executive Committee and model certain specific risks when requested by one of our businesses.

From time to time, Chargeurs uses the services of specialized firms to either perform key analyses or temporarily support operational teams when critical projects are being implemented.

Several projects were launched in 2016 as part of the Group's continuous improvement approach to enhancing the quality of its internal control and risk management procedures.

In view of these projects and in order to partner the growth trajectories of the Group's various businesses, the holding company's teams were expanded during the year. This particularly involved setting up a new internal consulting team comprising three people with diverse profiles, which is dedicated to helping each business line with their key projects.

Also during the year, the Group commissioned a law firm to update its legal risks map. The work underway on this update is being closely monitored by the Company and the Audit Committee, which regularly reports to the Board on the progress made.

The overriding aims of the project — which was launched in early 2016 — are to identify, analyze and assess the legal risks to which the Group is or could be exposed to in relation to its operations. Once the project is completed in the course of 2017 it will result in a strengthened risk control and management system, notably by designating "risk bearers" at the level of both the holding company and the various business lines.

The same law firm is also assisting the Company with setting up the compliance programs provided for in French Act 2016-1691 dated December 9, 2016 related to transparency, anticorruption measures and the modernization of the economy (the "Sapi 2" Act). In connection with this, Joëlle Fabre-Hoffmeister, the Group Secretary General, has also been appointed Chief Compliance Officer. In this role, her main responsibility is to ensure that the Group's rules of professional ethics and conduct are respected.

Chargeurs' subsidiaries use CSR reporting guidelines that were drawn up in 2013, which (i) set out the Group's CSR commitments, (ii) list the CSR indicators used for operations, and (iii) describe the CSR reporting processes in place within the Group. During 2016, the Group further strengthened its commitment to CSR, incorporating it into its continuous improvement process, and making it one of the pillars for successfully growing its business. The actions undertaken so far in this area, and the progress achieved to date, are described on page 70 of the Annual Report.

The Executive Committee plays a central role in the risk management process. A list of this Committee's members is provided on page 162 of the Annual Report.

RISK FACTORS

The Group has put in place an overall risk map which is regularly updated. As mentioned above, a project to update the legal risks map is currently under way. The risks discussed in this report correspond to the main risks that the Group believes may have a material adverse effect on its business, financial position, results or outlook.

Other risks and uncertainties that the Group is not currently aware of or that are not currently material may nevertheless have an adverse effect on its business, financial position, results or outlook in the future.

Operational risks

Economic risks

Chargeurs' global footprint represents a natural partial hedge against regional economic risks.

The Group has operations primarily in Europe, the United States and Asia, and its business is therefore sensitive to changes in economic conditions in these regions.

Although it endeavors to anticipate and offset the impact of an economic slowdown in any of its host countries, there is no guarantee that the Group will always be able to adapt quickly enough. Its global footprint, with operations in four business lines with diversified geographic and end-customer profiles, nevertheless helps to attenuate the risk.

Emerging market risks

Although the Group's businesses are conducted primarily in Europe and the United States, it also has operations in emerging markets in Asia, South America and Africa. Operations in these countries give rise to a certain number of risks that are different from those arising in more developed economies, including greater exchange rate, interest rate and GDP volatility, relatively unstable government, collection difficulties, significant regulatory changes (tax rules, exchange controls, etc.) or erratic application of existing regulations.

In order to anticipate and more effectively ward against measures that could have an adverse effect on its businesses, the Group seeks advice from local managers who understand the specific features of their respective countries.

As the Group's operations in emerging markets are spread across several countries and continents, the occurrence of unfavorable events or circumstances in any one of these countries should have only a limited adverse effect on its financial position, results and outlook.

Technology risks

A key feature of the Group's protective film, interlining and technical fabric markets is the rapid pace of technological change. For this reason, the development of new technologies is an important driver of business growth.

Each business must be capable of acquiring and continuously upgrading its technical and technological expertise.

For a number of years, research and development in both products and processes has been a priority and a critical success factor for the Group.

Competition risks

The Group operates in highly competitive markets and the pressure may further increase in the future.

Competitors — particularly those operating in low-cost economies — may adopt aggressive pricing strategies, diversify their product offer, enter into long-term strategic or contractual relationships with current or prospective customers in the Group's markets or expand or acquire companies or assets that represent potential targets for the Group.

In order to manage this risk effectively, the business lines focus on strict cost control, offering customers the best possible service and meeting high standards of product quality, technical content and innovation. They have also developed systems to monitor developments affecting their customers and competitors.

Customer dependence risks

The Group has a broad customer base spread throughout the world. In 2016, its top ten customers accounted for 13.3% of consolidated revenue.

This diversification attenuates the potential impact of customer default or a change in customer behavior.

Supplier and partner dependence risks

Thanks to its diversified business base, the Group was not exposed to any particular risk of dependence on suppliers in 2016. However, some Group companies may deal with a limited number of suppliers for some of their activities.

When a company deals with a single supplier for a significant proportion of its purchases, a master agreement is signed to avoid the risk of deliveries being interrupted and to establish a long-term relationship with the supplier concerned.

In several mainly emerging markets, the Group operates through a local partner that manufactures part of its local product offer, seeks out new customers and manages relations with the local authorities. These partnerships enable us to benefit from the support of experienced teams with deep local roots.

When the partnerships take the form of joint ventures, the Group may not exercise legal or *de facto* control over the joint venture's operating and financial policies. To reduce the unfavorable impact of a possible dispute with a partner, a long-term agreement is signed dealing with matters such as dispute resolution.

Information systems failure risk

The business lines are increasingly dependent on IT infrastructure and applications to manage their various business processes, including purchasing, product distribution, billing, reporting and consolidation.

A single reporting and consolidation application has been deployed that is used by all entities. Apart from this system, each business line has its own IT infrastructure and applications operated under its direct responsibility.

Causes of system failures or downtime may be external (viruses, hacking, power cuts, network failure, etc.) or internal (malicious damage, data security breaches, etc.)

To minimize the impact of system failures, data are protected by automatically producing regular back-up copies at several sites and/or using secure external data centers, and by applying strict security rules (intruder tests, firewalls, etc.).

Environmental and industrial risks

Environmental risks

The Group's production facilities may be responsible for environmental disamenities or damage or be the source of injuries or an industrial accident, such as a fire at a plant. There is no guarantee that these facilities will not be a source of pollution, disamenities, environmental damage or injury. In addition, acts of violence, vandalism, sabotage or terrorism committed on the premises of production facilities could have similar consequences.

Group policy has always been to maintain the highest level of protection of its production facilities against natural hazards, technological risks and environmental risks.

The Group's businesses are subject to various, regularly revised environmental regulations in their host countries, requiring them to apply increasingly strict environmental standards and workplace health and safety standards. They are therefore exposed to a regulatory compliance risk. The Group's environmental policy, performance and certifications are described in the "Environmental Information" section of the Annual Report, on page 48.

Industrial risks

The Group's production facilities are exposed to industrial risks resulting from their operations, such as fire, explosion and/or machine breakdown risks. The Group pays close attention to properly managing its production facilities. However, there is no guarantee that it will not experience any unplanned production stoppages, due for example to human error, power cuts, interruptions in the supply of essential raw materials (such as polyethylene or wool), malicious or other damage, natural disasters or cases of *force majeure*.

To minimize the impact of these risks, the Group has deployed a risk management system combining an appropriate insurance program covering property damage, personal injury, business interruption and liability risks, and control processes and procedures to limit the potential consequences (such as sprinkler systems and containment ponds).

Legal risks

Legal risks

In the normal course of business, Group companies may be involved in a number of legal, administrative or arbitration proceedings.

Several such proceedings are currently in progress, in France and abroad. These proceedings are overseen by the Group Legal Department, assisted by local legal advisors specialized in the matter concerned.

For each known dispute, the associated risks are assessed at each period-end after obtaining legal advice, and a provision is set aside to cover the estimated exposure, if considered necessary.

Although the outcome of the proceedings currently in progress is not known, the Group believes that they will not have any material adverse effect on its financial position.

Intellectual property risks

Intellectual property rights play an important role in protecting the Group's assets and value creation process.

The Group believes that it is essential to innovate and to develop proprietary products and processes. Protection of the underlying intellectual property rights is often a key factor enabling the Group to use its innovations to create value.

To obtain and guarantee this protection, the Group has built up a portfolio of registered patents, brands and models, and it also uses various confidentiality agreements, copyright agreements, registered trade secrets and other measures to protect its rights.

Tax risks

Group policy is to comply with local tax laws and regulations in each of its host countries and also with international tax laws and regulations. Certain laws or regulations may nonetheless represent a source of risks, because they are ambiguous or give rise to differing interpretations by tax lawyers and/or the local tax authorities.

In order to effectively anticipate changes in tax laws and regulations based on available information, the Group uses the services of tax advisors throughout the world.

In addition, Group companies may be audited by their local tax authorities in the normal course of business.

Ethical risks

The Group pays close attention to observing the highest ethical standards.

There is no guarantee that these standards will not be breached by individual employees acting independently from their co-workers.

In this case, any victims of the breach could bring liability claims against Group employees, executives or companies.

To effectively manage these risks based on the information available, the Group monitors legal and regulatory changes in this area. As mentioned above, the Company has taken measures to put in place the compliance programs provided for in France's "Sapin 2" Act and has appointed a Group Chief Compliance Officer.

Since 2013, Group managers have been required to give a signed commitment to apply fair and honest business practices. This commitment will be updated as part of the compliance programs described above.

Financial risks

Financial risks, such as market, currency, interest rate, commodity, credit and liquidity risks, are described in note 21 to the 2016 consolidated financial statements.

In accordance with paragraph 6 of article L. 225-37 of the French Commercial Code, the Group has not identified any risk exposure related to the effects of climate change.

Control procedures sized to address the challenges of each process

The main management processes have been analyzed in order to document and map financial statement risks, the related potential financial impact and the internal controls in place to contain them.

As part of this exercise, each business line has identified the three or four most sensitive processes and reviewed the highest risk transactions within each one. The procedures in place to manage and control these transactions have also been duly identified.

These analyses serve to prioritize future action plans, representing the starting point for the Group's drive to strengthen control over its processes.

CONSTANT OVERSIGHT OF INTERNAL CONTROL PROCEDURES

Supervising internal control

The subsidiaries' Finance Directors are responsible for controlling the accounting and reporting processes. Second-tier controls are performed by the Finance Directors of the business lines as part of their oversight role with regard to the subsidiaries.

Internal audit

Chargeurs does not have an integrated internal audit department and therefore generally relies on local specialized firms in each region.

This analysis is overseen by the Group Finance Department, which reports to the Chairman and Chief Executive Officer, and are also discussed by the Audit Committee.

During 2016, the Group continued to apply its administrative and finance manual.

External audit

Two audit firms share the task of auditing Chargeurs' consolidated financial statements. All of the local Auditors' observations arising from their audits of Group subsidiaries' accounts are reported to the subsidiaries' Chief Executive Officer. The Group Auditors produce a summary of these observations, which is presented to the Chairman and Chief Executive Officer during twice-yearly meetings.

The Group Finance Department is responsible for ensuring that the Auditors' recommendations involving organizational changes or changes to procedures are implemented without delay.

The representation letters issued by the subsidiaries' Chief Executive Officers to the Auditors are official confirmation of their accountability for any information related to their subsidiary that is included in the Group financial statements.

Risk Management and Internal Control situation at end-2016: findings

The risk management and internal control procedures related to the processing and preparation of accounting and financial information at the end of 2016 were considered to be appropriate given the Group's size and complexity.

The 2017 action plan is part of the Group's continuous improvement process and is based on the following priorities:

- effectively implementing the compliance programs required under France's "Sapin 2" Act and relaying formal documentation to all employees on the Group's corporate values and rules of business conduct;
- managing legal risks, based on their degree of priority, by putting in place action plans;
- continuing to monitor the internal control system and effective application of procedures;
- regularly updating the internal control risk maps to reflect changes in operating environments and continuing to raise awareness of internal control and risk management issues within the Group's operating entities;
- continuing to deploy the CSR action plans in line with the commitments given in the CSR report;
- regularly documenting delegations of authority and updating them to reflect any changes in the roles and responsibilities of the authorized parties.

SHAREHOLDER PARTICIPATION IN GENERAL MEETINGS

Article 18 of the Chargeurs bylaws, relative to attendance and representation at General Meetings, provides for the following:

Shareholders may give proxy to their spouse or another shareholder in accordance with the applicable laws and regulations.

Minors and incapacitated persons may be represented by their legal guardian or conservator, and companies and other legal entities may be represented by a person with power of attorney or other authority, in accordance with the law.

Spouses, guardians, conservators and other representatives are not required to be shareholders of Chargeurs.

Only shareholders whose shares are registered or recorded in a securities account on the basis prescribed by law are entitled to participate in General Meetings.

The Board may decide to issue admission cards, in the form of its choice, to eligible persons in their name and for their use only.

Shareholders can vote by filling out and returning to the Company a postal voting form or proxy form, in accordance with the applicable regulations.

Prior to each meeting, the Board may decide that shareholders who take part in the meeting via video conference (or any other telecommunication means that allows them to be identified and whose nature and conditions of use are determined by a decree of the *Conseil d'État*) will be deemed present and included for quorum and majority voting purposes.

ITEMS THAT COULD HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER

None of the items mentioned in article L. 225-100-3 of the French Commercial Code would have an impact in the event of a public tender offer, except for the following:

- the Company's capital structure, as described in the Report of the Board of Directors presented at the Annual General Meeting and published on Chargeurs' website;
- direct or indirect investments in the Company's shares of which Chargeurs is notified pursuant to articles L. 233-7 and L. 233-12 of the French Commercial Code, and which are discussed in the Report of the Board of Directors presented at the Annual General Meeting and published on Chargeurs' website;
- the rules governing the election or replacement of Board members and changes to the Company's bylaws, referred to in articles 9, 10 and 21 of the bylaws;
- the powers of the members of the Board of Directors, defined in article 13 of the bylaws;
- following the adoption of a number of resolutions by shareholders at the March 14, 2016 Annual General Meeting, the Board of Directors has been authorized to issue and buy back Chargeurs shares a list of these authorizations is set out on page 151 of the Annual Report.

Michaël Fribourg
Chairman of the Board of Directors
and Chief Executive Officer

March 2017

MIDDLENEXT CORPORATE GOVERNANCE CODE RECOMMENDATIONS THAT WERE NOT APPLICABLE OR WERE NOT APPLIED

at December 31, 2016

AMF RECOMMENDATION 2013-20 OF NOVEMBER 18, 2013

Recommendation	Chargeurs' position
R3: Composition of the Board — Independent directors There are five criteria justifying the independence of directors, characterized by the absence of any significant financial, contractual or family relationship likely to affect their independence of judgment. Consequently, an independent director must not: – Be — or have been in the past five years — a salaried employee or corporate officer of the company or of a company in its group. – Have — or have had in the past two years — significant business relations with the company or its group (as a customer, supplier, competitor, service provider, creditor, banker, etc.). – Be a major shareholder of the company or hold a significant percentage of its voting rights. – Have any close family relationship or other personal ties with a corporate officer or a major shareholder of the company. – Be — or have been in the past six years — a Statutory Auditor of the company. Independence is also a state of mind whereby a person must be capable of fully exercising their freedom of judgment and of putting forward objections or stepping down if they consider this necessary.	The criteria that Chargeurs' Board of Directors uses to assess the independence of its members is closely based on the recommendations in the MiddleNext Code. However, the Board has decided not to apply the new timeframes recommended in the September 2016 revised version of the MiddleNext Code for criteria (i) and (ii). In criterion (i), the length of time during which an independent director must not have been an employee or corporate officer of the company or its group has been extended to five years in the revised Code (from three previously), and in criterion (ii), the number of years during which an independent director must not have had significant business relations with the company or group has now been set at two years. The Board considered that these extended timeframes do not provide an additional guarantee of independence compared with the previously applicable periods and that the lengths of time concerned should be assessed in light of each director's specific situation.
R7: Board rules of procedure The Board of Directors should have rules of procedure covering at least the following eight areas: – The roles and responsibilities of the Board and any transactions or operations that require the Board's prior approval. – The Board's membership structure and independence criteria. – The roles and responsibilities of any Board Committees. – The obligations and duties of Board members (ethics: loyalty, non-competition, disclosure of conflicts of interest, duty to abstain, confidentiality, etc.). – The operating procedures of the Board (frequency of meetings, notice of meetings, information provided to directors, self-assessment, use of videoconferencing and other forms of telecommunications), and of any Board Committees. – The methods used to protect the company's directors and officers (e.g. D&O insurance). – The rules applied for determining directors' compensation – Succession planning (top executives and other key management personnel).	The only area of Recommendation R7 that is not covered in the Rules of Procedure of Chargeurs' Board of Directors is the issue of succession planning. However, since 2016, the Company has put in place a succession planning strategy, which notably led to the recruitment of a new Chief Executive Officer for Chargeurs Technical Substrates in early 2017. The Board is regularly kept informed of, and is consulted on, the Company's succession planning measures and the profiles selected. Consequently, it can be considered that succession planning is one of the topics addressed by the Board in compliance with Recommendation R14 of the MiddleNext Code.
R11: Board evaluation Once a year, the Chairman of the Board should ask the directors to comment on the work and procedures of the Board and any Board Committees. The discussion should be recorded in the minutes of the meeting concerned. The Chairman should state in his report that this procedure has taken place.	In 2016, the Board of Directors did not carry out a formal self-assessment of the work and operating procedures of the Board or the Audit or Compensation Committees. However, the directors did discuss these issues at various times during the year in line with Recommendation R11 of the MiddleNext Code.

Recommendation	Chargeurs' position
R15: Corporate officers and employment contracts In compliance with the relevant regulations, the Board of Directors should decide whether or not to authorize the following corporate officers to continue to have an employment contract when serving their terms: the Chairman, the Chairman and Chief Executive Officer, the Chief Executive Officer (for joint-stock corporations with a Board of Directors), the Chairman of the Management Board (for joint stock corporations with a Management Board and a Supervisory Board) and the Managing Partner (for partnerships limited by shares). The reasons for the decision should be presented in detail in the Board's report to the Annual General Meeting.	This recommendation does not apply to Chargeurs.
R16: Termination benefits Where payment of a termination benefit is provided for in accordance with the law, the total benefit — including any amount due under the employment contract, if applicable — should not exceed the equivalent of two years' fixed and variable compensation, except where the compensation of the executive concerned is considerably less than the market rate (this may be the case, for example, for business start-ups). In addition, no termination benefit should be paid to a corporate officer who steps down in order to take up a new position or moves to a new position within the group. Care should also be taken to avoid artificially inflating an officer's compensation for the period before he or she steps down.	This recommendation does not apply to Chargeurs.
R17: Supplementary pension plans In addition to the authorization procedures provided for by law, in the interests of transparency, the Board of Directors' report to the Annual General Meeting should include details of any defined benefit supplementary pension plans set up for corporate officers, and the reasons for such benefits.	This recommendation does not apply to Chargeurs.
R18: Stock options and free shares Grants of stock options and free shares should not disproportionately benefit executives. In addition, corporate officers should not receive any stock options or free shares when they leave office. The stock options and free shares awarded to executives should only vest if certain pre-defined performance conditions are met. These performance conditions should be assessed over a significant period and should align the executive's interests with the company's medium to long-term interests.	This recommendation does not apply to Chargeurs.

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF CHARGEURS SA

For the year ended December 31, 2016

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Chargeurs S.A., and in accordance with article L.225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your company in accordance with article L.225-37 of the French Commercial Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

OTHER INFORMATION

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris, March 27, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	S&W Associés
Eric Bertier	Virginie Coniau

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, (i) the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Chargeurs and the consolidated companies, and (ii) the management report included in the annual financial report presents a true and fair view of the business development, results and financial position of Chargeurs and the consolidated companies, together with a description of the main risks and uncertainties they face.

Michaël Fribourg,
Chairman and Chief Executive Officer

March 2017

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS 2016

CONSOLIDATED INCOME STATEMENT

(in € millions)

	Note	Year ended December 31 2016	2015
Revenue	**4**	**506.4**	**498.7**
Cost of sales		(376.4)	(378.2)
Gross profit		**130.0**	**120.5**
Distribution costs		(54.8)	(53.9)
Administrative expenses		(32.6)	(32.1)
Research and development costs		(3.7)	(3.9)
Recurring operating profit		**38.9**	**30.6**
Other operating income	5	-	0.2
Other operating expense	5	(5.0)	(6.8)
Operating profit		**33.9**	**24.0**
Finance costs, net		(4.3)	(3.5)
Other financial expense		(1.5)	(2.3)
Other financial income		3.8	0.5
Net financial expense	**7**	**(2.0)**	**(5.3)**
Share of profit/(loss) of associates	13	(2.0)	(10.7)
Pre-tax profit for the period		**29.9**	**8.0**
Income tax expense	8	(4.9)	7.5
Profit from continuing operations		**25.0**	**15.5**
Profit/(loss) from discontinued operations		-	-
PROFIT FOR THE PERIOD		**25.0**	**15.5**
ATTRIBUTABLE TO: OWNERS OF THE PARENT		**25.0**	**15.3**
Non-controlling interests - Earnings per share		-	0.2
Basic earnings per share (in €)	9	1.09	0.78
Diluted earnings per share *(in €)*	9	1.09	0.78

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)

	Note	Year ended December 31	
		2016	2015
Profit for the period		**25.0**	**15.5**
Exchange differences on translating foreign operations		(4.5)	10.2
Cash flow hedges		(0.7)	0.7
Total items that may be reclassified subsequently to profit or loss		**(5.2)**	**10.9**
Other components of other comprehensive income		0.2	0.8
Actuarial gains and losses on post-employment benefit obligations	18	(1.7)	0.8
Income tax on items that will not be reclassified to profit or loss		-	(0.1)
Total items that will not be reclassified to profit or loss		**(1.5)**	**1.5**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(6.7)**	**12.4**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**18.3**	**27.9**
Attributable to:			
Owners of the parent		19.5	27.5
Non-controlling interests		(1.2)	0.4

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € millions)

ASSETS

	Note	12/31/2016	12/31/2015
Non-current assets			
Intangible assets	10	92.1	78.5
Property, plant and equipment	11	61.8	55.9
Investments in associates and joint ventures	13	14.9	18.1
Deferred tax assets	8	29.0	27.1
Non-current financial assets		2.4	2.1
Other non-current assets		0.5	0.5
		200.7	**182.2**
Current assets			
Inventories and work-in-progress	15	105.4	101.0
Trade receivables	15	47.3	44.6
Factored receivables [1]		50.7	48.9
Derivative financial instruments	15	0.5	1.1
Other receivables	15	23.0	23.6
Current income tax receivables	15	2.2	1.3
Cash and cash equivalents	17	161.5	97.7
		390.6	**318.2**
Assets held for sale		-	-
TOTAL ASSETS		**591.3**	**500.4**

(1) Related to receivables for which title has been transferred (see note 3.2).

The accompanying notes are an integral part of the consolidated financial statements.

EQUITY AND LIABILITIES

	Note	12/31/2016	12/31/2015
Equity			
Attributable to owners of the parent	**16**	**227.3**	**219.3**
Non-controlling interests		-	3.1
TOTAL EQUITY		**227.3**	**222.4**
Non-current liabilities			
Long-term borrowings	17	133.1	49.1
Pension and other post-employment benefit obligations	18	16.7	14.6
Provisions	19	0.5	0.7
Other non-current liabilities	20	3.1	8.1
		153.4	**72.5**
Current liabilities			
Trade payables	15	91.3	90.6
Other payables	15	39.7	38.9
Factoring liabilities[1]		50.7	48.9
Current income tax liability	15	1.9	1.5
Derivative financial instruments	15	1.8	0.3
Short-term portion of long-term borrowings	17	8.1	8.6
Short-term portion of long-term borrowings	17	17.1	16.7
		210.6	**205.5**
Liabilities related to assets held for sale		-	-
TOTAL EQUITY AND LIABILITIES		**591.3**	**500.4**

(1) Related to receivables for which title has been transferred (see note 3.2).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)

	Note	Year ended December 31 2016	2015
Cash flows from operating activities			
Pre-tax profit of consolidated companies		31.9	18.7
Adjustments to reconcile pre-tax profit to cash generated from operations		6.1	11.3
▪ *Depreciation and amortization expense*	*10 & 11*	*9.9*	*9.7*
▪ *Provisions and pension and other post-employment benefit obligations*		*(1.2)*	*(0.1)*
▪ *Impairment of non-current assets*		*0.6*	*0.3*
▪ *Fair value adjustments*		*0.7*	*(0.2)*
▪ *Impact of discounting*		*0.3*	*1.0*
▪ *(Gains)/Losses on sales of investments in non-consolidated companies and other non-current assets*		*(3.6)*	*(0.2)*
▪ *Exchange (gains)/losses on foreign currency receivables and payables*		*(0.6)*	*0.8*
Income tax paid		(8.0)	(5.9)
Cash generated by operations		**30.0**	**24.1**
Dividends from equity-accounted companies	13	0.3	0.3
Change in operating working capital	15	0.8	8.0
Net cash from operating activities		**31.1**	**32.4**
Cash flows from investing activities			
Acquisitions of subsidiaries, net of the cash acquired(1)		(19.7)	-
Proceeds from disposals of subsidiaries		(0.9)	-
Purchases of intangible assets	10	(0.7)	(0.8)
Purchases of property, plant and equipment	11	(10.2)	(13.3)
Proceeds from sales of property, plant and equipment		0.1	0.5
Other movements		0.1	0.7
Net cash from/(used in) investing activities		**(31.3)**	**(12.9)**
Cash flows from financing activities			
Proceeds from issues of shares on conversion of bonds		-	11.9
Bond conversions		-	(11.9)
Returns of capital to minority shareholders of subsidiaries		-	(1.1)
Dividends paid to owners of the parent(2)		(11.5)	(3.2)
Proceeds from new borrowings	17	92.2	17.7
Repayments of borrowings and overdrafts	17	(10.3)	(9.0)
Change in bank overdrafts	17	(0.5)	1.5
Other movements	20	(6.0)	(1.1)
Net cash from/(used in) financing activities		**63.9**	**4.8**
Increase/(decrease) in cash and cash equivalents		**63.7**	**24.3**
Cash and cash equivalents at beginning of period	17	97.7	72.7
Effect of changes in foreign exchange rates on cash and cash equivalents		0.1	0.7
CASH AND CASH EQUIVALENTS AT PERIOD-END	**17**	**161.5**	**97.7**

(1) Main Tape's balance sheet did not include any cash or cash equivalents at the balance sheet date.
(2) Including a €4.6 million interim dividend payment for 2016.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)

	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Actuarial gains and losses on postemploy-ment benefit obligations	Treasury stock	Total equity attribu-table to owners of the parent	Non controlling interests	Total equity
AT DECEMBER 31, 2014	**2.6**	**42.2**	**132.8**	**11.4**	**(0.4)**	**(5.8)**	**(0.2)**	**182.6**	**3.8**	**186.4**
Issue of share capital	1.1	10.8						11.9		11.9
Payment of dividends			(3.2)					(3.2)		(3.2)
Profit for the period			15.3					15.3	0.2	15.5
Effect of changes in scope of consolidation[1]			0.5					0.5	(1.1)	(0.6)
Other comprehensive income for the period			0.8	10.0	0.7	0.7		12.2	0.2	12.4
AT DECEMBER 31, 2015	**3.7**	**53.0**	**146.2**	**21.4**	**0.3**	**(5.1)**	**(0.2)**	**219.3**	**3.1**	**222.4**
Payment of dividends[2]			(11.5)					(11.5)		(11.5)
Profit for the period			25.0					25.0		25.0
Effect of changes in scope of consolidation								-	(1.9)	(1.9)
Other comprehensive income for the period			0.2	(3.3)	(0.7)	(1.7)		(5.5)	(1.2)	(6.7)
AT DECEMBER 31, 2016	**3.7**	**53.0**	**159.9**	**18.1**	**(0.4)**	**(6.8)**	**(0.2)**	**227.3**	**-**	**227.3**

(1) Corresponding to the first-time consolidation of Chargeurs Insertii SRL (a Chargeurs Fashion Technologies subsidiary based in Romania), which was previously included in "Investments in non-consolidated companies".
(2) Including a €4.6 million interim dividend payment for 2016.

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Chargeurs and its subsidiaries (the Chargeurs Group) are organized around four business lines:

- **Chargeurs Protective Films** develops, manufactures and markets technical solutions to protect steel, aluminum, plastic and other surfaces during the production process;
- **Chargeurs Fashion Technologies** manufactures and markets garment interlinings;
- **Chargeurs Technical Substrates** develops, manufactures and markets functionalized coated technical substrates;
- **Chargeurs Luxury Materials** manufactures and markets premium wool tops.

In 2016 the Group changed the name of Chargeurs Wool to Chargeurs Luxury Materials.

Chargeurs is a *société anonyme* governed by the laws of France. Its headquarters are located at 112, avenue Kléber, 75016 Paris, France.

Chargeurs shares are listed on Euronext Paris.

The consolidated financial statements for the year ended December 31, 2016 were approved by the Board of Directors on March 8, 2017 and will be submitted to shareholders for approval on April 20, 2017.

The Board of Directors has decided to ask shareholders at the Annual General Meeting to be held on April 20, 2017 to approve payment of a dividend of €0.55 per share for 2016. A €0.20 interim dividend was paid in September 2016.

1 – Significant events of the year

1.1 Financing

A) EURO PRIVATE PLACEMENT (EURO PP) ISSUE

As part of its overall development strategy, on May 27, 2016 Chargeurs broadened its sources of long-term business finance by negotiating its first-ever Euro private placement (Euro PP), on particularly attractive terms, raising a total of €57 million in seven-year financing repayable at maturity.

The Euro PP comprises:

- a €25.0 million private placement notes issue underwritten by the French government-sponsored Novo 1 midcap fund, advised by BNP Paribas Investment Partners and managed by France Titrisation; and
- a €32.0 million bank loan provided and arranged by Landesbank Saar, Bank of China Limited and BRED Banque Populaire.

In the second half of the year Chargeurs carried out another Euro PP, raising a further €15 million in seven-year financing repayable at maturity. This placement was also underwritten by the Novo 1 midcap fund, advised by BNP Paribas Investment Partners and managed by France Titrisation.

B) LINES OF CREDIT

During 2016 Chargeurs obtained several three and five-year confirmed lines of credit for a total of €33.5 million. None of these facilities had been drawn down at December 31, 2016.

In addition, the maturity of a €15 million bullet loan obtained from Landesbank Saar was extended from 2018 to 2021.

1.2 Liquidity contract

Rothschild & Cie Banque has been retained to make a market in Chargeurs shares under a liquidity contract that complies with the AMAFI code of ethics approved by the French financial markets authority (*Autorité des Marchés Financiers* — AMF) on March 21, 2011. The contract came into effect on March 29, 2016 for an automatically renewable one-year term.

1.3 Acquisition of Main Tape

On July 18, 2016, Chargeurs Protective Inc. (a Chargeurs Group subsidiary based in the United States) acquired the entire capital of Main Tape Inc. from Nekoosa Holdings Inc. Based in Cranbury, New Jersey (USA), Main Tape specializes in the design and manufacture of plastic film for temporary surface protection applications. It has developed a comprehensive product and solution offering for industrial customers based primarily in the United States but also in Mexico. In 2015, Main Tape reported revenue of USD27.0 million.

This acquisition will consolidate the market presence, product offering and leadership of Chargeurs Protective Films — the world's leading manufacturer of plastic temporary surface protection films — in both the North American and International markets, by providing additional marketing and manufacturing capacity supported by robust synergies. In addition, the Group will benefit more fully from the effects of macro-economic cycles, thanks to increased capacity in the dollar zone, and will be able to offer a better service to its customers.

The aggregate amount paid for the acquisition was €19.5 million (with no price adjustment clauses).

The recognition of the acquired assets and liabilities at their acquisition-date fair values gave rise to provisional goodwill of €10.9 million. The main fair value adjustments made related to intangible assets, property, plant and equipment and inventories.

The measurement of the final fair values and resulting goodwill will be completed within twelve months of the acquisition date.

The table below shows the fair values of the acquired assets and liabilities at the acquisition date (July 18, 2016):

(in € millions)	31/12/2016
Total non-current assets	5.8
Total current assets	7.5
TOTAL ASSETS	**13.3**
Total non-current liabilities	1.5
Total current liabilities	3.2
TOTAL LIABILITIES	**4.7**
FAIR VALUE AT THE ACQUISITION DATE	**8.6**
Purchase price	19.5
PROVISIONAL GOODWILL	**10.9**

Since its consolidation, Main Tape has contributed €11.1 million to the Group's revenue.

1.4 Deconsolidation of Yak

Yak produces and sells chest pieces in China through two subsidiaries, Ningbo Lailong Bertero Interlining Co. Ltd ("Yak Production") and Ningbo Chargeurs Yak Textile Trading ("Yak Trading").

In 2015, the slowdown both in the Chinese economy and in certain markets served by the companies making up the Yak cash-generating unit (CGU) led to an impairment loss being recognized for the total amount of Yak goodwill (see note 13.1).

As part of the strategy to enhance the worldwide profitability of all of the Group's businesses, in the first half of 2016 Chargeurs Fashion Technologies withdrew from the Yak joint ventures, as follows:

- in January 2016, to prepare the withdrawal, Chargeurs Fashion Technologies sold 2% of Ningbo Chargeurs Yak Textile Trading Co. Ltd. to its Chinese partner, reducing its interest to 49% and leading to the Company's 2016 results being reported under "Share of profit/(loss) of associates";
- in June 2016, the Group completed its withdrawal by selling the business to Yak Production's management, with the agreement of its local partner. The gain on the sale has been included in "Other financial income" (see note 7).

Chargeurs Fashion Technologies has retained full title and user rights to the Bertero brand, which has a strong reputation among customers and will be relaunched worldwide.

1.5 Brexit

Chargeurs owns two commercial companies in the United Kingdom, which together account for 2.9% of consolidated revenue. The Group does not expect the United Kingdom's exit from the European Union to have a significant impact on its consolidated financial statements.

2 – Summary of significant accounting policies

2.1 Basis of preparation

The 2016 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. These standards can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm#adopted-commission).

The significant accounting policies applied to prepare the consolidated financial statements are described below. Unless otherwise specified, these policies were applied consistently in all the periods presented.

The consolidated financial statements are presented in millions of Euros.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving the highest degree of judgment or estimation complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.2 List of new, revised and amended standards and interpretations

A) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS WHOSE APPLICATION WAS MANDATORY FOR THE FIRST TIME IN THE YEAR ENDED DECEMBER 31, 2016

Adopted by the European Union

- Amendments to IAS 1 — Disclosure initiative.
- Amendments to IAS 16 and IAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation.
- Amendments to IFRS 11 — Accounting for Acquisitions of Interests in Joint Operations.
- Amendments to IAS 27 — Equity Method in Separate Financial Statements.
- Amendments to IFRS 10, IFRS 12 and IAS 28 — Investment Entities: Applying the Consolidation Exception.
- Amendments to IAS 19 — Defined Benefit Plans: Employee Contributions.
- Amendments to IAS 16 and IAS 41 — Agriculture: Bearer Plants.

B) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE PERIODS THAT WERE EARLY ADOPTED BY THE GROUP

- Amendments to IAS 7 — Disclosure initiative.

C) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE PERIODS AND NOT EARLY ADOPTED BY THE GROUP

Adopted by the European Union

- IFRS 9 — Financial Instruments.
- IFRS 15 — Revenue from Contracts with Customers.

Not yet adopted by the European Union

- Amendments to IFRS 2 — Classification and Measurement of Share-based Payment Transactions.
- Amendments to IAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses.
- Clarifications to IFRS 15 — Revenue from Contracts with Customers.
- IFRS 16 — Leases.

The Group is currently in the process of analyzing the potential impacts of applying IFRS 9, IFRS 15 and IFRS 16.

2.3 Consolidation methods

A) SUBSIDIARIES

Subsidiaries are all entities that are directly or indirectly controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments that meet the above criteria but which are not material are measured at cost less any impairment.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The directly attributable costs of the business combination are recognized as an expense for the period in which they are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values. Goodwill arising on a business combination is measured as the excess of (a) over (b) as follows: (a) the aggregate of: (i) the acquisition-date fair value of the consideration transferred; (ii) the amount of any non-controlling interest in the acquiree (which can be measured either at fair value or based on the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets); (iii) the fair value of any previously held equity interest in the acquiree (as remeasured at the acquisition date with any resulting gain or loss recognized in profit); (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

If the cost of the acquisition is less than the fair value of the Group's share of the net assets of the acquired subsidiary, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated in consolidation.

Accounting policies of subsidiaries have been aligned with the policies adopted by the Group to ensure consistency.

B) TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Sales of shares to non-controlling interests resulting in a loss of control of the subsidiary give rise to gains and losses for the Group that are recorded in the income statement. Sales of shares to non-controlling interests that do not result in a loss of control are treated as an equity transaction with owners and recognized in the statement of changes in equity.

Acquisitions of additional shares in a subsidiary (above 50%) are recognized in the statement of changes in equity.

C) ASSOCIATES AND JOINT VENTURES

Joint arrangements are arrangements of which Chargeurs and one or more other parties have joint control.

The Group has joint control of an arrangement when decisions about the relevant activities require the unanimous consent of Chargeurs and the other parties sharing control.

The Group has significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the entity but does not have control or joint control of those policies, generally accompanying a shareholding representing between 20% and 50% of the voting rights.

Investments in joint ventures (entities of which the Group has joint control) and associates (entities over which the Group has significant influence) are accounted for by the equity method and are initially recognized at cost.

The carrying amount of investments in associates and joint ventures includes goodwill (net of any accumulated impairment losses) identified on acquisition (see note 2.10).

The Group's share of post-acquisition profits or losses of associates and joint ventures is recognized in the income statement, and its share of post-acquisition movements in equity — which have no impact on profit or loss — is recognized directly in equity.

Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture concerned. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment in value of the assets transferred. Accounting policies of associates and joint ventures have been aligned where necessary with the policies adopted by the Group to ensure consistency.

D) NON-CONSOLIDATED COMPANIES

Distribution companies that have been recently created and/or individually generate less than €3 million in annual revenue are not consolidated.

This threshold may be raised in certain very specific cases, particularly for entities that operate in hyper-inflationary economies.

The effect on equity of including these companies in the scope of consolidation at December 31, 2016 would have been an increase of approximately €0.5 million.

2.4 Operating segments

An operating segment is a group of assets and operations corresponding to a management unit. Chargeurs' senior management team — which is the Group's chief operating decision maker — has identified four operating segments for the Chargeurs Group:

- "Protective Films", which encompasses activities relating to the temporary protection of surfaces;
- "Fashion Technologies", which corresponds to the Group's technical textile operations;
- "Technical Substrates", which concerns functionalized coated technical substrates;
- "Luxury Materials", which comprises top making and sales of premium combed wool.

The reported segment information also includes a "non-operating" segment that primarily consists of the Group's holding companies.

The Group's segment information is based on the sectors identified above, which are the segments used in the Group's internal reporting system and reported to Chargeurs' senior management team for the purposes of making decisions about allocating resources and assessing performance.

A geographical area is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments. Chargeurs has three geographical areas: Europe (including the Group's home market, France), the Americas and Asia (including the Pacific region and Africa).

2.5 Foreign currency translation

A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the functional currency).

B) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into each entity's functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement. Gains and losses on foreign currency cash flow hedges are accumulated in equity and reclassified to the income statement when the exchange gain or loss on the hedged item is recognized.

Exchange gains and losses arising from translation of foreign currency receivables and payables are recognized in the income statement, under "Other financial income" or "Other financial expense".

C) FOREIGN OPERATIONS

The results and financial position of all Group entities that have a functional currency other than the Euro are translated as follows: (i) items in the statement of financial position are translated at closing exchange rates, (ii) income statement items are translated at average exchange rates for the period, and (iii) all resulting exchange differences are recognized as a separate component of equity under "Translation reserve" or "Non-controlling interests".

Exchange differences arising from the translation of the net investment in subsidiaries with a functional currency other than the Euro, and of instruments designated as hedges of such investments, are recorded under "Translation reserve" in equity.

When a foreign operation is sold, the exchange differences accumulated in the translation reserve are reclassified to the income statement and taken into account in determining the gain or loss on sale.

2.6 Revenue recognition

Revenue from sales of goods and services is recognized, net of value-added tax, rebates and discounts, when the risks and rewards incidental to ownership of the goods are transferred to the customer or when the service is rendered.

2.7 Recurring operating profit

Recurring operating profit is used by the Group as an indicator of sustainable long-term performance. It is stated before other operating income and expense, which correspond to non-recurring items that represent material amounts, are unusual in nature and occur infrequently, and therefore distort assessments of the Group's underlying performance.

Recurring operating profit corresponds to gross profit after distribution costs, administrative expenses and research and development costs.

2.8 Other operating income and expense

Other operating income and expense include non-recurring items that represent material amounts, are unusual in nature and occur infrequently, with the result that they are difficult to predict. They primarily include restructuring costs, impairment losses and gains and losses on disposal of property, plant and equipment and intangible assets.

2.9 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding, representing the number of shares issued less the average number of Chargeurs shares held by the Company or its subsidiaries.

Depending on the circumstances and financial market conditions at the year-end, the dilutive effect taken into account for the calculation of diluted earnings per share may result from employee stock options, stock warrants and/or convertible bonds. The dilutive instruments concerned are taken into account as from their grant or issue date, except in cases where their exercise price exceeds the market price of Chargeurs shares.

2.10 Intangible assets

A) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the acquisition-date fair value of the Group's share of the net identifiable assets of the acquired subsidiary. Goodwill arising on acquisitions of subsidiaries is included in "Intangible assets".

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Any impairment losses recognized against goodwill are irreversible.

The calculation of gains and losses on the disposal of an entity take into account the carrying amount of any goodwill relating to that entity.

Goodwill arising on acquisitions of associates and joint ventures is recorded under "Investments in associates and joint ventures" and is included in the impairment tests carried out on equity-accounted companies.

B) TRADEMARKS AND LICENSES

Trademarks and licenses are initially recognized at historical cost. They have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (between fifteen and twenty years).

C) COMPUTER SOFTWARE

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful lives of the software concerned (between three and five years).

Costs associated with developing or maintaining computer software are recognized as an expense as incurred.

D) DEVELOPMENT COSTS

Development costs are capitalized when the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical and financial resources to complete the development;
- its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Capitalized development costs are amortized over the estimated useful life of the asset concerned.

E) IMPAIRMENT OF INTANGIBLE ASSETS

Goodwill and other intangible assets with indefinite useful lives are tested for impairment at least once a year and more often where there is an indication that they may be impaired. An impairment loss is recognized if the assets' carrying amount exceeds its recoverable amount (see note 10).

Any impairment losses recognized against goodwill are irreversible.

The carrying amount of goodwill in the consolidated statement of financial position corresponds to the gross amount less any accumulated impairment losses.

2.11 Property, plant and equipment

Property, plant and equipment (other than land) are stated at cost less depreciation and any accumulated impairment losses. Land is not depreciated and is therefore stated at cost less any accumulated impairment losses. Cost comprises the purchase price, capitalized interest and initial fair value adjustments. Capitalized interest corresponds to interest costs, whether on designated loans or on other designated sources of financing, that arise during the period preceding the date the asset is put into service.

On first-time adoption of IFRS, land and buildings were measured at fair value at January 1, 2004 (the IFRS transition date) based on independent valuations, and said fair values were used as the assets' deemed cost at that date.

The cost of dismantling and removing old assets or restoring the site on which new assets are located is included in the cost of the new assets.

Each significant part of an item of property, plant or equipment whose useful life is different from that of the asset as a whole is recognized and depreciated separately.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

- buildings: 15 to 40 years;
- plant and equipment: 4, 8, 12 or 20 years;
- fixtures and fittings: 5 to 10 years.

A) LEASES

Leases that do not transfer to the Group substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

Leases that transfer to the Group substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases and recognized as assets and liabilities. The capitalized amount corresponds to the lower of the fair value of the leased property at the inception of the lease and the present value of the minimum lease payments.

B) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Impairment tests are performed whenever there is any internal or external indication that the carrying amount of any items of property, plant or equipment may be impaired.

The Group also carries out annual impairment tests by operating segment which include property, plant and equipment.

If these tests show that the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in addition to accumulated depreciation. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

In the absence of an observable market price, the recoverable amount of a cash-generating unit is considered to be equal to the higher of its value in use, corresponding to the discounted future cash flows expected to be generated by the unit, and its fair value less costs to sell. In practice, most calculations are based on value in use.

Gains and losses on the sale of property, plant and equipment are calculated by comparing the sale proceeds with the carrying amount of the sold asset and are recognized in the income statement.

2.12 Financial assets and liabilities

A) FINANCIAL ASSETS

The Group classifies its financial assets into the categories described below in accordance with IAS 39 and measures them either at fair value through profit or loss or at amortized cost. They are initially recognized at fair value, which generally corresponds to the price paid for the assets concerned, i.e. their transaction price, including any related acquisition costs.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and financial assets designated upon initial recognition as at fair value through profit or loss. Derivative instruments are categorized as held for trading, unless they are designated as part of a hedging relationship. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within twelve months of the reporting date.

Gains and losses relating to these financial assets are recognized in "Other financial income" or "Other financial expense".

The Group's financial assets at fair value through profit or loss primarily correspond to derivative instruments (see note 21).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of them within twelve months of the reporting date. They mainly correspond to investments in non-consolidated companies (see note 14).

The fair value of investments in non-consolidated companies whose shares are quoted in an active market is determined by reference to the quoted market price at the reporting date. Gains and losses arising on fair value remeasurements of these assets are recognized in the statement of comprehensive income (directly in equity). When the financial asset is derecognized any such amounts accumulated in equity are taken to the income statement and included in "Other financial income" or "Other financial expense".

Investments in non-consolidated companies whose shares are not quoted in an active market are stated at cost, which the Group considers corresponds to their fair value. However, an impairment loss is recognized in the event of a prolonged decline in their value in use, determined based on the most appropriate financial criteria, including the Group's equity in the underlying net assets and the earnings outlook of the company concerned.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in "Other receivables" under current assets, except when they are due more than twelve months after the reporting date, in which case they are recorded as non-current assets under "Long-term loans and receivables" or "Other non-current assets".

Loans and receivables are measured at amortized cost using the effective interest method. If there is objective evidence that they are impaired, an impairment loss is recorded to write these assets down to their fair value. They are tested for impairment at each reporting date, or whenever there is an indication that they may be impaired, by comparing their recoverable amount with their carrying amount. Any impairment losses are recorded in the income statement.

Trade receivables have short maturities and are therefore stated at nominal value.

B) FINANCIAL LIABILITIES

Financial liabilities as defined by IAS 39 include borrowings measured at amortized cost and financial liabilities measured using the fair value option.

Borrowings and other financial liabilities are generally measured at amortized cost using the effective interest method. Operating liabilities have original maturities of less than one year and are therefore stated at nominal value.

The Group's financial liabilities mainly correspond to borrowings (see note 17), other non-current liabilities, trade payables and other payables in the consolidated statement of financial position.

C) FAIR VALUE DISCLOSURES

IFRS 7 requires companies to disclose the technique used to measure financial instruments at fair value, based on the three levels of inputs introduced in the fair value hierarchy. These are: quoted prices in an active market (level 1), directly observable market inputs other than level 1 inputs (level 2) and inputs not based on observable market data (level 3).

The table below shows the fair value hierarchy classification for the Group's financial assets measured at fair value. No financial liabilities are measured at fair value other than derivative instruments.

	Level 1	Level 2	Level 3
Marketable securities	X		
Derivative instruments		X	
Investments in non-consolidated companies			X

2.13 Derivative instruments and hedges

The Group uses derivatives to hedge its exposure to currency risks (see note 21). All derivative instruments are recognized in the statement of financial position at fair value, irrespective of whether that fair value is positive or negative.

The Group hedges forecast transactions in foreign currencies, such as sales of products in dollars. Changes in the fair value of derivative instruments that qualify as hedges of forecast transactions are recognized directly in equity and subsequently reclassified to profit or loss in the same period or periods when the transaction is settled and impacts profit or loss.

Changes in the fair value of hedged firm commitments and of currency derivatives that qualify as fair value hedges are recorded in the income statement.

Changes in the fair value of financial instruments used to hedge currency risks on the Group's net investment in foreign operations that result from changes in exchange rates, are recognized in equity under "Translation reserve", offsetting all or part of the opposite change in the fair value of the underlying net investment caused by changes in exchange rates.

Depending on the circumstances, interest rate swaps are used to convert variable rate debt into fixed rate debt and vice versa. In the first case, gains and losses arising from remeasurement of the swaps at fair value are initially recorded in other comprehensive income and reclassified into profit or loss when the variable rate interest is recognized.

In the second case, the gains and losses are recognized directly in profit or loss and the carrying amount of the hedged portion of the underlying debt is adjusted to reflect the rate change.

Fair value adjustments to interest rate and currency derivatives classified as held for trading are recognized immediately in the income statement.

2.14 Deferred taxes

Deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax base, as follows:

- all deferred tax liabilities are recognized;
- deferred tax assets arising from temporary differences or from tax loss carryforwards are recognized only when it is probable that the differences will reverse or the assets will be recovered in the foreseeable future.

Deferred tax assets and liabilities are adjusted at the year-end for enacted changes in tax rates and tax laws.

A deferred tax liability is recognized for withholding taxes only in respect of dividends for the year to be received in the following year.

Deferred tax assets and liabilities are offset within each company or taxable entity.

2.15 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The cost of finished products and work-in-progress includes raw materials, direct production costs and production overheads based on normal capacity utilization rates.

Turnover and obsolescence of inventories are analyzed by segment and category of inventory in order to determine the appropriate level of impairment.

2.16 Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost, less any provisions for impairment. Amortized cost is measured by the effective interest method. A provision for impairment of trade receivables is recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the transaction. Indications that a receivable may be impaired include significant financial difficulties encountered by the debtor, the probability of the debtor filing for bankruptcy or a financial restructuring, a risk of default or a missed payment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the initial effective interest rate. It is recorded in the income statement under "Distribution costs".

2.17 Cash and cash equivalents

Cash and cash equivalents analyzed in the statement of cash flows correspond to cash in hand, marketable securities and short-term deposits. Cash equivalents are highly liquid instruments with short maturities (less than three months) that are not exposed to any material risk of changes in value.

Marketable securities are classified as financial assets at fair value through profit or loss. Short-term bank deposits and cash in hand are classified as loans and receivables and are measured at amortized cost.

Bank overdrafts are recorded under "Short-term bank loans and overdrafts" in current liabilities.

2.18 Assets held for sale and discontinued operations

A) ASSETS HELD FOR SALE

Non-current assets are classified as held for sale and presented on a separate line of the statement of financial position when (i) the Group has made a decision to sell the asset(s) concerned, (ii) the sale is considered to be highly probable, and (iii) the sale is expected to be completed within twelve months. These assets are measured at the lower of their carrying amount and fair value, which corresponds to the estimated selling price less costs to sell.

Income statement and cash flow statement items relating to assets held for sale are not presented on a separate line if they do not meet the IFRS 5 definition of a discontinued operation.

B) DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The Group decides whether a discontinued operation represents a major line of business or geographical area of operations based on both qualitative criteria (technology, market, products and geographical area) and quantitative criteria (revenue, earnings, cash flows and assets).

If the assets held by a discontinued operation are classified as held for sale they are measured at the lower of their carrying amount and fair value less costs to sell. The results and cash flows of discontinued operations are presented on a separate line in the consolidated income statement and statement of cash flows for each period presented.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or stock options are recorded in equity as a deduction from the issue proceeds, net of tax.

Where any Group company purchases Chargeurs shares (treasury stock), the consideration paid, including directly attributable incremental costs (net of income taxes), is deducted from equity attributable to owners of the parent until the shares are canceled, re-issued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the parent.

2.20 Bond debt

Convertible bonds are compound financial instruments comprising two components — a financial liability and an equity instrument — which are measured and accounted for separately. In accordance with IAS 32 — Financial Instruments: Presentation, the carrying amount of the equity instrument corresponds to the difference between the fair value of the compound instrument as a whole and the fair value of the financial liability, calculated as the fair value of a similar liability that does not have an associated equity component. The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is not adjusted during the life of the instrument. The liability component is measured at amortized cost over the instrument's expected life.

2.21 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs. They are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the reporting date, in which case they are classified as non-current.

2.22 Employee benefits

Obligations for the payment of post-employment benefits and other long-term employee benefits are measured by the projected unit credit method and recognized in accordance with IAS 19R.

The recognized obligation takes into account the fair value of plan assets — for example under insured plans — at the reporting date.

Actuarial gains and losses on post-employment benefit obligations are recognized in other comprehensive income and may not be subsequently reclassified to profit or loss.

Actuarial gains and losses on other long-term employee benefits and length-of-service awards payable to employees on retirement are recognized in the income statement in the period in which they arise.

Gains and losses arising from plan amendments are recognized in the income statement under "Other operating income" or "Other operating expense".

Employee benefit expense is divided into two categories as follows:

- the increase in the provision due to the passage of time, net of the return on plan assets, is recognized as a financial expense. The expected return on plan assets is measured using an interest rate that is the same as the discount rate used for calculating the provision;
- the expense corresponding to service cost is allocated to the relevant operating expense line items by function.

2.23 Provisions

Provisions for site remediation, restructuring costs and legal claims are recognized when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) the amount of the provision can be reliably estimated. Restructuring provisions include lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability concerned. The increase in the carrying amount of provisions to reflect the passage of time is recognized as interest expense.

3 – Use of accounting estimates and assumptions

The preparation of financial statements under IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

3.1 Critical accounting estimates and assumptions

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods are analyzed below.

A) IMPAIRMENT OF GOODWILL

Goodwill is tested for impairment on an annual basis as described in note 2.10. The recoverable amounts of cash-generating units (CGUs) are determined based on calculations of value in use, which require the use of estimates (see note 10).

B) INCOME TAX EXPENSE

Deferred tax assets are recognized for tax loss carryforwards only if it is considered probable that there will be sufficient future taxable profit against which the loss can be utilized.

Deferred tax assets arising from tax loss carryforwards and deductible temporary differences are assessed based on taxable profit projections over a period of five years for all tax jurisdictions.

3.2 Critical judgments

For several years, the Group has sold receivables under no-recourse agreements involving the transfer of title.

Accordingly, these receivables are no longer recognized in the financial statements of the relevant entities.

IAS 39 — Financial Instruments: Recognition and Measurement, which deals with the derecognition of financial assets, including trade receivables, requires entities to base their analysis on the following three criteria:

- whether the entity has transferred the contractual rights to receive the cash flows of the financial asset;
- whether the entity has transferred substantially all the risks and rewards of ownership of the financial asset;
- whether the entity has retained control of the financial asset.

Based on Chargeurs' analysis of the sale contracts in relation to these three criteria, it was deemed prudent to keep these receivables in the consolidated statement of financial position and to record a liability for the amount of the cash proceeds received.

The receivables are covered by credit insurance, with the Chargeurs Group entities only retaining risks relating to foreign exchange, dilution and payment delays.

The presentation of these items in the consolidated financial statements is unchanged since 2005, but may change in the future based on amendments to contracts or changes in sale procedures.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4 – Segment reporting

4.1 Information by operating segment

Chargeurs analyzes its business based on four operating segments.

A) INCOME STATEMENT BY OPERATING SEGMENT

Year ended December 31, 2016 *(in € millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Consolidated
Revenue	**250.3**	**132.0**	**24.6**	**99.5**	**-**	**506.4**
EBITDA	**33.2**	**11.7**	**4.7**	**2.9**	**(3.7)**	**48.8**
Depreciation and amortization	(5.2)	(3.7)	(0.9)	-	(0.1)	(9.9)
Recurring operating profit	**28.0**	**8.0**	**3.8**	**2.9**	**(3.8)**	**38.9**
Other operating income and expense	(1.7)	(2.1)	-	-	(1.2)	(5.0)
Operating profit	**26.3**	**5.9**	**3.8**	**2.9**	**(5.0)**	**33.9**
Net financial expense						(2.0)
Share of profit/(loss) of associates						(2.0)
Pre-tax profit for the period						**29.9**
Income tax expense						(4.9)
Profit from continuing operations						**25.0**
Profit for the period						**25.0**

Year ended December 31, 2015 *(in € millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Consolidated
Revenue	**227.2**	**157.5**	**20.3**	**93.7**	**-**	**498.7**
EBITDA	**26.8**	**9.6**	**4.1**	**2.6**	**(2.8)**	**40.3**
Depreciation and amortization	(5.0)	(4.1)	(0.5)	(0.1)	-	(9.7)
Recurring operating profit	**21.8**	**5.5**	**3.6**	**2.5**	**(2.8)**	**30.6**
Other operating income and expense	-	(2.8)	(0.2)	-	(3.6)	(6.6)
Operating profit	**21.8**	**2.7**	**3.4**	**2.5**	**(6.4)**	**24.0**
Net financial expense						(5.3)
Share of profit/(loss) of associates						(10.7)
Pre-tax profit for the period						**8.0**
Income tax expense						7.5
Profit from continuing operations						**15.5**
Profit for the period						**15.5**

B) ASSETS AND LIABILITIES BY OPERATING SEGMENT

At December 31, 2016 *(in € millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Total
Assets[(1)]	180.8	94.1	24.0	55.1	25.1	379.1
Liabilities[(2)]	80.0	35.1	8.5	24.6	6.8	155.0
CAPITAL EMPLOYED	**100.8**	**59.0**	**15.5**	**30.5**	**18.3**	**224.1**
Capital expenditure	7.5	3.8	0.6	-	-	11.9

At December 31, 2015 *(in € millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Total
Assets[(1)]	151.9	98.4	22.4	54.6	26.5	353.8
Liabilities[(2)]	73.8	43.9	6.7	25.3	8.0	157.7
CAPITAL EMPLOYED	**78.1**	**54.5**	**15.7**	**29.3**	**18.5**	**196.1**
Capital expenditure	6.4	3.9	4.3	0.1	-	14.7

(1) Assets other than cash and cash equivalents and factored receivables.
(2) Excluding equity attributable to owners of the parent, borrowings (convertible bonds, long-term borrowings, short-term portion of long-term borrowings and short-term bank loans and overdrafts) and factoring liabilities.

C) ADDITIONAL INFORMATION

Year ended December 31, 2016 *(in € millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Consolidated
Depreciation of property, plant and equipment	(4.9)	(3.3)	(0.9)	-	(0.1)	(9.2)
Impairment (note 5):						
▪ Goodwill	-	-	-	-	-	-
▪ Property, plant and equipment:	-	(0.6)	-	-	-	(0.6)
Impairment:						
▪ Inventories	(2.2)	(0.3)	-	(0.1)	-	(2.6)
▪ Trade receivables	0.1	0.1	-	-		0.2
Restructuring costs (note 5)	-	(1.2)	-	-	(0.6)	(1.8)

Year ended December 31, 2015 *(in € millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Consolidated
Depreciation of property, plant and equipment	(4.3)	(3.7)	(0.5)	-	(0.1)	(8.6)
Impairment (note 5):						
▪ Goodwill	-	(0.1)	-	-	-	(0.1)
▪ Property, plant and equipment	-	-	(0.2)	-	-	(0.2)
Impairment:						
▪ Inventories	(1.6)	(0.6)	-	-	-	(2.2)
▪ Trade receivables	-	2.7	-	-	-	2.7
Restructuring costs (note 5)	-	(2.5)	-	-	-	(2.5)

4.2 Information by geographical area

A) REVENUE

The Group generates over 90% of its revenue outside France and more than 50% outside Europe.

In the table below, revenue is analyzed by customer location.

	Year ended December 31	
(in € millions)	**2016**	2015
Europe	250.1	238.5
Asia-Pacific and Africa	129.4	140.7
Americas	126.9	119.5
TOTAL	**506.4**	**498.7**

The main countries where the Group's customers are located are the following:

	Year ended December 31	
(in € millions)	**2016**	2015
United States	91.7	81.1
Italy	74.0	74.0
China and Hong Kong	49.6	60.9
Germany	43.7	44.9
France	37.7	35.4
TOP 5 COUNTRIES	**296.7**	**296.3**
Other countries	209.7	202.4
TOTAL	**506.4**	**498.7**

B) NON-CURRENT ASSETS BY COUNTRY OF LOCATION

The following tables provide an analysis of non-current assets and capital expenditure based on the geographical area in which the assets are located.

NON-CURRENT ASSETS

(in € millions)	**Dec. 31, 2016**	Dec. 31, 2015
Europe	88.7	82.1
Asia-Pacific and Africa	15.0	21.2
Americas	97.0	78.9
TOTAL	**200.7**	**182.2**

PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

(in € millions)	**Dec. 31, 2016**	Dec. 31, 2015
Europe	10.1	12.0
Asia-Pacific and Africa	0.7	0.5
Americas	0.6	1.2
TOTAL	**11.4**	**13.7**

5 – Other operating income and expense

Other operating income and expense can be analyzed as follows:

	Year ended December 31	
(in € millions)	**2016**	2015
Gains and losses on disposal of non-current assets	-	0.1
Goodwill impairment	-	(0.1)
Restructuring costs(1)	(1.8)	(2.5)
Asset retirements	(0.3)	-
Impairment of non-current assets	(0.6)	(0.4)
Acquisition-related expenses(2)	(2.0)	-
Other(3)	(0.3)	(3.7)
TOTAL	**(5.0)**	**(6.6)**

(1) Restructuring costs were incurred mainly by the Fashion Technologies business and in the holding companies (see note 4.1.3).
(2) For 2016, "Acquisition-related expenses" mainly corresponds to costs incurred in connection with the Group's business development and growth program, including for the Main Tape acquisition (due diligence and transaction costs).
(3) For 2015, "Other" includes €2.2 million in compensation for loss of office (see note 22) and €1.2 million in costs related to a strategic research project.

6 – Number of employees and payroll costs

6.1 Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in 2016 and 2015:

	Year ended December 31	
	2016	2015
Employees in France	528	517
Employees outside France	1,013	1,025
TOTAL EMPLOYEES	**1,541**	**1,542**

6.2 Payroll costs

	Year ended December 31	
(in € millions)	**2016**	2015
Wages and salaries	54.5	53.5
Payroll taxes	20.3	20.3
Discretionary profit sharing	3.0	2.9
TOTAL	**77.8**	**76.7**

7 – Financial income and expense

	Year ended December 31	
(in € millions)	**2016**	2015
▪ Finance costs(1)	(4.7)	(4.0)
▪ Interest income on loans and investments	0.4	0.5
Cost of net debt	**(4.3)**	**(3.5)**
Factoring cost	**(0.6)**	**(0.8)**
▪ Convertible bond interest cost	-	(0.8)
▪ Effect of changes in scope of consolidation(2)	3.8	-
▪ Interest expense on employee benefit obligations	(0.4)	(0.3)
▪ Exchange gains and losses on foreign currency receivables and payables	-	0.2
▪ Other	(0.5)	(0.1)
OTHER FINANCIAL INCOME AND EXPENSE	**2.9**	**(1.0)**
NET FINANCIAL EXPENSE	**(2.0)**	**(5.3)**

(1) *Finance costs increased in 2016 despite a year-on-year reduction in the Group's average interest rate from 3.02% to 2.79% (see note 17). This reflects the fact that the Group significantly strengthened its financing structure during the year, increasing the amount of its borrowings by €89.0 million and extending their average maturity from 3.4 to 5.1 years.*

(2) *Corresponding to the gain on the Group's withdrawal from the Yak joint ventures and primarily consisting of translation reserves reclassified to profit (see note 1.4).*

8 – Income tax

8.1 Income tax expense

Income tax expense reported in the income statement is analyzed in the table below.

	Year ended December 31	
(in € millions)	**2016**	2015
Current taxes	(7.5)	(6.0)
Deferred taxes	2.6	13.5
TOTAL	**(4.9)**	**7.5**

The table below reconciles the Group's actual tax charge to the theoretical tax charge that would apply based on the weighted average tax rate of the consolidated companies (which is similar to the French tax rate):

(in € millions)	Year ended December 31 2016	2015
Pre-tax profit of consolidated companies	31.9	18.7
Standard French income tax rate	34.43%	38.00%
Tax at the standard rate	(11.0)	(7.1)
Income tax benefit (expense) for the period	(4.9)	7.5
DIFFERENCE BETWEEN INCOME TAX BENEFIT (EXPENSE) FOR THE PERIOD AND TAX AT THE STANDARD RATE	**6.1**	**14.6**
Effect of differences in foreign tax rates	0.4	0.5
Effect of permanent differences between book profit and taxable profit	1.5	0.6
Change in tax assets recognized for tax losses:		
▪ Reversals of valuation allowances on tax loss carryforwards recognized in prior periods(1)	2.2	13.2
▪ Utilizations of tax loss carryforwards covered by valuation allowances(2)	3.9	2.5
▪ Effect of unrelieved tax losses	(0.5)	(0.8)
▪ Valuation allowance on deferred tax assets (tax loss carryforwards arising in prior periods)	-	(0.1)
Other(3)	(1.4)	(1.3)
DIFFERENCE BETWEEN INCOME TAX BENEFIT (EXPENSE) FOR THE PERIOD AND TAX AT THE STANDARD RATE	**6.1**	**14.6**

(1) At December 31, 2016, €2.2 million in deferred tax assets were recognized for the tax loss carryforwards of the French tax group, based on earnings forecasts for the next five years. The amount recognized was reduced by €2.7 million to reflect the changes in income tax rates that will be introduced in France as from 2018.
(2) This amount primarily corresponds to the utilization at December 31, 2016 of the French tax group's tax loss carryforwards.
(3) This amount includes €0.8 million related to the CVAE tax, €0.3 million to dividend taxes and €0.2 million to the IRAP tax in Italy.

8.2 Deferred taxes

A) ANALYSIS OF THE NET DEFERRED TAX ASSET

(in € millions)	Dec. 31, 2015	Income statement impact	Translation adjustment	Other	Dec. 31, 2016
France	20.1	2.2	-	-	22.3
United States	3.8	-	0.1	(0.6)	3.3
Germany	0.7	-	-	-	0.7
Other countries	2.5	0.4	(0.2)	-	2.7
TOTAL	**27.1**	**2.6**	**(0.1)**	**(0.6)**	**29.0**

	Dec. 31, 2016			Dec. 31, 2015		
(in € millions)	**Tax loss carryforwards and tax credits**	**Temporary differences**	**Total**	Tax loss carryforwards and tax credits	Temporary differences	Total
Deferred tax assets						
▪ Recoverable beyond 12 months	29.1	0.8	29.9	26.9	0.8	27.7
▪ Recoverable within 12 months	-	8.4	8.4	-	7.8	7.8
Deferred tax liabilities, net						
▪ To be settled beyond 12 months	-	(8.5)	(8.5)	-	(7.7)	(7.7)
▪ To be settled within 12 months	-	(0.8)	(0.8)	-	(0.7)	(0.7)
TOTAL	**29.1**	**(0.1)**	**29.0**	**26.9**	**0.2**	**27.1**

B) ANALYSIS OF TAX LOSS CARRYFORWARDS

No deferred tax assets have been recognized for most of the evergreen losses of the various tax groups.

Tax loss carryforwards were as follows at December 31, 2016:

(in € millions)	French tax group	US tax group	German tax group	Other countries, excluding tax groups	**Total tax loss carryforwards**
Available until					
2017	-	-	-	2.0	**2.0**
2018	-	-	-	-	**-**
2019	-	-	-	-	**-**
2020	-	-	-	-	**-**
2021 and beyond	-	86.3	-	3.6	**89.9**
Evergreen losses	205.8	-	26.4	13.3	**245.5**
TOTAL TAX LOSS CARRYFORWARDS AT DECEMBER 31, 2016	**205.8**	**86.3**	**26.4**	**18.9**	**337.4**
o/w recognized	*73.1*	*9.4*	*2.5*	*1.8*	*86.8*
o/w unrecognized	*132.7*	*76.9*	*23.9*	*17.1*	*250.6*
TOTAL TAX LOSS CARRYFORWARDS AT DECEMBER 31, 2015	**215.1**	**85.1**	**27.5**	**30.2**	**357.9**
o/w recognized	*58.7*	*9.2*	*2.3*	*1.8*	*72.0*
o/w unrecognized	*156.4*	*75.9*	*25.2*	*28.4*	*285.9*

In some countries (notably the United States and Germany) deferred tax assets can only be recognized for tax loss carryforwards if the company has a stable direct or indirect ownership structure.

9 – Earnings per share

Basic earnings per share are calculated by dividing profit from continuing operations attributable to owners of the parent by the weighted average number of shares outstanding during the period.

Basic earnings per share (i.e. net profit divided by the average number of shares outstanding) amounted to €1.09 in 2016.

Diluted earnings per share are the same as basic earnings per share, as the last convertible bonds outstanding were converted or redeemed in 2015.

	Year ended December 31			
	2016		2015	
	Basic	**Diluted**	Basic	Diluted
Profit from continuing operations *(in € millions)*	25.0	25.0	15.5	15.5
Profit from discontinued operations *(in € millions)*	-	-	-	-
Weighted average number of shares	22,955,692	22,955,692	19,615,969	19,615,969
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (IN €)	**1.09**	**1.09**	**0.78**	**0.78**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

10 – Intangible assets

10.1 Goodwill

A) MOVEMENTS IN GOODWILL

The table below provides a breakdown of goodwill by cash-generating unit (CGU).

(in € millions)	Protective Films	Fashion Technologies	Etacol	Technical Substrates	Total
DECEMBER 31, 2014	**53.1**	**13.6**	**3.7**	**-**	**70.4**
Impairment	-	(0.1)	-	-	(0.1)
Translation adjustment	6.0	-	0.4	-	6.4
Other	-	(11.0)	-	11.0	-
DECEMBER 31, 2015	**59.1**	**2.5**	**4.1**	**11.0**	**76.7**
Additions	10.9	-	-	-	10.9
Translation adjustment	2.5	-	0.1	-	2.6
DECEMBER 31, 2016	**72.5**	**2.5**	**4.2**	**11.0**	**90.2**

PROTECTIVE FILMS

The Protective Films operating segment is managed on a global basis to meet the needs of global customers, and is considered to represent a single CGU.

The acquisition of Main Tape in the United States generated €10.9 million in provisional goodwill. As Main Tape has been included in Protective Films and its acquisition is expected to generate synergies for the segment as a whole, the full amount of this provisional goodwill has been allocated to the Protective Films CGU.

All of Chargeurs Protective Films' goodwill is measured in US dollars and the appreciation in the dollar against the Euro between December 31, 2015 and 2016 resulted in a €2.5 million increase in its carrying amount.

FASHION TECHNOLOGIES AND ETACOL

The Fashion Technologies segment also has a global management structure that is aligned with local needs. However, the Chargeurs Fashion Technologies CGU does not include Etacol in Bangladesh, acquired in 2008, which is treated as a separate CGU.

TECHNICAL SUBSTRATES

Chargeurs Technical Substrates, which was previously part of Chargeurs Fashion Technologies, has been treated as a separate operating segment since January 1, 2015. The decision to monitor this business (functionalized technical substrates) separately was made in view of its development and growth outlook. The segment comprises a single entity, Senfa.

B) GOODWILL IMPAIRMENT TESTS

The tests performed at the level of each CGU at December 31, 2016 showed that their recoverable amounts were higher than their carrying amounts, including for goodwill.

C) MAIN ASSUMPTIONS USED AND SENSITIVITY TESTS

The recoverable amount of the CGUs was determined based on value-in-use calculations, using the five-year cash flow projections contained in the business plans approved by management, as adjusted to comply with IAS 36. Cash flows beyond this five-year period were extrapolated by using the estimated growth rates shown in the table below.

The uncertain economic environment was taken into account in the CGUs' business plans, by basing revenue and earnings growth forecasts on conservative estimates. Projections assumed reasonable growth in the Group's profitability indicators over the duration of the plans.

The following method was used:

- a cash flow simulation model was developed based on various market parameters;
- the cash flow simulations were broken down into various scenarios based on different assumptions for WACC, growth rates and/or recurring operating profit, taking into account the probability of each situation occurring.

The final value allocated to the CGUs' goodwill corresponds to the average value of all of the different simulated scenarios.

The main value-in-use assumptions applied were as follows:

Main value-in-use assumptions:	2016 Chargeurs Protective Films	2016 Chargeurs Fashion Technologies (excl. Etacol)	2016 Etacol	2016 Chargeurs Technical Substrates	2015 Chargeurs Protective Films	2015 Chargeurs Fashion Technologies (excl. Etacol & Yak)	2015 Etacol	2015 Chargeurs Technical Substrates
Average weighted operating margin over the business plan period(1)	11.10%	6.20%	11.30%	15.10%	11.00%	6.00%	12.00%	13.80%
Perpetuity growth rate(2)	1.00%	1.00%	1.00%	2.00%	1.00%	1.00%	1.00%	2.00%
Discount rate	7.86%	8.49%	8.49%	8.45%	8.09%	8.66%	8.66%	8.62%

(1) Recurring operating profit as a % of revenue.
(2) The perpetuity growth rate is equal to or less than the medium- to long-term growth rate for the industry as a whole and for all the segments. The rate is used only for inflation.

SENSITIVITY TESTS

Tests were performed to determine the sensitivity of the values obtained to changes in all of the key assumptions presented above. A 100 basis-point increase in the discount rate used to calculate the recoverable amount of goodwill, combined with a 100 basis-point reduction in operating margin (corresponding to changes in the key assumptions that management considers "reasonably possible"), would not lead to the recognition of any impairment losses on the goodwill allocated to any of the Group's CGUs.

Similarly, the goodwill held by the Group's CGUs would not be affected if the objectives contained in the five-year business plans were achieved a year later than forecast.

10.2 Other intangible assets

(in € millions)	Trademarks and patents	Development costs	Licenses	Other	Total
DECEMBER 31, 2014	**0.6**	**0.5**	**0.3**	**0.8**	**2.2**
Additions	-	-	0.1	0.7	0.8
Disposals	-	-	(0.1)	-	(0.1)
Amortization	(0.1)	(0.4)	-	(0.6)	(1.1)
DECEMBER 31, 2015	**0.5**	**0.1**	**0.3**	**0.9**	**1.8**
Capitalized development costs	-	0.2	-	-	0.2
Additions	0.1	-	-	0.4	0.5
Changes in scope of consolidation	0.1	-	-	-	0.1
Amortization	(0.1)	-	-	(0.6)	(0.7)
DECEMBER 31, 2016	**0.6**	**0.3**	**0.3**	**0.7**	**1.9**

11 – Property, plant and equipment

Movements in the carrying amount of property, plant and equipment can be analyzed as follows:

(in € millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
DECEMBER 31, 2014	**2.6**	**10.7**	**31.6**	**3.9**	**1.5**	**50.3**
Additions	-	0.8	7.9	1.8	3.2	13.7
Disposals	(0.1)	-	(0.1)	-	-	(0.2)
Depreciation	-	(1.6)	(5.9)	(1.1)	-	(8.6)
Impairment	-	-	(0.2)	-	-	(0.2)
Other	0.1	0.1	0.4	-	(0.4)	0.2
Translation adjustment	-	0.3	0.5	-	(0.1)	0.7
DECEMBER 31, 2015	**2.6**	**10.3**	**34.2**	**4.6**	**4.2**	**55.9**
Additions[1]	-	0.7	7.4	1.2	2.1	11.4
Disposals	-	-	(0.2)	-	(0.1)	(0.3)
Changes in scope of consolidation	-	-	4.5	-	0.1	4.6
Depreciation	-	(1.5)	(6.8)	(0.8)	-	(9.2)
Impairment	-	-	(0.3)	(0.3)	-	(0.6)
Other	-	0.5	2.0	0.3	(2.8)	-
Translation adjustment	-	-	-	-	(0.1)	(0.1)
DECEMBER 31, 2016	**2.6**	**10.0**	**40.8**	**5.0**	**3.4**	**61.8**

(1) Including €1.2 million worth of assets acquired under finance leases.

12 – Finance leases

The carrying amount of property, plant and equipment acquired under finance leases is as follows:

(in € millions)	**Dec. 31, 2016**	Dec. 31, 2015
Land	1.2	1.2
Buildings	19.5	19.5
Plant and equipment	36.0	31.7
Fixtures, fittings and other	7.0	7.0
GROSS VALUE	**63.7**	**59.4**
Accumulated depreciation	**(47.3)**	**(42.7)**
NET VALUE	**16.4**	**16.7**

Future minimum lease payments under finance leases and the carrying amount of the corresponding liabilities can be analyzed as follows:

(in € millions)	**Dec. 31, 2016**	Dec. 31, 2015
Future minimum lease payments under finance leases	19.5	20.2
Finance lease liabilities	17.8	19.0
Future finance cost	**1.7**	**1.2**

Future lease payments can be analyzed by maturity as follows:

(in € millions)	Future minimum lease payments	Finance lease liabilities
Due in less than one year	5.5	4.9
Due in one to five years	13.3	12.3
Due in more than five years	0.7	0.6
TOTAL AT DECEMBER 31, 2016	**19.5**	**17.8**
Due in less than one year	7.5	7.3
Due in one to five years	11.1	10.3
Due in more than five years	1.6	1.4
TOTAL AT DECEMBER 31, 2015	**20.2**	**19.0**

The main finance leases correspond to sale-and-leaseback transactions on real estate and equipment leases for machinery. Financing is generally obtained for periods ranging from six to fifteen years and corresponds to secured debt.

During 2016, in light of the significant improvement in Chargeurs Fashion Technologies' performance, the Group refinanced certain of this business's assets for a gross amount of €6.2 million.

13 – Investments in associates and joint ventures

13.1 Companies

Luxury Materials segment

CW Uruguay comprises Lanas Trinidad SA and its subsidiaries.

CW Argentina comprises Chargeurs Wool Argentina and its subsidiary, Peinadura Rio Chubut.

Zhangjiagang Yangtse Wool Combing Co. Ltd comprises Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse (Australia) PTY Ltd.

Fashion Technologies segment

In 2016, Chargeurs withdrew from the Yak joint ventures, which comprised Ningbo Lailong Bertero Interlining Co. Ltd and Ningbo Chargeurs Yak Textile Trading Co. Ltd (see note 1.4).

Movements in investments in associates and joint ventures can be analyzed as follows:

(in € millions)	Dec. 31, 2015	Share of profit/(loss) for the period	Dividends received	Translation adjustment	Scope changes	Other	Dec. 31, 2016
CW Uruguay	8.0	(0.3)	(0.3)	0.3	-	-	7.7
CW Argentina	1.6	0.2	-	(0.2)	-	0.7	2.3
Zhangjiagang Yangtse Wool Combing Co Ltd	4.5	(1.1)	-	-	-	-	3.4
Other	0.1	0.8	-	-	-	-	0.9
Total Chargeurs Luxury Materials(1)	**14.2**	**(0.4)**	**(0.3)**	**0.1**	**-**	**0.7**	**14.3**
Ningbo Lailong Bertero Interlining Co. Ltd	3.4	(0.8)	-	(0.1)	(2.5)	-	-
Ningbo Chargeurs Yak Textile Trading Co Ltd	-	(0.9)	-	(0.1)	1.0	-	-
Total Chargeurs Fashion Technologies	**3.4**	**(1.7)**	**-**	**(0.2)**	**(1.5)**	**-**	**-**
TOTAL JOINT VENTURES	**17.6**	**(2.1)**	**(0.3)**	**(0.1)**	**(1.5)**	**0.7**	**14.3**
Wool USA	0.5	0.1	-	-	-	-	0.6
TOTAL ASSOCIATES	**0.5**	**0.1**	**-**	**-**	**-**	**-**	**0.6**
TOTAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	**18.1**	**(2.0)**	**(0.3)**	**(0.1)**	**(1.5)**	**0.7**	**14.9**

(1) In 2016, in agreement with its joint venture partners, the Group rolled out its "Performance, Discipline, Ambition" plan to the entities in China and Uruguay. As a result, these entities launched restructuring measures to streamline their manufacturing base and improve their productivity and cost-efficiency in the medium term.

(in € millions)	Dec. 31, 2014	Share of profit/(loss) for the period	Dividends received	Translation adjustment	Scope changes	Other	**Dec. 31, 2015**
CW Uruguay	6.8	0.4	-	0.8	-	-	8.0
CW Argentina	1.8	-	-	(0.2)	-	-	1.6
Zhangjiagang Yangtse Wool Combing Co Ltd	4.8	(0.8)	-	0.2	-	0.3	4.5
Other	0.1	-	-	-	-	-	0.1
Total Chargeurs Luxury Materials	**13.5**	**(0.4)**	**-**	**0.8**	**-**	**0.3**	**14.2**
Ningbo Lailong Bertero Interlining Co. Ltd(1)	13.2	(10.4)	(0.3)	0.9	-	-	3.4
Total Chargeurs Fashion Technologies	**13.2**	**(10.4)**	**(0.3)**	**0.9**	**-**	**-**	**3.4**
TOTAL JOINT VENTURES	**26.7**	**(10.8)**	**(0.3)**	**1.7**	**-**	**0.3**	**17.6**
Wool USA	0.4	0.1	-	-	-	-	0.5
TOTAL ASSOCIATES	**0.4**	**0.1**	**-**	**-**	**-**	**-**	**0.5**
TOTAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	**27.1**	**(10.7)**	**(0.3)**	**1.7**	**-**	**0.3**	**18.1**

(1) *At December 31, 2015 Chargeurs wrote down the full amount of the €10.5 million in goodwill relating to Ningbo Lailong Bertero Interlining Co. Ltd.*

13.2 Key figures for the main joint ventures

Key figures for material joint ventures are presented below (on a 100% basis):

	At December 31, 2016					At December 31, 2015			
	Chargeurs Fashion Technologies		**Chargeurs Luxury Materials**			Chargeurs Fashion Technologies	Chargeurs Luxury Materials		
(in € millions)	**Ningbo Lailong Bertero Interlining Co. Ltd**	**Yak Textile Trading Co. Ltd**	**CW Uruguay**	**CW Argentina**	**Zhangjiagang Yangtse Wool Combing Co Ltd**	Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co Ltd
Non-current assets	-	-	3.5	1.4	5.3	2.8	3.8	1.4	5.6
Current assets	-	-	41.7	21.6	15.1	5.4	44.4	13.1	29.3
Cash and cash equivalents	-	-	0.7	0.2	2.5	0.6	1.2	0.4	2.2
Non-current financial liabilities	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	0.1	-	-	0.7	0.1	0.4	-
Current financial liabilities	-	-	23.4	12.3	7.4	-	18.7	7.6	11.2
Other current liabilities	-	-	7.0	7.2	8.7	1.2	14.6	3.7	16.9
TOTAL NET ASSETS	**-**	**-**	**15.4**	**3.7**	**6.8**	**6.9**	**16.0**	**3.2**	**9.0**
% interest	-	-	50%	50%	50%	49%	50%	50%	50%
Group share	-	-	7.7	1.8	3.4	3.4	8.0	1.6	4.5
Goodwill	-	-	-	-	-	-	-	-	-
Other	-	-	-	0.5	-	-			-
CARRYING AMOUNT	**-**	**-**	**7.7**	**2.3**	**3.4**	**3.4**	**8.0**	**1.6**	**4.5**

(in € millions)	At December 31, 2016					At December 31, 2015			
	Chargeurs Fashion Technologies		Chargeurs Luxury Materials			Chargeurs Fashion Technologies	Chargeurs Luxury Materials		
	Ningbo Lailong Bertero Interlining Co.Ltd	Yak Textile Trading Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co Ltd	Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co Ltd
Revenue	5.4	6.1	51.8	19.2	33.6	8.6	68.6	17.9	39.3
Depreciation, amortization and impairment	(0.1)	(1.6)	(0.6)	-	(1.3)	(0.6)	(0.6)	-	(1.3)
Finance costs, net	-	-	(0.8)	(1.0)	(0.5)	-	(1.1)	(2.0)	(0.7)
Income tax expense	-	-	-	-	-	-	-	-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**(1.7)**	**(1.8)**	**(0.2)**	**0.7**	**(2.1)**	**-**	**0.7**	**0.1**	**(1.7)**
% interest	49%	49%	50%	50%	50%	49%	50%	50%	50%
Impairment of goodwill(1)	-	-	-	-	-	(10.4)	-	-	-
Other	-	-	(0.1)	(0.2)	-	-	-	-	-
GROUP SHARE OF PROFIT/(LOSS)	**(0.8)**	**(0.9)**	**(0.3)**	**0.2**	**(1.1)**	**(10.4)**	**0.4**	**-**	**(0.8)**

(1) *At December 31, 2015 Chargeurs wrote down the full amount of the €10.4 million in goodwill relating to Ningbo Lailong Bertero Interlining Co. Ltd.*

13.3 Transactions with associates and joint ventures

In 2016, the main transactions with associates and joint ventures were as follows:

- with Lanas Trinidad, Chargeurs Wool Argentina, Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse Pty Ltd:
  - purchases recorded in the Luxury Materials segment's cost of sales for €42.9 million,
  - trade payables for €9.7 million, and
  - other payables for €1.3 million;
- with Ningbo Lailong Bertero Interlining Co. Ltd and Ningbo Chargeurs Yak Textiles Trading Co. Ltd:
  - purchases recorded in first-half 2016 in the Fashion Technologies segment's cost of sales for €0.6 million.

14 – Non-current financial assets

At December 31, 2016 non-current financial assets mainly comprised deposits (€1.6 million) and investments in non-consolidated companies (€0.8 million).

The carrying amounts of the Group's main investments in non-consolidated companies can be analyzed as follows:

(in € millions)	Dec. 31, 2016	Dec. 31, 2015
Interests of over 50%	0.7	0.3
Interests of between 20% and 50%	-	-
Interests of less than 20%	0.1	0.1
TOTAL	**0.8**	**0.4**

As these investments are not listed they cannot be valued using observable market inputs and are therefore classified at level 3 in the fair value hierarchy, in accordance with IFRS 7R. The fair value of these assets is close to their carrying amount. An impairment loss is recorded where necessary.

15 – Working capital

15.1 Analysis of change in working capital

(in € millions)	December 31, 2015	Change in operating working capital[1]	Other changes	Currency effect	Impact of changes in scope of consolidation	**December 31, 2016**
Inventories and work-in-progress	101.0	3.4	-	0.7	0.3	105.4
Trade receivables	44.6	4.4	-	0.5	(2.2)	47.3
Derivative financial instruments	1.1	-	(0.6)	-	-	0.5
Other receivables	23.6	(2.6)	-	-	2.0	23.0
Current income tax receivables	1.3	-	0.9	-	-	2.2
ASSETS	**171.6**	**5.2**	**0.3**	**1.2**	**0.1**	**178.4**
Trade payables	90.6	3.9	(0.2)	0.5	(3.5)	91.3
Derivative financial instruments	0.3	0.2	1.3	-	-	1.8
Other payables	38.9	1.9	(1.3)	(0.2)	0.4	39.7
Current income tax liability	1.5	-	0.4	-	-	1.9
LIABILITIES	**131.3**	**6.0**	**0.2**	**0.3**	**(3.1)**	**134.7**
WORKING CAPITAL	**40.3**	**(0.8)**	**0.1**	**0.9**	**3.2**	**43.7**

(in € millions)	December 31, 2014	Change in operating working capital[1]	Other changes	Currency effect	Impact of changes in scope of consolidation	**December 31, 2015**
Inventories and work-in-progress	98.2	1.5	0.3	1.0	-	101.0
Trade receivables	44.2	(0.5)	-	0.9	-	44.6
Derivative financial instruments	0.6	-	0.6	(0.1)	-	1.1
Other receivables	24.2	(0.3)	(0.1)	(0.2)		23.6
Current income tax receivables	0.5	-	0.8	-	-	1.3
ASSETS	**167.7**	**0.7**	**1.6**	**1.6**	**-**	**171.6**
Trade payables	88.6	1.4	-	0.6	-	90.6
Derivative financial instruments	0.7	-	(0.4)	-	-	0.3
Other payables	30.6	7.3	1.0	-	-	38.9
Current income tax liability	0.6	-	0.9	-	-	1.5
Liabilities	120.5	8.7	1.5	0.6	-	131.3
WORKING CAPITAL	**47.2**	**(8.0)**	**0.1**	**1.0**	**-**	**40.3**

(1) Reported in the consolidated statement of cash flows under "Net cash from operating activities".

15.2 Inventories and work-in-progress

Inventories and work-in-progress can be analyzed as follows:

(in € millions)	Dec. 31, 2016	Dec. 31, 2015
Gross value		
Raw materials and supplies	41.1	36.5
Finished and semi-finished goods and work-in-progress	70.5	70.1
Other	0.4	0.4
TOTAL — GROSS VALUE	**112.0**	**107.0**
Provisions for impairment	(6.6)	(6.0)
NET VALUE	**105.4**	**101.0**

(in € millions)	2016	2015
PROVISIONS FOR IMPAIRMENT AT JANUARY 1	**(6.0)**	**(5.3)**
Increase in provisions for impairment of inventory	(2.6)	(2.2)
Reversals of provisions used	1.1	0.9
Reversals of surplus provisions	0.5	0.7
Changes in scope of consolidation	0.4	(0.1)
PROVISIONS FOR IMPAIRMENT AT DECEMBER 31	**(6.6)**	**(6.0)**

No inventories have been pledged as collateral.

15.3 Trade receivables

(in € millions)	Dec. 31, 2016	Not yet due	Past-due	Dec. 31, 2015	Not yet due	Past-due
Trade receivables						
Gross value	50.6	41.0	9.6	48.2	38.9	9.3
Provisions for impairment	(3.3)	(0.3)	(3.0)	(3.6)	(0.3)	(3.3)
NET	**47.3**	**40.7**	**6.6**	**44.6**	**38.6**	**6.0**

TRADE RECEIVABLES BY DUE DATE

(in € millions)	Dec. 31, 2016	Dec. 31, 2015
Less than one month past due	4.6	2.8
One-to-three months past due	1.4	2.4
Three-to-six months past due	0.2	0.5
More than six months past due	0.4	0.3
NET VALUE	**6.6**	**6.0**

As these receivables are all short term and are not interest bearing, changes in interest rates do not generate any material interest rate risk.

Given their short maturities, their fair value may be considered to be close to their carrying amount.

Customer credit risks are managed on a local, decentralized basis. Provisions for past-due receivables are determined on a case-by-case basis, taking into account the amount recoverable under credit insurance, local practices, the customer's payment history and the total balance due (see note 21).

15.4 Miscellaneous receivables

(in € millions)	**Dec. 31, 2016**	Dec. 31, 2015
Short-term tax receivables	2.2	1.3
Other receivables	23.0	23.6
Accruals	1.8	1.4
Provisions for impairment	(1.8)	(1.4)
NET VALUE	**25.2**	**24.9**

"Other receivables" primarily include tax credits, the difference between the nominal amount of receivables sold under no-recourse contracts and the sale proceeds, and supplier advances. The fair value of these assets approximates their carrying amount.

16 – Equity

16.1 Share capital

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since December 31, 2014 are as follows:

SHARES OUTSTANDING AT DECEMBER 31, 2014	**16,021,311**
Issuance of shares on conversion of bonds by bondholders	6,944,833
SHARES OUTSTANDING AT DECEMBER 31, 2015	**22,966,144**
SHARES OUTSTANDING AT DECEMBER 31, 2016	**22,966,144**

Based on a par value of €0.16 per share, shares outstanding represented issued capital of €3,674,583 at December 31, 2016.

Double voting rights

Chargeurs' bylaws provide that shares registered in the name of the same owner for more than two years carry double voting rights. Consequently, in accordance with article L. 225-124 of the French Commercial Code *(Code de commerce)*, holders of said shares are entitled to double voting rights at Chargeurs Shareholders' Meetings. At December 31, 2016, a total of 96,177 shares carried double voting rights.

16.2 Treasury stock

Treasury stock comprises Chargeurs SA shares held by the Group, including shares held under a liquidity contract that complies with an AMF-recognized code of ethics. At December 31, 2016 the Group held 13,334 shares in treasury, unchanged from one year earlier.

17 – Long- and short-term debt, cash and cash equivalents

17.1 Net cash position

A) CHANGE IN NET CASH POSITION

		Cash movements			Non-cash movements			
(in € millions)	Dec. 31, 2015	Increase	Decrease	Changes in scope of consolidation	Assets acquired under finance leases	Changes in exchange rates	Other	**Dec. 31, 2016**
Marketable securities	36.2	8.0	-	-	-	-	-	44.2
Term deposits	1.0	1.6	-	-		0.1	-	2.7
Cash at bank	60.5	56.2	-	(2.1)	-	-	-	114.6
CASH AND CASH EQUIVALENTS	**97.7**	**65.8**	**-**	**(2.1)**	**-**	**0.1**	**-**	**161.5**
Bank borrowings	38.7	87.3	(2.6)	-	-	-	-	123.4
Finance lease liabilities	19.0	4.9	(7.7)	-	1.2	-	0.4	17.8
Bank overdrafts	16.7	-	(0.5)	0.8		0.1	-	17.1
TOTAL BANK BORROWINGS AND OVERDRAFTS	**74.4**	**92.2**	**(10.8)**	**0.8**	**1.2**	**0.1**	**0.4**	**158.3**
NET CASH POSITION/ (NET DEBT POSITION)	**23.3**	**(26.4)**	**10.8**	**(2.9)**	**(1.2)**	**-**	**(0.4)**	**3.2**

There were no restrictions on the use of the cash and cash equivalents held by Group at December 31, 2016.

The average interest rate on long-term borrowings after hedging was 2.79% at December 31, 2016 and 3.02% at December 31, 2015.

At December 31, 2016, Group companies had financing facilities maturing at different dates representing a total of €217.7 million, of which €60.9 million was undrawn (versus a total of €95.0 million at December 31, 2015 of which €22.0 million was undrawn).

Euro private placements (Euro PP)

In 2016 the Group carried out two Euro PP issues representing the following amounts (before issuance costs):

- €57 million (May 2016);
- €15.0 million (November 2016).

Both of these placements involved seven-year notes repayable at maturity.

The funds will be used for general corporate purposes (see note 1.1).

New revolving credit facilities

During 2016 Chargeurs obtained several three and five-year confirmed lines of credit for a total of €33.5 million. None of these facilities had been drawn down at December 31, 2016.

Renegotiation of an existing bank loan

Also during the year, the maturity of a €15 million bullet loan obtained from Landesbank Saar was extended from 2018 to 2021.

Financial covenants

The €57.0 million and €15.0 million Euro PP issues and two credit lines representing an aggregate €30.0 million are subject to the following bank covenants that were complied with at December 31, 2016:

- Net debt/equity ≤ 0.85;
- Net debt/EBITDA ≤ 3.50.

B) ANALYSIS OF THE CHANGE IN NET CASH POSITION

(in € millions)	**Dec. 31, 2016**	Dec. 31, 2015
Cash generated by operations	30.0	24.1
Dividends from equity-accounted companies	0.3	0.3
Change in working capital requirement	0.8	8.0
NET CASH FROM OPERATING ACTIVITIES	**31.1**	**32.4**
NET CASH USED IN INVESTING ACTIVITIES	**(31.3)**	**(12.9)**
Return of capital to minority shareholders of subsidiaries	-	(1.1)
Other movements	(6.0)	(1.1)
Dividends paid to owners of the parent	(11.5)	(3.2)
OTHER CASH FLOWS	**(17.5)**	**(5.4)**
New finance lease liabilities	(1.6)	(0.4)
Impact of change in scope of consolidation	(0.8)	-
Effect of changes in exchange rates	-	0.3
CHANGE IN NET CASH	**(20.1)**	**14.0**

17.2 Analysis of debt by maturity and interest rate

	Dec. 31, 2016			Dec. 31, 2015		
(in € millions)	**Total**	**Of which fixed rate**	**Of which variable rate**	Total	Of which fixed rate	Of which variable rate
Due in less than one year	8.1	6.8	1.3	8.6	6.9	1.7
Due in one to two years	8.2	6.9	1.3	5.1	4.0	1.1
Due in two to three years	7.2	5.5	1.7	20.0	18.8	1.2
Due in three to four years	21.8	20.3	1.5	3.3	1.6	1.7
Due in four to five years	20.8	20.0	0.8	17.8	16.5	1.3
Due in more than five years	75.1	74.3	0.8	2.9	1.4	1.5
TOTAL	**141.2**	**133.8**	**7.4**	**57.7**	**49.2**	**8.5**

In 2016 the Group extended the average maturity of its debt from 3.4 to 5.1 years.

At December 31, 2016 the carrying amount of fixed-rate debt was €133.8 million after hedging. The proportion of average debt at fixed rates of interest was 91.2% in 2016 and 77.7% in 2015.

An interest rate swap has been set up on a notional amount of €30.0 million to convert the variable interest rate on certain credit lines to fixed rate. The swap qualifies as a cash flow hedge and is measured at fair value with changes in fair value recognized in other comprehensive income. In 2016, changes in fair value represented a negative €0.3 million.

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied.

17.3 Analysis of debt by currency

(in € millions)	Dec. 31, 2016	Dec. 31, 2015
Euro	140.4	56.5
Other	0.8	1.2
TOTAL	**141.2**	**57.7**

18 – Pension and other post-employment benefit obligations

Pension and other post-employment benefit obligations can be analyzed as follows:

(in € millions)	Dec. 31, 2016	Dec. 31, 2015
Post-employment benefit obligations	14.4	12.5
Post-employment healthcare plans	0.6	0.5
Other long-term benefit obligations	1.7	1.6
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	**16.7**	**14.6**

Post-employment benefits under defined benefit plans correspond to statutory length-of-service awards payable to employees on retirement in France and other plans giving rise to less significant obligations. Other long-term employee benefits consist mainly of jubilee awards.

The amounts recognized in the statement of financial position for these plans can be analyzed as follows:

(in € millions)	Dec. 31, 2016	Dec. 31, 2015
Present value of obligations — funded plans	21.7	20.9
Fair value of plan assets	(16.6)	(16.8)
NET PRESENT VALUE OF OBLIGATIONS — FUNDED PLANS	**5.1**	**4.1**
Present value of obligations — unfunded plans	11.6	10.5
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	**16.7**	**14.6**

18.1 Funded plans

Movements in the projected benefit obligation under funded plans were as follows:

(in € millions)	2016	2015
PROJECTED BENEFIT OBLIGATIONS AT JANUARY 1	**20.9**	**20.6**
Service cost	0.1	0.2
Interest cost	0.8	0.8
Curtailments and settlements	-	(0.1)
Benefits paid out of plan assets	(1.6)	(1.6)
Actuarial (gains)/losses for the period	0.9	(1.0)
Translation adjustment	0.6	2.0
PROJECTED BENEFIT OBLIGATIONS AT DECEMBER 31	**21.7**	**20.9**

Movements in the fair value of plan assets for funded plans were as follows:

(in € millions)	2016	2015
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	**16.8**	**16.1**
Actuarial gains/(losses) for the period	-	(0.8)
Expected return on plan assets	0.6	0.7
Employer contributions	0.3	0.7
Benefits paid out of plan assets	(1.6)	(1.6)
Translation adjustment	0.5	1.7
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**16.6**	**16.8**

The breakdown of plan assets was as follows at December 31, 2016 and 2015:

	Dec. 31, 2016	Dec. 31, 2015
Money market funds	3%	3%
Equities	49%	56%
Bonds	44%	37%
Real estate	4%	4%
TOTAL	**100%**	**100%**

18.2 Unfunded plans

Movements in the projected benefit obligations under unfunded plans can be analyzed as follows:

(in € millions)	2016	2015
PROJECTED BENEFIT OBLIGATIONS AT JANUARY 1	**10.5**	**11.0**
Service cost	0.5	0.5
Interest cost	0.2	0.2
Benefits paid out of Company reserves	(0.5)	(0.7)
Actuarial (gains)/losses for the period	0.8	(0.6)
Translation adjustment	0.1	0.1
PROJECTED BENEFIT OBLIGATIONS AT DECEMBER 31	**11.6**	**10.5**

18.3 Analysis of the expense recognized in the income statement

The amounts recognized in the income statement for defined benefit plans and other long-term employee benefits can be analyzed as follows:

	Year ended December 31	
(in € millions)	2016	2015
Service cost	0.6	0.7
Interest cost	0.4	0.3
NET EXPENSE RECOGNIZED IN THE INCOME STATEMENT	**1.0**	**1.0**

The service cost is accounted for by function in cost of sales, distribution and administrative expenses, and research and development costs. The interest cost is recognized in financial expense.

18.4 Changes in the net liability recognized in the statement of financial position

Changes in the net liability recognized in the statement of financial position can be analyzed as follows:

(in € millions)	Dec. 31, 2016	Dec. 31, 2015
NET LIABILITY AT JANUARY 1	**14.6**	**15.5**
Net expense recognized in the income statement	1.0	1.0
Benefits paid during the period	(0.5)	(0.7)
Employer contributions	(0.3)	(0.7)
Actuarial (gains)/losses for the period	1.7	(0.8)
Exchange differences on foreign plans	0.2	0.4
Other	-	(0.1)
NET LIABILITY AT DECEMBER 31	**16.7**	**14.6**

18.5 Main actuarial assumptions used, sensitivity tests and projected benefit obligation

The main actuarial assumptions at December 31, 2016 and 2015 were as follows:

	Dec. 31, 2016	Dec. 31, 2015
Europe:		
Discount rate applied to projected benefit obligations(1)	1.25%	2.00%
Estimated future salary increases		
▪ Managers	2.50%	2.50%
▪ Other employees	2.00%	2.00%
Long-term (underlying) inflation rate	2.00%	2.00%
North America:		
Discount rate applied to projected benefit obligations(1)	4.05%	4.38%
Probable retirement age	62 to 65 years	62 to 65 years

(1) Discount rates are based on market interest rates for prime corporate bonds.

A 1-point increase or decrease in the estimated growth rate for healthcare costs would not have a material impact on the related projected benefit obligation, service cost or interest cost.

A 1-point increase in the discount rate and inflation rate would have a €1.5 million negative impact on the projected benefit obligation.

At December 31, 2016, the average duration of the Group's employee benefit obligations was between seven and 19 years.

The Group pays contributions into funded plans and also pays benefits directly under unfunded plans. The total estimated amount of benefits that will be paid under defined benefit plans during the year ending December 31, 2017 is €2.4 million.

19 – Provisions

The amount reported under "Provisions" in the statement of financial position does not include short-term provisions, which are included in "Other payables".

(in € millions)	Long-term provisions	Short-term provisions	Total
DECEMBER 31, 2014	**0.4**	**0.4**	**0.8**
Additions	0.3	0.6	0.9
Reversals of surplus provisions	-	(0.2)	(0.2)
DECEMBER 31, 2015	**0.7**	**0.8**	**1.5**
Additions	-	0.1	0.1
Reversals of provisions used	-	(0.2)	(0.2)
Reversals of surplus provisions	(0.2)	(0.2)	(0.4)
Impact of changes in scope of consolidation	-	0.1	0.1
DECEMBER 31, 2016	**0.5**	**0.6**	**1.1**

(in € millions)	**Dec. 31, 2016**	Dec. 31, 2015
Provisions for industrial restructuring costs	-	-
Provisions for other contingencies	1.1	1.5
TOTAL	**1.1**	**1.5**

Cash outflows covered by provisions for other contingencies will amount to €0.6 million in 2017 and €0.5 million in subsequent years.

20 – Other non-current liabilities

At December 31, 2016, "Other non-current liabilities" included a €2.9 million guarantee received in respect of a license, after taking into account a €6.0 million partial repayment of the guarantee paid during the year.

21 – Financial risk management

By virtue of its global footprint the Chargeurs Group is exposed to financial risks in the normal course of business, including market risks (foreign exchange risk, interest rate risk and price risk on certain commodities), as well as credit and liquidity risks.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Derivative instruments are used to hedge certain risk exposures. They are classified at level 2 in the fair value hierarchy, in accordance with IFRS 7R and as explained in note 2.12.

The fair values of derivatives recognized in the statement of financial position can be analyzed as follows:

(in € millions)	**Dec. 31, 2016**	Dec. 31, 2015
Assets	0.5	1.1
Liabilities	(1.8)	(0.3)
NET	**(1.3)**	**0.8**

(in € millions)	Dec. 31, 2016		Dec. 31, 2015	
	Fair value	Notional	Fair value	Notional
Assets net of liabilities				
Fair value hedges				
CURRENCY HEDGES[(1)]	(0.9)	(14.6)	0.2	21.3
Cash flow hedges				
CURRENCY HEDGES[(1)]	0.1	35.7	0.5	19.0
INTEREST RATE HEDGES	(0.5)	(30.0)	(0.2)	(30.0)
Derivatives not qualifying for hedge accounting				
CURRENCY DERIVATIVES[(1)]	-	-	0.3	-
DERIVATIVE INSTRUMENTS — NET ASSET/(LIABILITY)	**(1.3)**	**(9.0)**	**0.8**	**10.3**

(1) *Notional amounts shown in parentheses correspond to net borrower positions for interest rate derivatives and net seller positions for all other derivatives.*

Maturities of derivatives at fair value:

(in € millions)	Dec. 31, 2016	Dec. 31, 2015
Less than 6 months	(0.9)	0.5
More than 6 months	(0.4)	0.3
TOTAL	**(1.3)**	**0.8**

21.1 Market risks

Market risks are monitored internally using reporting schedules that compare the entities' exposure to identified risks with market value indicators. These indicators are based on data covering foreign currencies and commodity prices that directly or indirectly affect the Group's operations and the value of its assets.

A) FOREIGN EXCHANGE RISK

The Group operates internationally (see note 4), with over 90% of revenue generated outside France and more than 50% outside Europe. Its exposure to foreign exchange risk, which mainly concerns the US dollar and Chinese yuan, relates to future commercial transactions, recognized assets and liabilities denominated in foreign currencies and net investments in foreign operations.

Foreign exchange risk arising on future commercial transactions and recognized assets and liabilities denominated in foreign currencies

Group entities mainly use forward contracts to manage these risks as well as call options for its most common foreign currencies (US dollar, Chinese yuan and British pound). External foreign exchange contracts are designated by each business segment as fair value hedges, cash flow hedges or hedges of a net investment in a foreign operation, as appropriate.

The total net notional amount of currency hedges at December 31, 2016 was €21.1 million, corresponding to hedges of assets and liabilities and firm commitments of subsidiaries as well as cash flow hedges of net sales and net purchases, mainly in US dollars.

Net notional amounts of currency derivatives by currency (negative notional amount = net seller position)

(in € millions)	Dec. 31, 2016	Dec. 31, 2015
US dollar	15.6	25.9
British pound	2.2	5.1
Euro	1.3	-
Australian dollar	1.1	-
Chinese yuan	1.0	9.3
TOTAL	**21.1**	**40.3**

The risk management policy for Chargeurs Protective Films and Chargeurs Fashion Technologies involves hedging a portion of forecast transactions (mainly export sales) in each major currency for the subsequent twelve months. Forecast transactions are determined during the budget process and the percentage applied is determined in line with the IFRS definition of "highly probable forecast transactions" for hedge accounting purposes.

Chargeurs Luxury Materials' main foreign exchange exposures relating to transactions and borrowings in foreign currencies concern the US dollar and the New Zealand dollar, and are hedged using forward contracts.

In connection with an intragroup loan set up in US dollars, during 2016 Chargeurs SA put in place a currency swap to hedge the foreign exchange risk related to the principal and interest on this loan. The swap qualifies as a fair value hedge.

Currency risk arising on net investments in foreign operations

In order to manage exposures to changes in exchange rates for the US dollar and various Asian currencies on a long-term basis, Chargeurs has relocated production facilities to Asia and the dollar zone. Over 30% of its assets are located outside Europe.

The following table presents the sensitivity of consolidated equity to foreign exchange risk, based on data at December 31, 2016.

(in € millions)	Translation reserves by currency	Effect of a 10% increase in the exchangse rate against the Euro	Effect of a 10% decrease in the exchange rate against the Euro
US dollar	16.6	1.7	(1.7)
Chinese yuan	7.3	0.7	(0.7)
Argentine peso	(10.0)	1.0	(1.0)
Other currencies	4.2	0.4	(0.4)
TOTAL	**18.1**	**3.8**	**(3.8)**

B) INTEREST RATE RISK

The Group's interest rate risk management policy is aimed at reducing its exposure to fluctuations in interest rates. It uses interest rate swaps to convert a portion of its variable rate debt into fixed rate debt, which enables it to manage and reduce the volatility of its future cash flows related to interest payments.

At December 31, 2016 variable-to-fixed rate swaps had been set up for two variable rate lines of credit, representing a notional amount of €30 million.

Net notional amounts of interest rate derivatives by currency (negative notional amount = net borrower position)

(in € millions)	**Dec. 31, 2016**	Dec. 31, 2015
Euro	(30.0)	(30.0)

A 1-point increase in interest rates would have a €0.3 million impact on net debt (including amounts received for no recourse receivables sales) that is not hedged against interest rate risks.

C) PRICE RISK

The Group is exposed to price risk on certain materials that are essential for its production operations.

The Protective Films segment is exposed to risks relating to certain oil byproducts, which it manages via its supplier contracts and sales pricing strategy.

The Fashion Technologies segment is exposed to fluctuations in the prices of fibers used in its products, a risk it manages by placing suppliers in competition with one another and through its sales pricing strategy.

The Technical Substrates segment is exposed to fluctuations in the prices of chemical raw materials used in its manufacturing process. It manages this risk exposure by having several approved suppliers for its strategic products in order to diversify the related risk.

The Luxury Materials segment systematically matches its fixed-price sale commitments with fixed-price purchase commitments.

21.2 Credit risk

A) TRADE RECEIVABLES

The Group has no significant concentrations of credit risk as no one customer represents more than 5% of revenue. In addition, it obtains protection against receivables risk through credit insurance and letters of credit wherever possible.

The risk of non-recovery of trade receivables is reviewed at each monthly close and provisions for impairment are recognized for the following:

- doubtful receivables: these correspond to receivables for which legal proceedings have been launched. Such receivables are written down in an amount representing their full value excluding tax, less any credit insurance settlements receivable;
- past-due receivables: these correspond to receivables that are not disputed by customers but for which the Group has not yet obtained the related settlement despite several reminders. The impairment recognized on these receivables depends on the payments already received, or which are expected, and any changes in the customer's legal and financial situation.

At December 31, 2016 past-due receivables totaled €6.6 million.

B) COUNTRY RISK

The Group's geographical diversity means that it is not significantly exposed to political risk.

At December 31, 2016, four of the five main countries in which the Group's customers are located were rated at least "A" by Standard & Poor's.

Country	% of total revenue	Credit rating[1]
United States	18.1%	AA+
Italy	14.6%	BBB-
China and Hong Kong	9.5%	AAA (Hong Kong)
		AA- (China)
Germany	8.6%	AAA
France	7.4%	AA

(1) S&P/Moody's rating.

C) BANKING COUNTERPARTY RISK

The Group deals only with leading financial institutions for derivative instruments, cash-settled transactions and cash deposits.

D) INSURANCE COUNTERPARTY RISK

Chargeurs has set up insurance policies covering customer default, freight, property and casualty, business interruption, liability and other risks. These policies are taken out with a number of different insurance companies, which were all rated at least "A" by Standard & Poor's at December 31, 2016.

Insured risks	Credit rating[1]
Customer default	AA-
Freight	A+
Property & casualty	A
Liability	A+

(1) Standard & Poors/Moody's rating.

21.3 Liquidity risk

An analysis of the Group's borrowings is provided in note 17.

The Group manages its liquidity risk via the following three main strategies:

A) ENSURING THAT SHORT-TERM ASSETS EXCEED SHORT-TERM LIABILITIES

AT DECEMBER 31, 2016

(in € millions)	Total	Due in less than one year	Due in one to five years	Due beyond five years
FINANCIAL ASSETS AND LIABILITIES				
Cash and cash equivalents	161.5	161.5	-	-
Long-term borrowings	(133.1)	-	(58.0)	(75.0)
Short-term portion of long-term borrowings	(8.1)	(8.1)	-	-
Short-term bank loans and overdrafts	(17.1)	(17.1)	-	-
NET CASH POSITION/(NET DEBT POSITION)	**3.2**	**136.3**	**(58.0)**	**(75.0)**
Derivative instruments — assets	0.5	0.5	-	-
Deposits	1.6	-	1.6	-
Derivative instruments — liabilities	(1.8)	(1.8)	-	-
OTHER FINANCIAL ASSETS AND LIABILITIES	**0.3**	**(1.3)**	**1.6**	**-**
SUB-TOTAL — FINANCIAL ASSETS AND LIABILITIES	**3.5**	**135.0**	**(56.4)**	**(75.0)**
Working capital				
Trade receivables	47.3	47.3	-	-
Inventories	105.4	105.4	-	-
Trade payables	(91.3)	(91.3)	-	-
SUB-TOTAL — OPERATING ASSETS AND LIABILITIES	**61.4**	**61.4**	**-**	**-**
TOTAL FINANCIAL AND OPERATING ASSETS AND LIABILITIES	**64.9**	**196.4**	**(56.4)**	**(75.0)**

AT DECEMBER 31, 2015

(in € millions)	Total	Due in less than one year	Due in one to five years	Due beyond five years
FINANCIAL ASSETS AND LIABILITIES				
Cash and cash equivalents	97.7	97.7	-	-
Long-term borrowings	(49.1)	-	(46.2)	(2.9)
Short-term portion of long-term borrowings	(8.7)	(8.7)	-	-
Short-term bank loans and overdrafts	(16.7)	(16.7)	-	-
Net cash position/(Net debt position)	**23.2**	**72.3**	**(46.2)**	**(2.9)**
Derivative instruments — assets	1.1	1.1	-	-
Deposits	1.7	0.0	1.7	-
Derivative instruments — liabilities	(0.3)	(0.3)	-	-
Other financial assets and liabilities	**2.5**	**0.8**	**1.7**	**-**
SUB-TOTAL — FINANCIAL ASSETS AND LIABILITIES	**25.7**	**73.1**	**(44.5)**	**(2.9)**
Working capital				
Trade receivables	44.6	44.6	-	-
Inventories	101.0	101.0	-	-
Trade payables	(90.6)	(90.6)	-	-
SUB-TOTAL — OPERATING ASSETS AND LIABILITIES	**55.0**	**55.0**	**-**	**-**
TOTAL FINANCIAL AND OPERATING ASSETS AND LIABILITIES	**80.7**	**128.1**	**(44.5)**	**(2.9)**

NB: Receivables sold by the Group under no-recourse agreements are not included in the above table as the sales involve the transfer of title (see note 3). However, for reasons of prudence the Group has kept these receivables in the consolidated statement of financial position with a liability recognized for the amount of the cash proceeds received.

B) FORGING PARTNERSHIPS WITH BANKS WHILE MAINTAINING A DIVERSIFIED LENDER BASE

The Group works with over 25 banks and financial institutions, of which the five largest represent 79% of its available credit facilities (see note 17). At December 31, 2016, the five main banking partners had short-term ratings of at least A1 to F1+ and P1 and long-term ratings of at least A to AA, with stable outlooks.

C) APPLYING STRICT RULES FOR FINANCING ARRANGEMENTS

When negotiating financing arrangements, the Group is particularly careful to ensure that the related documentation minimizes liquidity risk. To this end, specific negotiation standards have been issued and documentation for material financing arrangements has to be validated at several different levels.

NOTES – ADDITIONAL INFORMATION

22 – Related-party transactions

The Group has identified the following related parties:

- its joint ventures and associates (see note 13);
- its senior executives.

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION

	Year ended December 31			
(in € thousands)	**2016**	2015	Year-on-year change	
Compensation paid to directors[(1)]	200.0	45.0		
Compensation paid to senior executives[(2)]	966.4	1,189.3		
SHORT-TERM BENEFITS	**1,166.4**	**1,234.3**	**(67.9)**	**(5.5)%**
Post-employment benefits	-	-		
Other long-term benefits	-	-		
Termination benefits	-	1,683.3		
Share-based payments	-	-		
TOTAL AWARDED FOR THE PERIOD	**1,166.4**	**2,917.6**	**(1,751.2)**	**(60.0)%**

(1) The compensation paid to directors solely corresponds to directors' fees.
(2) Includes the total of basic fixed compensation and variable compensation based on quantitative and qualitative criteria/conditions.

23 – Commitments and contingencies

23.1 Commercial commitments

At December 31, 2016, Chargeurs and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €0.8 million.

23.2 Guarantees

At December 31, 2016, Chargeurs and its subsidiaries had given guarantees for a total of €33.8 million.

23.3 Collateral

At December 31, 2016, Chargeurs and its subsidiaries had granted collateral representing a total of €2.8 million.

23.4 Operating leases

Future minimum payments under operating leases break down as follows by maturity:

(in € millions)	**Dec. 31, 2016**	Dec. 31, 2015
Due in less than one year	1.6	2.0
Due in one to five years	4.4	5.8
Due in more than five years	1.1	1.7
TOTAL	**7.1**	**9.5**

Operating leases mainly concern premises (€4.0 million) and plant and equipment.

23.5 Legal risks

In 2010, the Company was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and laid off by companies in which Chargeurs held an indirect interest. The total amount of these claims represented around €5.5 million. They were initially dismissed by the Employment Tribunal, but in late 2010, the former employees filed a new claim against the Company on the same grounds, but for double the amount.

In the first half of 2011, new Employment Tribunal claims were lodged against the Company on the same grounds for an additional amount of about €0.8 million. On February 20, 2014, all of the above claims filed by former employees were rejected by the judge to whom the cases had been referred by the Employment Tribunal *(juge départiteur)*. In December 2014, the Company was informed that the former employees had lodged an appeal. All of the complaints and claims against the Company were dismissed by the Toulouse Appeal Court in a ruling handed down on May 4, 2016. The Company is currently awaiting formal notification of this ruling.

24 – Subsequent events

No significant events occurred between December 31, 2016 and the date on which these financial statements were issued.

25 – Main consolidated companies

At December 31, 2016, 56 companies were fully consolidated (compared with 57 in 2015), and nine were accounted for by the equity method (10 in 2015).

Parent company	Chargeurs SA
A – MAIN FULLY CONSOLIDATED COMPANIES	
France	Chargeurs Boissy SARL — Chargeurs Textiles SAS — Chargeurs Entoilage SA
Germany	Chargeurs Deutschland GmbH — Leipziger Wollkämmerei AG
PROTECTIVE FILMS SEGMENT	
Holding company for the segment	**Chargeurs Films de Protection SA**
France	Novacel SA
Italy	Boston Tapes S.p.A. — Boston Tapes Commercial S.r.l. — Novacel Italia S.r.l.
Germany	Novacel GmbH
United Kingdom	Novacel UK Ltd
Spain	Novacel Iberica S.p.a
Belgium	SA Novacel Belgium N.V
North America	Chargeurs Protective Films Inc. — Novacel Inc. — Main Tape Inc. — T.L.C. Inc.
Asia	Novacel Shanghai Co. Ltd. (China) — Novacel Korea Ltd. (South Korea)
FASHION TECHNOLOGIES SEGMENT	
Holding company for the segment	**Fitexin**
France	Lainière de Picardie BC SAS
Italy	Chargeurs Interfodere Italia
Germany	Lainière de Picardie Deutschland GmbH
United Kingdom	Chargeurs Interlining (UK) Ltd
Portugal	Chargeurs Entretelas (Iberica) Ltd
Romania	Lainière de Picardie Insertii S.r.l.
North America	Lainière de Picardie Inc.
South America	Lainière de Picardie Golaplast Brazil Textil Ltda — Entretelas Americanas SA — Lainière de Picardie_DHJ Chile SA
Africa	Stroud Riley (Proprietary) Limited (South Africa) — ADT Chargeurs Entoilage Tunisie SARL (Tunisia)
Asia	Chargeurs Interlining (H.K.) Limited — LP (Wujiang) Textiles Co. Ltd — Lainière de Picardie Korea Co. Ltd — DHJ Interlining Limited — Etacol Bangladesh Ltd — Chargeurs Interlining Singapore PTE Ltd (Singapore) — Intissel Lanka PVT Ltd (Sri Lanka) — Intissel China Ltd (China)
TECHNICAL SUBSTRATES SEGMENT	
France	Senfa
LUXURY MATERIALS SEGMENT	
Holding company for the segment	**Chargeurs Wool Holding GmbH**
France	Chargeurs Wool (Eurasia) SAS
Italy	Chargeurs Wool Sales (Europe) S.r.l.
New Zealand	Chargeurs Wool (NZ) Limited
North America	Chargeurs Wool (USA) Inc.
B – MAIN COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD (LUXURY MATERIALS SEGMENT)	
North America	USA Wool (35%)
South America	Lanas Trinidad SA (50%) (Uruguay) — Chargeurs Wool (Argentina) SA (50%), and its subsidiary Peinaduria Rio Chubut (25%)
Asia Pacific	Zhangjiagang Yangtse Wool Combing Co Ltd (50%) and its subsidiary Yangtse (Australia) Pty Ltd

Percentages indicate Chargeurs' percentage of control at December 31, 2016 for companies that are not almost or entirely wholly owned by the Group.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Chargeurs S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I – OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II – JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Note 3 to the consolidated financial statements describes the critical accounting estimates and judgements applied by management, particularly those related to impairment of goodwill and income tax. We assessed the data and assumptions on which these estimates and judgements were based, and examined, on a test basis, the calculations performed by the Company. We compared accounting estimates of prior periods with the actual results and reviewed procedures for the approval of these estimates by management. We also obtained assurance that the notes to the consolidated financial statements disclose appropriate information on the assumptions and options applied by the Company

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – SPECIFIC VERIFICATION

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, March 27, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	S&W Associés
Eric Bertier	Virginie Coniau

FINANCIAL STATEMENTS

2016 FINANCIAL STATEMENTS OF THE PARENT COMPANY

INCOME STATEMENT

Years ended December 31 *(in € thousands)*

	2016	2015
Operating revenues(1)	**1,819**	**1,303**
Operating expense(3)		
Purchases of goods and external charges	(4,786)	(3,933)
Taxes other than on income	(111)	(284)
Salaries and wages	(1,370)	(2,731)
Payroll taxes	(538)	(1,117)
Amortization, depreciation and provisions:		
▪ amortization and depreciation of fixed assets	(70)	(75)
▪ provisions for contingencies and charges	-	-
▪ debt issuance costs	(128)	-
Other	(233)	(45)
OPERATING PROFIT/(LOSS)	**(5,417)**	**(6,882)**
Financial income(1)		
From investments(2)		
▪ shares in subsidiaries and affiliates	13,486	9,116
▪ loans to subsidiaries and affiliates	821	207
From other marketable securities and investments(2)	-	-
Other interest income(2)	560	664
Provision reversals and expense transfers	42,402	38,188
Foreign exchange gains	1,076	-
Income from disposals of marketable securities	-	-
	58,345	**48,175**
Financial expense(3)		
Amortization and provisions	(12)	(90)
Interest expense(4)	(1,733)	(402)
Other financial expense	-	-
Foreign exchange losses	(1,076)	-
Losses on disposals of marketable securities	-	-
	(2,821)	**(492)**
NET FINANCIAL INCOME	**55,524**	**47,683**
Profit before tax and non-recurring items	**50,107**	**40,801**
Non-recurring income(1)		
From revenue transactions	32	227
From capital transactions		
▪ proceeds from sales of fixed assets	48	-
▪ other	-	-
Provision reversals and expense transfers	19	47
	99	**274**
Non-recurring expense		
On revenue transactions	(22)	(14)
On capital transactions		
▪ carrying amount of assets sold	(13)	-
▪ other	-	(3)
Amortization and provisions		
▪ untaxed provisions	-	-
▪ other provisions	(133)	-
	(168)	**(17)**
NET NON-RECURRING INCOME/(EXPENSE)	**(69)**	**257**
PROFIT BEFORE TAX	**50,038**	**41,058**
INCOME TAX BENEFIT	**4,326**	**4,438**
PROFIT FOR THE PERIOD	**54,364**	**45,496**
(1) Of which income related to prior years	*-*	*-*
(2) Of which income from related companies	*14,723*	*9,885*
(3) Of which expenses related to prior years	*-*	*-*
(4) Of which interest paid to related companies	*-*	*3*

STATEMENT OF FINANCIAL POSITION

At December 31 *(in € thousands)*

ASSETS

		2016			2015
	Note	Gross	Accumulated depreciation, amortization and provisions	Net	Net
FIXED ASSETS	Note 2				
Intangible assets					
Patents, licenses, trademarks, processes and other rights		5	4	1	1
Property and equipment					
Land		-	-	-	-
Buildings		-	-	-	-
Other		435	300	135	187
Assets under construction		-	-	-	-
Advances and prepayments		-	-	-	-
Investments and other financial assets(1)					
Shares in subsidiaries and affiliates	Note 3.2	473,159	96,948	376,211	333,911
Loans to subsidiaries and affiliates	Note 4	5,249	-	5,249	5,565
Other long-term investments		342	96	246	156
Other long-term loans	Note 4	25,898	6	25,892	5,083
Other		2,733	-	2,733	94
TOTAL I		**507,821**	**97,354**	**410,467**	**344,997**
CURRENT ASSETS					
Prepayments to suppliers		-	-	-	14
Trade receivables(2)	Note 4	330	-	330	-
Other receivables(2)	Note 4	2,308	-	2,308	3,304
Marketable securities	Note 8	14,432	-	14,432	20,216
Cash at bank and in hand		74,381	-	74,381	19,278
Accruals and other assets		-	-	-	-
Prepaid expenses(2)	Note 4	154	-	154	367
TOTAL II		**91,605**	**-**	**91,605**	**43,179**
Deferred charges		-	-	-	-
TOTAL III		**-**	**-**	**-**	**-**
Unrealized translation losses		-	-	-	-
TOTAL IV		**-**	**-**	**-**	**-**
TOTAL ASSETS (I + II + III + IV)		**599,426**	**97,354**	**502,072**	**388,176**
(1) Due within one year		*22,034*	*80*	*21,954*	*215*
(2) Due beyond one year		*-*	*-*	*-*	*-*

EQUITY AND LIABILITIES

	Note	2016	2015
EQUITY	Note 9		
Share capital		3,675	3,675
Share premium account		53,015	53,015
Revaluation reserve		-	-
Reserves:			
■ Legal reserve		400	400
■ Untaxed reserves		-	-
■ Other reserves		279,002	244,978
Retained earnings		-	-
Profit for the period		54,364	45,496
Untaxed provisions		-	-
TOTAL I		**390,456**	**347,564**
Provisions for contingencies and charges	Note 3.1		
Provisions for contingencies		205	72
Provisions for charges		-	-
TOTAL II		**205**	**72**
Liabilities[(1)]	Note 4		
Bonds	Note 11	40,490	15
Bank borrowings[(2)]	Note 11	62,115	30,097
Other borrowings	Note 12	2,840	5,602
Trade payables		2,418	1,056
Accrued taxes and payroll costs		1,254	2,741
Customer prepayments		6	257
Other payables		1,774	772
Cash instruments		514	-
Accruals and other liabilities[(1)]			
Deferred income		-	-
TOTAL III		**111,411**	**40,540**
Unrealized translation gains		-	-
TOTAL IV			
TOTAL EQUITY AND LIABILITIES (I + II + III + IV)		**502,072**	**388,176**
(1) Due beyond one year		*102,000*	*30,000*
Due within one year		*9,411*	*10,540*
(2) Including short-term bank loans and overdrafts		*-*	*-*

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

(in € millions)

Chargeurs SA is the parent company of the consolidated Chargeurs Group.

1 – Accounting principles and policies

Chargeurs' parent company financial statements have been prepared in accordance with French generally accepted accounting principles, as set out in articles L. 123-12 to L. 123-28 of the French Commercial Code *(Code de commerce),* and in the 2014 accounting plan set out in regulation 2014-03 of the *Autorité des normes comptables,* including the principles of prudence and segregation of accounting periods. They are presented on a going concern basis and accounting methods have been applied consistently from one year to the next, except for the changes in methods described below.

1.1 Property and equipment

Property and equipment are stated at cost excluding capitalized interest, or at their transfer value.

For property and equipment that cannot be broken down into separate component parts, depreciation is calculated by the straight-line method based on the estimated useful life of each category of asset, as follows:

- Furniture: 10 years;
- Computer equipment: 3 years.

1.2 Investments and other non-current financial assets

- Shares in subsidiaries and affiliates are stated at cost. In 2005, Chargeurs elected to recognize the incidental expenses on acquisitions of these shares directly as an expense. Since 2007, these costs have been added back for tax purposes and deferred over five years.
- Other long-term investments are stated at cost excluding incidental expenses, or at their transfer value.

  Where appropriate, these investments are written down to their fair value, determined by reference to Chargeurs' equity in the net assets of the acquired companies, adjusted for unrealized capital gains or losses and profitability criteria.

This item also includes Chargeurs shares acquired through share buyback programs.

1.3 Marketable securities

Marketable securities are stated at the lower of cost and market value on the basis of the average price for the last month of the year.

1.4 Foreign currency translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the transaction date. Assets and liabilities in foreign currencies are converted at the year-end rates. Gains or losses arising on translation are carried under "Unrealized translation gains" or "Unrealized translation losses". Provision is made for unrealized losses by way of a charge to the income statement, except when they can be set off against unrealized gains in linked transactions.

1.5 Forward currency transactions

Losses or gains arising from forward currency contracts not used as hedges are taken to the income statement in cases where they are settled by taking a reverse position in the same period, whatever the final maturity.

The policy under French GAAP for forward financial instruments and hedging transactions has been amended by way of ANC regulation 2015-05 dated July 2, 2015, effective for accounting periods beginning on or after January 1, 2017 with the possibility of early adoption as from January 1, 2016.

2 – Fixed assets

	Dec. 31, 2015	Acquisitions/ increases	Disposals/ decreases	Dec. 31, 2016
Intangible assets (gross)	**0.0**	-	-	**0.0**
Property and equipment (gross)	**0.4**	-	-	**0.4**
Investments and other non-current financial assets (gross)				
Shares in subsidiaries and affiliates	473.2	-	-	473.2
Loans to subsidiaries and affiliates(1)	5.6	-	0.4	5.2
Other long-term loans(2)	5.1	22.0	1.2	25.9
Other long-term investments(3)	0.3	5.8	5.8	0.3
Other(4)	0.1	2.6	-	2.7
TOTAL (GROSS)	**484.7**	**30.4**	**7.4**	**507.8**

(1) The decrease in loans to subsidiaries and affiliates in 2016 corresponds to the partial repayment of a loan granted to a subsidiary in 2015.
(2) The increase in other long-term loans corresponds to two loans — for USD22 million (€21 million) and €1.0 million respectively — granted during the year to two indirect subsidiaries of Chargeurs SA in order to optimize the Group's overall cost of debt. A currency hedge has been taken out covering the full amount of the USD loan to protect the Company from exposure to currency risk. The decrease in this item reflects the partial repayment of a loan granted to a subsidiary in 2015.
(3) This item primarily corresponds to 13,334 Chargeurs shares acquired at a cost of €0.2 million with a view to being canceled. No Chargeurs shares were canceled during the year. The movements in this item in 2016 concern the purchase and sale of Chargeurs shares under the liquidity contract.
(4) This item consists of the amounts allocated to Banque Rothschild for the liquidity contract as well as the security deposit paid to the owners of the Company's headquarters.

3 – Provisions

3.1 Provisions for contingencies and charges

In accordance with regulation 2014-03 of the *Autorité des normes comptables,* the Company records a provision to cover clearly identified contingencies and charges of uncertain timing or amount arising from past or present events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

	Dec. 31, 2015	Charges for the year	Reversals for the year (used)	Reversals for the year (unused)	Dec. 31, 2016
Provisions for contingencies	0.1	0.1	-	-	0.2
Provisions for charges	-	-	-	-	-
TOTAL	**0.1**	**0.1**	**-**	**-**	**0.2**
Of which movements included in operating income and expense		-	-	-	
Of which movements included in financial income and expense		-	-	-	
Of which movements included in non-recurring income and expense		0.1	-	-	

3.2 Impairment

	Dec. 31, 2015	Charges for the year	Reversals for the year	Dec. 31, 2016
Impairment of investments	139.4	-	42.3	97.1
Impairment of other receivables	-	-	-	-
TOTAL	**139.4**	**-**	**42.3**	**97.1**
Of which movements included in operating income and expense		-	-	
Of which movements included in financial income and expense		-	42.3	
Of which movements included in non-recurring income and expense		-	-	

- Chargeurs' policy is to classify impairment losses and reversals relating to investments under financial income and expense. However, in accordance with the recommendations issued by the *Ordre des experts-comptables,* this general rule is not applied to reversals of impairment losses relating to divested shares, which are recorded under non-recurring income.
- Receivables are measured at their nominal value and written down based on the recovery risk as assessed at the year-end.

4 – Maturities of receivables and payables

Total loans and receivables, before impairment, amounted to €33.7 million at December 31, 2016, breaking down as follows:

- loans to subsidiaries and affiliates for €5.2 million;
- other long-term loans for €25.9 million;
- trade receivables for €0.3 million;
- other receivables for €2.3 million.

Maturities of loans and receivables are as follows:

	Dec. 31, 2016
Due within one year	24.6
Due beyond one year	9.1
TOTAL	**33.7**

Maturities of debt and other payables are as follows:

	Dec. 31, 2016
Due within one year	9.4
Due in one to five years	30.0
Due beyond five years	72.0
TOTAL	**111.4**

The total includes €40.5 million in bond debt, €62.1 million in bank loans, €2.8 million in other debt and €6.0 million in other payables.

Debt due beyond one year consists of two bank loans from Landesbank Saar for a total of €30.0 million, and debt due beyond five years consists of two Euro private placements representing a total of €72.0 million.

All of these borrowings are subject to the following covenants that were complied with at December 31, 2016:

- Net debt/equity ≤ 0.85;
- Net debt/EBITDA ≤ 3.50.

Trade payables concern amounts due within 60 days and totaled €2.4 million at December 31, 2016 (€1.1 million at December 31, 2015).

5 – Items recorded under several statement of financial position headings

	Gross amounts concerning	
	Related companies	Other investments
Shares in subsidiaries and affiliates and other long-term investments	473.2	-
Receivables	31.7	-
Debt and other payables	5.3	-

6 – Breakdown of accrued income

There was no accrued income at December 31, 2016.

7 – Accrued expenses

Accrued expenses totaled €2.4 million at December 31, 2016 and primarily consisted of professional fees, service costs and various payroll costs.

8 – Marketable securities

At December 31, 2016, marketable securities amounted to €14.4 million and mainly comprised money market mutual fund units and time deposits.

9 – Equity

9.1 Changes in equity

At January 1, 2016 (before appropriation)	302.1
2015 profit appropriated by decision of the AGM on May 4, 2016	45.5
At January 1, 2016 (after appropriation)	347.6
Profit for the period	54.4
Payment of the 2015 dividend for 2016 decided at the AGM on May 6, 2016	(6.9)
Payment of an interim dividend for 2016 as decided by the Board of Directors on September 8, 2016	(4.6)
At December 31, 2016 (before appropriation)	390.5

9.2 Changes in share capital

	Number of shares	Par value
Shares outstanding at January 1, 2016	22,966,144	€0.16
Shares outstanding at December 31, 2016	22,966,144	€0.16

All Chargeurs shares have been called and are fully paid-up.

9.3 Share premium account and reserves at December 31, 2016

These items break down as follows:

	Dec. 31, 2016
Share premium account	53.0
Legal reserve	0.4
Other reserves	119.2
Restricted reserve (capital reduction)	164.4
Interim dividend	(4.6)
TOTAL	**332.4**

10 – Double voting rights

Chargeurs' bylaws provide that registered shares held in the name of the same shareholder for more than two years carry double voting rights. Consequently, in accordance with article L. 225-124 of the French Commercial Code, holders of said shares are entitled to double voting rights at Chargeurs Shareholders' Meetings.

At December 31, 2016, 96,177 shares carried double voting rights.

11 – Bonds and bank borrowings

As part of its overall development strategy, on May 27, 2016 Chargeurs broadened its sources of long-term business finance by negotiating its first-ever Euro private placement (Euro PP), on particularly attractive terms, raising a total of €57 million in seven-year financing repayable at maturity. The Euro PP comprises:

- a €25.0 million private placement notes issue underwritten by the French government-sponsored Novo 1 midcap fund, advised by BNP Paribas Investment Partners and managed by France Titrisation; and
- a €32.0 million bank loan provided and arranged by Landesbank Saar, Bank of China Limited and BRED Banque Populaire.

In the second half of the year Chargeurs carried out another Euro PP, raising a further €15 million in seven-year financing repayable at maturity. This placement was also underwritten by the Novo 1 midcap fund, advised by BNP Paribas Investment Partners and managed by France Titrisation.

In addition, in May 2016 the maturity of a €15 million bullet loan obtained from Landesbank Saar was extended from 2018 to 2021. This variable-rate loan (swapped for a fixed rate) is repayable in full on September 28, 2021.

Chargeurs SA has another outstanding €15 million loan granted by Landesbank Saar on July 30, 2015, which also bears interest at a variable rate (swapped for a fixed rate), and is repayable in full on October 30, 2020.

12 – Other borrowings

Other borrowings, totaling €2.8 million, primarily correspond to loans from several Group subsidiaries whose sole purpose is to act as financial holding companies.

13 – Financial income and expense

13.1 Amortization and provisions

Additions	2016
■ impairment of treasury stock	0.01
TOTAL	**0.01**

Reversals	2016
■ impairment of Films de Protection SA shares	39.3
■ impairment of Chargeurs Entoilage SA shares	3.0
■ impairment of treasury stock	0.1
TOTAL	**42.4**

14 – Non-recurring income and expense

	2016	
Type	Non-recurring expense	Non-recurring income
Provision for the risk of repayment of tax benefits to subsidiaries in the event of a return to profit	0.1	-
TOTAL	**0.1**	**-**

15 – Income tax

15.1 Analysis of income tax

	2016	2015
Tax on recurring profit	-	-
Tax on distributed income	(0.3)	(0.1)
Group relief	4.6	4.5
Other	-	-
INCOME TAX BENEFIT	**4.3**	**4.4**

15.2 As of January 1, 1996, Chargeurs and most of its French subsidiaries that are at least 95%-owned, directly or indirectly, elected to file a consolidated tax return. Under French group relief rules, the losses of certain subsidiaries in the tax group can be set off against the taxable profit of other companies in the Group. The profitable subsidiaries pay an amount corresponding to the tax that would be due on their profit to Chargeurs, which in turn pays the tax due by the tax group.

15.3 In 2016, an amount of €133,000 was added to the provision for the risk of repayment of tax benefits to subsidiaries expected to return to profit in 2017.

15.4 The setting off of losses reported by certain subsidiaries against the taxable profits of other subsidiaries resulted in a tax saving of €4.6 million, representing a cash flow benefit.

15.5 Non-deductible expenses that are disclosable to shareholders pursuant to articles 223 *quater* and 39-4 of the French Tax Code and the related tax impact amounted to €0.04 million in 2016.

16 – Commitments given, guarantees and sureties

	2016
Guarantees and sureties concern:	
■ subsidiaries and related companies	25.0
■ other	0.0

The interest rate risk on the Landesbank Saar loans totaling €30.0 million has been hedged by means of variable-to-fixed rate swaps. At December 31, 2016, these swaps had an estimated negative fair value of €499,632.36.

17 – Unrecognized deferred taxes

At December 31, 2016, under French group relief rules, Chargeurs had evergreen tax loss carryforwards of €205.7 million.

Timing differences between book income and expense and income and expense for tax purposes were not material in 2016.

18 – Directors' and senior executives' compensation

Compensation allocated to directors and senior executives in 2016 amounted to €200,000 and €966,421 respectively (including directors' fees paid by subsidiaries).

19 – Employee benefit obligations

Retirement benefits

The Company's retirement benefit obligations were measured at December 31, 2016, based on employees' seniority and the probability that they will still be with the Company at their retirement date.

These benefit obligations were not recorded in the financial statements, as the amounts involved were not material.

20 – Fees paid to the Statutory Auditors

Chargeurs SA paid €286 thousand in fees to the Statutory Auditors in 2016 (disclosure made in application of French Decree 2008-1487 of December 30, 2008).

21 – Stock options

There were no employee stock option plans outstanding at December 31, 2016.

22 – Legal risks

In 2010, the Company was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and laid off by companies in which the Company held an indirect interest. The total amount of these claims represented around €5.5 million. They were initially dismissed by the Employment Tribunal but in late 2010 the former employees filed a new claim against the Company on the same grounds, but for double the amount.

In the first half of 2011, new Employment Tribunal claims were lodged against the Company on the same grounds for an additional amount of about €0.8 million. On February 20, 2014, all of the above claims filed by former employees were rejected by the judge to whom the cases had been referred by the Employment Tribunal *(juge départiteur).* In December 2014, the Company was informed that the former employees had lodged an appeal. All of the complaints and claims against the Company were dismissed by the Toulouse Appeal Court in a ruling handed down on May 4, 2016. The Company is currently awaiting formal notification of this ruling.

INFORMATION CONCERNING SUBSIDIARIES AND AFFILIATES

At December 31, 2016 *(in € thousands)*

Companies	Share capital	Reserves	% interest	Cost of investment	Carrying amount of investment	2016 revenue(1)	2016 profit/ (loss) included in equity	Gross dividends received by Chargeurs during 2016
A. DETAILED INFORMATION CONCERNING EQUITY INVESTMENTS WITH A CARRYING AMOUNT IN EXCESS OF 1% OF CHARGEURS' CAPITAL								
1. Subsidiaries (at least 50%-owned by Chargeurs)								
Chargeurs Textiles	31,085	12,916	100	69,480	46,643	-	299	2,839
Chargeurs Films de Protection	139,617	47,880	100	286,266	226,721	-	8,740	8,606
Chargeurs Entoilage	11,540	36,319	99,99	109,049	101,540	-	4,893	2,034
Chargetex 34	114	(6)	100	6,277	114	-	(6)	-
Chargetex 35	1,337	(844)	100	1,337	501	-	(8)	-
2. Affiliates (10% to 50%-owned by Chargeurs)								
Other companies	-	-	-	-	-			
B. AGGREGATE INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES								
1. Subsidiaries not listed in A								
French companies	150	127	-	76	18	-	107	7
Foreign companies	-	-	-	-	-	-	-	-
2. Affiliates not listed in A								
French companies	-	-	-	-	-	-	-	-
Foreign companies	296	2,424	-	671	671	54,924	567	-

(1) The majority of the companies owned by Chargeurs SA are purely financial holding companies and therefore do not generate any revenue.

FIVE-YEAR FINANCIAL SUMMARY

(in € unless otherwise specified)

	2016	2015	2014	2013	2012
I – Capital at December 31					
Share capital	3,674,583	3,674,583	2,563,410	2,294,492	2,163,986
Number of shares	22,966,144	22,966,144	16,021,311	14,340,575	13,524,913
Number of convertible bonds	-	-	218,069	272,393	299,691
II – Results of operations					
Operating revenue, investment income, interest income and other revenues (excluding tax)	16,686,072	11,289,475	9,058,815	6,879,530	4,256,044
Profit/(loss) before tax, amortization, depreciation and provisions	7,978,418	2,994,212	(3,053,374)	2,114,564	(1,947,980)
Income tax benefit	4,326,552	4,438,134	2,132,779	1,605,204	1,511,100
Net profit/(loss)	54,364,193	45,495,734	17,372,253	(4,551,704)	(4,448,797)
Total dividends	12,631,319	6,887,520	3,204,262	-	-
III – Per share data					
Earnings/(loss) per share after tax, before amortization, depreciation and provisions	0.53	0.32	(0.06)	0.26	(0.03)
Earnings/(loss) per share	2.37	1.98	1.08	(0.32)	(0.33)
Dividend per share	0.55	0.30	0.20	-	-
IV – Employee data					
Number of employees	3	2	1	2	2
Total payroll (in € thousands)	1,370	2,731	1,322	913	940
Total benefits (in € thousands)	538	1,117	334	273	302

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Chargeurs S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

Investments in subsidiaries and affiliates are measured in accordance with the methods described in note 1.2 to the financial statements. We reviewed the methods applied by the Company and examined, on a test basis, the application of these methods.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris, March 27, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	S&W Associés
Eric Bertier	Virginie Coniau

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditors of Chargeurs S.A., we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, and the reasons for, the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorised during the year

We were not informed of any agreements or commitments entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of article L.225-38 of the French Commercial Code.

Agreements and commitments authorised after the year-end

We were informed of the following agreements and commitments, which have been authorised since the year-end by the Board of Directors.

Non-compete undertaking by Michaël Fribourg

Person concerned

Michaël Fribourg, Chairman and Chief Executive Officer of Chargeurs S.A.

Nature, purpose and conditions

On March 8, 2017, the Board of Directors approved a two-year non-compete agreement between Michaël Fribourg and Chargeurs S.A. to take effect in the event that his operational duties as Chairman or Chief Executive Officer are terminated. In exchange, Mr Fribourg shall be entitled to compensation in an amount equal to the aggregate gross compensation paid to him with respect to the last fiscal year, including directors' fees paid by Group companies and all variable compensation paid to him over the period.

Reason provided by the Company

Given his responsibilities, Mr Fribourg has access to confidential information about the Chargeurs Group, its businesses and its customers, whose disclosure to competitors, including if Mr Fribourg were take up a position with any such competitors, would have a serious adverse effect on the Group's interests.

Compensation for loss of office payable to Michaël Fribourg

Person concerned

Michaël Fribourg, Chairman and Chief Executive Officer of Chargeurs S.A.

Nature, purpose and conditions

On March 8, 2017, the Board of Directors approved the compensation due to Michaël Fribourg for loss of office for any reason other than resignation or dismissal for serious misconduct. The compensation shall correspond to the aggregate gross compensation paid to Mr Fribourg with respect to the last fiscal year, including directors' fees paid by Group companies and all variable compensation paid to him over the period.

Reason provided by the Company

In accordance with the recommendations of the Compensation Committee, the Board of Directors wished to define the compensation and benefits due to Mr Fribourg in the event of loss of office in accordance with market practices and current legislation.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

We were not informed of any agreement or commitment that had already been approved by the Annual General Meeting which remained in force during the year ended December 31, 2016.

Neuilly-sur-Seine and Paris, March 27, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	S&W Associés
Eric Bertier	Virginie Coniau

ORDINARY AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS APRIL 20, 2017

AGENDA

ORDINARY BUSINESS

1. Approval of the parent company financial statements for the year ended December 31, 2016;
2. Approval of the consolidated financial statements for the year ended December 31, 2016;
3. Appropriation of profit for 2016 and approval of a dividend;
4. Stock dividend alternative for the 2016 final dividend;
5. Stock dividend alternative for the 2017 interim dividend;
6. Approval of agreements governed by article L. 225-38 of the French Commercial Code;
7. Approval of commitments governed by article L. 225-42-1 of the French Commercial Code given to the Chairman and Chief Executive Officer in the event of his leaving office;
8. Setting directors' fees;
9. Election of Cécilia Ragueneau as an independent director;
10. Re-election of Emmanuel Coquoin as a director;
11. Re-appointment of PricewaterhouseCoopers Audit as a Statutory Auditor;
12. Appointment of HAF Audit & Conseil, member of Crowe Horwath International, as a Statutory Auditor;
13. Opinion on the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the total compensation and benefits in kind payable to the Chairman and Chief Executive Officer;
14. Authorization for the Board of Directors to carry out a share buyback program.

EXTRAORDINARY BUSINESS

15. Authorization for the Board of Directors to reduce the Company's capital by a maximum of 10% by canceling shares bought back by the Company;
16. Introduction of a special dividend and corresponding amendment to article 27 of the Company's bylaws;
17. Authorization for the Board of Directors to issue, without pre-emptive subscription rights for existing shareholders, ordinary Chargeurs shares and/or securities with direct or indirect rights to shares, through a private placement governed by article L. 411-2-II of the French Monetary and Financial Code;
18. Authorization for the Board of Directors to increase the number of shares and/or other securities offered in any issue without pre-emptive subscription rights carried out pursuant to the seventeenth resolution;
19. Authorization for the Board of Directors to set, in accordance with the terms and conditions decided at the Annual General Meeting, the issue price of the securities issued without pre-emptive subscription rights pursuant to the sixteenth resolution, subject to compliance with the terms of the seventeenth resolution and a cap representing 10% of the Company's capital;
20. Authorization for the Board of Directors to grant free shares to employees and/or officers, without pre-emptive subscription rights for existing shareholders;
21. Authorization for the Board of Directors to carry out employee share issues, without pre-emptive subscription rights for existing shareholders;
22. Powers to carry out legal formalities.

REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS PRESENTED AT THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF APRIL 20, 2017

ORDINARY RESOLUTIONS

First resolution

(APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016)

The purpose of the first resolution is to approve the parent company financial statements for the year ended December 31, 2016.

Second resolution

(APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016)

The purpose of the second resolution is to approve the consolidated financial statements for the year ended December 31, 2016.

Third resolution

(APPROPRIATION OF PROFIT FOR 2016 AND APPROVAL OF A DIVIDEND)

The purpose of the third resolution is to appropriate profit for 2016 and set the dividend for that year. The Board of Directors is recommending that shareholders:

- note that profit available for distribution amounts to €173,583,225.08 comprising profit for 2016 of €54,364,192.82 and "Other reserves" of €119,219,062.26;
- resolve to pay a total of €12,631,379.20 to shareholders as a dividend;
- credit the balance of profit available for distribution to "Other reserves", which would therefore increase from €119,219,062.26 to €160,951,875.88.

Based on the 22,966,144 shares outstanding as of December 31, 2016, with a par value of €0.16, the dividend per share would amount to €0.55, representing an 83.33% increase compared with 2015.

An interim dividend of €0.20 per share was paid on September 21, 2016. Consequently, the final per-share dividend payable is €0.35. The ex-dividend date for this amount will be May 3, 2017 and it will be paid on May 30, 2017.

The amounts corresponding to final dividends not paid on shares held in treasury stock on May 30, 2017 will be credited to "Other reserves".

Both the €0.20 interim dividend and the €0.35 final dividend are eligible for the 40% tax relief provided for in article 158-3-2 of the French General Tax Code *(Code général des impôts)* for individual shareholders who are French tax residents.

In accordance with the disclosure requirements of article 243 *bis* of the French Tax Code, shareholders are informed that no dividend was paid for 2013 and that the following dividends were paid for 2014 and 2015:

Year	Number of shares[(1)]	Total dividend payout[(2)]	Dividend per share
2014	16,021,311	€3,204,262.20	€0.20
2015	22,958,399	€6,887,519.70	€0.30

(1) Based on historical data at December 31 of each year.
(2) Theoretical values calculated based on the number of shares at December 31 of each year.

The total amounts of the dividends paid for 2014 and 2015 were eligible for the above-mentioned 40% tax relief provided for in article 158-3-2 of the French General Tax Code.

Fourth resolution

(STOCK DIVIDEND ALTERNATIVE FOR THE 2016 FINAL DIVIDEND)

In the fourth resolution, in accordance with articles L. 232-18 *et seq.* of the French Commercial Code and article 27 of the Company's bylaws, shareholders are invited to approve an option for their final dividend for 2016 to be paid in either cash or new shares.

Shareholders will be able to exercise this option to choose between cash payment or the stock dividend alternative but the payment method opted for will apply to all of the shares they hold.

If this resolution is adopted, in accordance with article L. 232-19 of the French Commercial Code, the issue price of the new shares delivered as payment for the final dividend would be set at 90% of the average of the opening prices quoted for the Company's shares during the twenty trading days preceding the date of this Meeting, less the amount of the final per-share dividend and rounded up to the nearest euro cent.

Shareholders who opt for the stock dividend alternative would need to send a request to their broker between May 3, 2017 (the ex-dividend date for the final dividend) and May 22, 2017. Any shareholders whose option has not been exercised by that date will automatically receive a cash dividend.

The final dividend will be paid on May 30, 2017, and shareholders who have opted for the stock dividend alternative will also receive their shares on this date.

The new shares would carry dividend rights from January 1, 2017 and would rank *pari passu* with the Company's existing shares.

If the amount of a stock dividend does not correspond to a whole number of shares, the shareholder concerned will receive the nearest lower whole number of shares and the difference in cash.

The Board is asking shareholders to grant it full powers, which it may delegate, to take all necessary measures to pay the final dividend in the form of shares, and notably to:

- set the issue price of the shares in accordance with the above terms and conditions;
- place on record the number of shares issued and carry out the corresponding capital increase;
- amend article 5 of the Company's bylaws accordingly;
- and more generally, carry out any and all filing and other legal formalities and take any necessary measures to achieve the purpose of this resolution.

Fifth resolution

(STOCK DIVIDEND ALTERNATIVE FOR THE 2017 INTERIM DIVIDEND)

In the fifth resolution, in accordance with article 27 of the Company's bylaws and articles L. 232-12, L. 232-13 and L. 232-18 *et seq.* of the French Commercial Code, shareholders are invited to approve an option for any interim dividends set by the Board of Directors for 2017 to be paid either in cash or new shares.

Shareholders will be able to exercise this option to choose between cash payment or the stock dividend alternative for each interim dividend paid but the payment method opted for will apply to the all of the shares they hold.

If this resolution is adopted, in accordance with article L. 232-19 of the French Commercial Code, the issue price of the new shares delivered as payment for the interim dividend(s) would be set at 90% of the average of the opening prices quoted for the Company's shares during the twenty trading days preceding the date of the Board's decision to pay the interim dividend, less the amount of the interim dividend and rounded up to the nearest euro cent.

The Board of Directors would set the duration of the period during which shareholders may opt for the stock dividend alternative, which would commence on the date of the Board's decision to pay the interim dividend and expire within three months of that date.

The new shares would carry dividend rights from January 1, 2018 and an application would be made for them to be listed on Euronext.

If the amount of a stock dividend does not correspond to a whole number of shares, the shareholder concerned will receive the nearest lower whole number of shares and the difference in cash.

The Board is asking shareholders to grant it full powers, which it may delegate, to take all necessary measures to implement this resolution, and notably to:

- set the issue price of the shares in accordance with the above terms and conditions;
- place on record the number of shares issued and carry out the corresponding capital increase;
- amend article 5 of the Company's bylaws accordingly;
- and more generally, carry out any and all filing and other legal formalities and take any necessary measures to achieve the purpose of this resolution.

Sixth resolution

(APPROVAL OF AGREEMENTS GOVERNED BY ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE)

In the sixth resolution, the Board of Directors is recommending that shareholders approve the conclusions of the Statutory Auditors' special report on related-party agreements and commitments for the year ended December 31, 2016, as well as the agreements referred to therein.

Seventh resolution

(APPROVAL OF COMMITMENTS GOVERNED BY ARTICLE L. 225-42-1 OF THE FRENCH COMMERCIAL CODE GIVEN TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN THE EVENT OF HIS LEAVING OFFICE)

In the seventh resolution, the Board of Directors is recommending that shareholders take note of and approve the conclusions of (i) the report of the Board of Directors, described below in the thirteenth resolution, and (ii) the Statutory Auditors' special report on related-party agreements and commitments governed by article L. 225-42-1 of the French Commercial Code for the year ended December 31, 2016, and any commitments provided for therein given to Michaël Fribourg, Chairman and Chief Executive Officer.

Eighth resolution

(SETTING DIRECTORS' FEES)

In the eighth resolution, the Board of Directors, acting on the recommendation of the Compensation Committee, is asking shareholders to set at €300,000 the total fees payable to directors for the current year and all subsequent years until a new amount is set at an Annual General Meeting.

The rise in this amount from €200,000 previously to €300,000 reflects the increased workload of the Board and its two Board Committees and the resulting higher level of commitments and responsibilities required of their members.

The Board met nine times in 2016 compared with six in 2015 (when two additional meetings were held in view of the change in the Company's governance structure in October 2015).

In accordance with the Board's Rules of Procedure, the allocation of directors' fees to Board members is primarily based on their actual attendance at Board and Committee meetings.

As recommended in the MiddleNext Corporate Governance code, a summary table is provided below of the fees paid in previous years to the Company's directors (who did not receive any other form of compensation from the Company). The Chairman and Chief Executive Officer does not receive directors' fees from Chargeurs SA.

	Directors' fees(1)	
(in euros)	**For the fiscal year ended Dec. 31, 2016**	For the fiscal year ended Dec. 31, 2015 (from Oct. 30, 2015 through Dec. 31, 2015(2))
Emmanuel Coquoin	48,780	2,740
Isabelle Guichot	29,268	N/A
Catherine Sabouret	48,780	13,700
Nicolas Urbain (Non-director member of the Compensation Committee)	43,902	2,500
Georges Ralli (Non-voting director)	29,268	13,700
TOTAL	**199,998**	**32,640**

(1) *Gross amounts before tax. No other compensation was paid to non-executive directors.*
(2) *Amounts calculated on a proportionate basis for the period from October 30, 2015 through December 31, 2015. Directors' fees for 2014 are not shown in view of the new membership structure of the Board of Directors and the Board Committees that has been in place since the change in governance structure in October 2015.*

Ninth resolution

(ELECTION OF CÉCILIA RAGUENEAU AS AN INDEPENDENT DIRECTOR)

In the ninth resolution, the Board of Directors is recommending shareholders elect Cécilia Ragueneau as an independent director for a three-year term. If Cécilia Ragueneau is elected, the number of women directors on the Board would remain at two and the total number of directors at five.

Cécilia Ragueneau's profile is provided in the Appendix to this report.

Tenth resolution

(RE-ELECTION OF EMMANUEL COQUOIN AS A DIRECTOR)

In the tenth resolution, the Board of Directors is recommending shareholders are asked to re-elect Emmanuel Coquoin as a director for a three-year term.

Emmanuel Coquoin's profile is provided in the Appendix to this report.

Eleventh and twelfth resolutions

(RE-APPOINTMENT OF PRICEWATERHOUSECOOPERS AUDIT AND APPOINTMENT OF HAF AUDIT & CONSEIL, MEMBER OF CROWE HORWATH INTERNATIONAL, AS STATUTORY AUDITORS)

As the terms of office of the Statutory Auditors, PricewaterhouseCoopers Audit S.A. and S&W Associés S.A., are due to expire at the close of this Meeting, in the eleventh and twelfth resolutions, the Board of Directors is recommending shareholders re-appoint PricewaterhouseCoopers Audit S.A. as a Statutory Auditor and appoint HAF Audit & Conseil, member of Crowe Horwath International, to replace S&W Associés S.A., both for the six-year terms provided for by law, expiring at the close of the Annual General Meeting to be held in 2023 to approve the financial statements for the year ending December 31, 2022.

In accordance with the obligation to rotate audit firms introduced by EU audit reform legislation (Directive 2011/56/EU and Regulation (EU) No. 537/2014 of the European Parliament and of the Council), as transposed into French law by government order 2016-315 dated March 17, 2016 and incorporated into article L. 823-3-1 of the French Commercial Code, and in compliance with the transitional provisions introduced as a result of this reform, the terms of office of PricewaterhouseCoopers Audit S.A. and S&W Associés S.A. could only be renewed one more time each at this Meeting. After that, they may only be appointed again as the Company's Statutory Auditors after a cooling-off period of four years.

In order to avoid having to appoint two new Statutory Auditors at the same time when the existing Auditors' last legally-possible term of office expires, and to facilitate the engagement handover process, we are recommending that S&W Associés S.A.'s current term should not be renewed and that HAF Audit & Conseil, member of Crowe Horwath International, should be appointed as a new Statutory Auditor instead.

In accordance with article L. 823-1-II of the French Commercial Code and article 16 of EU Regulation 537/2014, this recommendation is being made following a selection procedure organized in compliance with the criteria set out in EU Regulation 537/2014.

The choice of HAF Audit & Conseil was made based on the recommendation and preference put forward by the Audit Committee on March 8, 2017.

Thirteenth resolution

(OPINION ON THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL COMPENSATION AND BENEFITS IN KIND PAYABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

In the thirteenth resolution, in accordance with paragraph 1 of article L. 225-37-2 of the French Commercial Code, introduced by Act 2016-1691 of December 9, 2016 (the "Sapin 2 Act"), shareholders are invited to issue a favorable opinion on the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components making up the total compensation and benefits in kind payable to the Chairman and Chief Executive Officer.

The Chairman and Chief Executive Officer's compensation package is set by the Board of Directors based on the recommendations of the Compensation Committee. His compensation package for 2017, which is being put to the shareholders' vote and is described below, was set by the Board at its December 7, 2016 and March 8, 2017 meetings based on the Compensation Committee's recommendations.

In accordance with the disclosure requirements of paragraph 2 of article L. 225-37-2 of the French Commercial Code and the September 2016 version of the MiddleNext Code, a table is provided below detailing the compensation due or paid to the Chairman and Chief Executive Officer for fiscal years 2016, 2015 and 2014.

Compensation of the Chairman and Chief Executive Officer for 2016

The Chairman and Chief Executive Officer does not have an employment contract.

The Chairman and Chief Executive Officer's compensation for 2016, which comprises a fixed component and a variable component, was set by the Board of Directors based on the recommendation of the Compensation Committee.

When the new Chairman and Chief Executive Officer took up his post following the change in the Group's governance structure in 2015, and in connection with the launch of the Chargeurs' "Performance, Discipline, Ambitions" plan, he suggested that the costs related to his office should be tightly controlled.

In respect of 2016, the basic fixed compensation paid to the Chairman and Chief Executive Officer was set at €375,000 (gross), representing a 31% decrease compared with the aggregate annual fixed compensation paid separately to the Chairman and the Chief Executive Officer under the previous governance structure.

The Chairman and Chief Executive Officer's variable compensation is contingent on the achievement of quantitative and qualitative objectives, which are appropriately weighted, at 60% and 40% respectively. In 2016, the Chairman and Chief Executive Officer was eligible for 100% of his basic variable compensation (representing 50% of the amount of his fixed compensation) in view of (i) the triggering threshold being met for the quantitative objectives (notably for consolidated recurring operating profit), and (ii) the success of the strategies implemented under the "Performance, Discipline, Ambitions" plan. He was also eligible for three additional amounts of variable compensation for 2016. First, due to the outperformance of targets set for the "Performance, Discipline, Ambitions" plan and to the fact that the quantitative objectives were largely exceeded despite the volatile general economic context. Second, as a result of Chargeurs' share performance as the share price jumped 80.7% between January 1, 2016 and December 31, 2016. And lastly, following the success of the Group's first ever Euro PP private placement, which raised €57 million in seven-year financing with very attractive interest rates, the Board awarded the Chairman and Chief Executive Officer a €50,000 special bonus based on the recommendation of the Compensation Committee.

The Chairman and Chief Executive Officer's total variable compensation for 2016 came to a gross amount of €535,500, which is still lower than the amount paid under the previous governance structure, despite the fact that the Group's recurring operating profit and profit for the year rose by 27% and 63% respectively.

The Chairman and Chief Executive Officer received gross compensation of €40,000 for his corporate officer duties in Group subsidiaries in 2016, but at his request he was not paid any directors' fees in respect of his role as a member of the Board of Directors of Chargeurs SA. Also at his request, he has not been granted any stock options or free shares, he is not a member of a supplementary pension plan and he does not receive any benefits in kind such as a Company car.

Compensation and benefits of the Chairman and Chief Executive Officer for 2017

The Chairman and Chief Executive Officer does not hold an employment contract (as was the case in 2016 and 2015).

His compensation for 2017 was set by the Board of Directors based the recommendation of the Compensation Committee (as was the case in 2015 and 2016).

The amount set takes into account the same concern for financial discipline as in 2015 and 2016 and is once again lower than the total paid under the Company's previous governance structure.

The Chairman and Chief Executive Officer's compensation for 2017 comprises a fixed component and a variable component as follows:

Basic fixed compensation

The Group's policy is to ensure that it carefully controls the fixed component of the Chairman and Chief Executive Officer's compensation.

In view of the excellent performances delivered in 2015 and 2016, the Chairman and Chief Executive Officer's basic fixed compensation was set at €450,000 (gross) for 2017. In line with the objectives of the "Performance, Discipline, Ambition" plan, this amount is 18% lower than the aggregate annual basic fixed compensation paid under the previous governance structure.

Variable compensation

The Chairman and Chief Executive Officer's variable compensation for 2017 will be contingent on the following three types of objectives:

- financial objectives, based on the Group's financial performance, particularly consolidated recurring operating profit;
- individual non-financial objectives, based on successful implementation of key strategic long-term actions as assessed by the Compensation Committee;
- a shareholder return objective, measured on the basis of the following two criteria which each count for 50% of this objective: (i) Chargeurs SA's share performance between the beginning and end of the year concerned (based on the average closing share price for the last twenty trading days of the year compared with the average closing price for the first twenty trading days of the year), and (ii) the amount of dividends paid during the year divided by the average closing share price for the first twenty trading days of the year. This objective is directly linked to shareholders' immediate interests.

The Chairman and Chief Executive Officer's variable compensation for 2017 will therefore be based on quantitative and qualitative objectives, which are appropriately weighted, at 60% and 40% respectively. If the pre-defined threshold related to the Group's financial performance is fully reached and the qualitative objectives related to the Group's strategic actions are met, as assessed by the Compensation Committee, the Chairman and Chief Executive Officer will be eligible for 100% of his basic variable compensation, which represents 50% of the amount of his basic fixed compensation. He may also receive an additional amount of variable compensation if the applicable financial objectives are outperformed. Lastly, the Board of Directors may award the Chairman and Chief Executive Officer special bonuses in the event of successful strategic transactions. The total amount of his variable compensation for 2017 is capped at 150% of his basic fixed compensation.

Even if all of his objectives were exceeded and the above cap reached, the Chairman and Chief Executive Officer's total compensation would remain lower than that paid under the previous governance structure in spite of significantly higher comparative performance levels.

The qualitative objectives applicable to the Chairman and Chief Executive Officer's variable compensation for 2017 are based on the following three action areas (each of which have an equal weighting):

- Implementing the Group's strategy and using its resources in such a way as to enhance its efficiency and effectiveness.
- Modernizing the Group's organizational structure and international talent management policy.
- Putting in place a new digital strategy for the Group.

Payment of the Chairman and Chief Executive Officer's variable compensation

On the basis of the audited interim financial statements and the Compensation Committee's analysis of the achievement of the qualitative and quantitative performance objectives at the end of the first half of the year (apart from the criteria related to share performance and the dividend payment), the Board of Directors may grant the Chairman and Chief Executive Officer one annual downpayment of his variable compensation, based on the proportion of the performance objectives achieved at that date.

Apart from cases that fall within the scope of the sixth resolution on related-party agreements and commitments, the balance of the Chairman and Chief Executive Officer's variable compensation, calculated on the basis of the final audited annual financial statements, will be paid after the shareholders' say-on-pay vote at the Annual General Meeting held to approve the financial statements for 2017.

Directors' fees

At his request, the Chairman and Chief Executive Officer does not receive any directors' fees for his roles and responsibilities as Chairman of the Board of Directors as set in the Company's bylaws (i.e. in relation to organizing the Board's work and operating procedures). In 2017, he will receive a gross amount of €60,000 for corporate officer duties in Group subsidiaries but, as in 2016, at his request he will not receive any directors' fees in respect of his role as a member of the Board of Directors of Chargeurs SA. The Chairman and Chief Executive Officer does not receive any benefits in kind such as a Company car.

Benefits in kind

In 2017, the Chairman and Chief Executive Officer will be eligible for the welfare and professional travel insurance plan set up for Group employees. The Company has also taken out an unemployment insurance policy on his behalf for which the contributions (representing an annual amount of €22,000) are subject to payroll taxes and are therefore accounted for as a benefit in kind. At his request, the Chairman and Chief Executive Officer has not been granted any stock options or free shares, he is not a member of a supplementary pension plan.

Commitments given to the Chairman and Chief Executive Officer

The Board of Directors noted that, despite the existence of well-established, standard internal practices, prior to the introduction of French Act 2016-830 on transparency, anti-corruption measures and modernization of the economy, there was no formal documentation in place concerning the compensation, indemnities or benefits that would be payable to the Chairman and Chief Executive Officer as a result of his leaving office or changing duties within the Group. Consequently, acting on the recommendation of the Compensation Committee, the Board of Directors decided to clearly set out the commitments given to Michaël Fribourg in connection with his duties as Chairman and Chief Executive Officer, which are described below.

On March 8, 2017, the Board of Directors approved a non-compete agreement between Michaël Fribourg and Chargeurs SA. This agreement, which reflects the Group's standard internal practices, is being submitted for shareholder approval at this Meeting in accordance with the applicable legislation.

In view of his roles and responsibilities, Michaël Fribourg has daily access to confidential information about the Company and other Group entities, as well as their clients, which, if disclosed to competitors, could severely harm the Company's interests.

Consequently, Mr. Fribourg has given an undertaking that if his duties as either Chief Executive Officer or as Chairman and Chief Executive Officer are terminated (irrespective of the reasons therefore and manner thereof), he will refrain for a period of two years from entering into the service of, or taking any form of direct or indirect interest in, any entity whose business activities compete with those of the Chargeurs Group in the segments of temporary surface protection or garment interlining. This undertaking applies in the main countries where the Group has premises or an operating presence. As consideration, if Michaël Fribourg leaves office or his roles of Chairman and Chief Executive Officer are separated, the Company will pay him a non-compete indemnity equal to his total gross compensation for the last full fiscal year. For the purpose of calculating this indemnity, total gross compensation corresponds to his basic fixed compensation (including the directors' fees received for his corporate officer positions in Group companies) and the full amount of his variable compensation received for the last full fiscal year.

Also on March 8, 2017, the Board of Directors approved an agreement setting out the benefits that would be payable to Michaël Fribourg by Chargeurs SA in the event that (i) his term of office is not renewed, (ii) he is removed from office, (iii) his roles as Chairman and Chief Executive Officer are separated, or (iv) there is a change in the Company's strategy or control. This agreement, which reflects the Group's standard internal practices, is being submitted for shareholder approval at this Meeting in accordance with the applicable legislation.

Pursuant to this agreement, if Michaël Fribourg is removed from office or his term of office is not renewed for whatever reason (including in the event of a transformation, a change in governance structure, the separation of the roles of Chairman and Chief Executive Officer, or a merger), except in the event of gross negligence or serious misconduct (within the meaning of French case law), or if he resigns from his office of Chairman and Chief Executive Officer within the Company, Michaël Fribourg will receive an indemnity equal to his total gross compensation received for the last full fiscal year.

For the purpose of calculating this benefit, total gross compensation corresponds to his basic fixed compensation (including the directors' fees received for his corporate officer positions in Group companies) and the full amount of his variable compensation received for the last full fiscal year.

In accordance with article L. 225-42-1 of the French Commercial Code, the payment of this indemnity is contingent on reaching, during the last full fiscal year, the quantitative objectives for Michaël Fribourg's variable compensation.

Compensation of the Chairman and Chief Executive Officer due and paid for fiscal years 2016, 2015 and 2014 (Article L. 225-37-2, para. 2.C, of the French Commercial Code and MiddleNext Code)

	Fiscal year 2014		Fiscal year 2015 (from Oct. 30, 2015 through Dec. 31, 2015)		Fiscal year 2016	
Michaël Fribourg, Chairman and Chief Executive Officer	Amount due	Amount paid	Amount due[1]	Amount paid[1]	Amount due	Amount paid
Fixed compensation[2]	N/A	N/A	€63,920	€63,920	€375,000	€375,000
Compensation for corporate officer positions in other Group companies	N/A	N/A	N/A	N/A	€40,000	€40,000
Annual variable compensation[3]	N/A	N/A	€31,960	€31,960	€535,500	€535,500
Directors' fees	N/A	N/A	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A	€15,921	€15,921
TOTAL(4)	**N/A**	**N/A**	**€95,880**	**€95,880**	**€966,421**	**€966,421**

(1) Amounts calculated on a proportionate basis for the period from October 30, 2015 through December 31, 2015.
(2) Gross amount before tax.
(3) The applicable performance criteria (both quantitative and qualitative objectives) for fiscal 2015 and 2016 were the same as those set for 2017 as described above in this report. Michaël Fribourg's annual variable compensation for 2016 reflects (i) the achievement of the quantitative and qualitative objectives, (ii) outperformance of the quantitative objective set by the Board of Directors, based on the recommendation of the Compensation Committee, (iii) additional compensation paid as a result of Chargeurs' strong share performance in 2016 (up 80.7% between January 1, 2016 and December 31, 2016), and (iv) a special bonus of €50,000 awarded by the Board of Directors on the recommendation of the Compensation Committee in view of the success of the Group's first-ever private placement of bonds which raised a total of €57 million in 7-year financing with very attractive interest rates.
(4) The Chairman and Chief Executive Officer did not hold an employment contract in either 2015 or 2016. In addition, he did not receive any benefits in kind such as a Company car and, at his request, he did not receive any stock options or free shares and was not a member of any supplementary pension plan.

Fourteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO CARRY OUT A SHARE BUYBACK PROGRAM)

In the fifteenth resolution of the March 14, 2016 Annual General Meeting, the shareholders authorized the Board of Directors to buy back Chargeurs shares at a maximum price of €16 per share. This authorization expires on September 14, 2017.

Pursuant to this authorization, on May 9, 2016 the Company signed a liquidity contract with Rothschild & CIE Banque that complies with the Code of Ethics drawn up by the AMAFI (French Association of Investment Companies), with the aim of ensuring the liquidity of Chargeurs' shares. The initial amount allocated to the liquidity contract was €2.6 million.

Apart from shares purchased under the liquidity contract, the Company did not buy back any other of its own shares in 2016. At December 31, 2016 Chargeurs SA held 13,334 shares in treasury (representing 0.06% of its share capital). These treasury shares do not carry voting rights, and any dividends payable on them are allocated to retained earnings.

In the fourteenth resolution, shareholders are invited to renew the Board of Directors' authorization to carry out a share buyback program so that the Company can purchase its own shares at any time, except when a public offer for the Company's shares is in progress.

The maximum number of shares that could be bought back under this authorization would be set at 2,296,614, which corresponds to the maximum number of treasury shares that may be held by the Company as provided for by law (10% of the share capital).

The maximum per-share purchase price would be €30 and the maximum amount that could be invested in the buyback program would therefore be €68,898,420.

The shares may be bought back or sold at any time, except while a public offer for the Company's shares is in progress, and by any method within the limits allowed under the applicable regulations, in on- or off-market transactions, including through block purchases or sales, or through the use of options or derivatives traded on a regulated market or over-the-counter, including call options.

The objectives of the buyback program are the same as for the previously authorized program. Consequently, the shares may be bought back and held in accordance with the applicable laws and regulations for the following purposes: (a) to ensure the liquidity of Chargeurs' shares or to make a market in the shares through an investment services provider; (b) to hold shares for future delivery in payment or exchange for the securities of other companies in connection with external growth transactions; (c) to reduce the Company's capital by canceling the acquired shares; (d) to hold shares for delivery or exchange on exercise of rights attached to securities convertible, redeemable, exchangeable or otherwise exercisable for Chargeurs shares; (e) for allocation under stock option plans set up by the Company or any similar plan; (f) for allocation or sale to employees in connection with employee profit-sharing plans or any employee savings plan set up at Company or Group level (or any similar plan); (g) for allocation under free share or performance share plans, and/or (h) for the implementation of any accepted market practice or any market practice that may be authorized in the future under the applicable laws or by France's securities regulator (the *Autorité des Marchés Financiers*).

The Board of Directors would be given full powers to use this authorization, directly or through a legally authorized representative, to place any and all buy and sell orders on all markets or carry out any and all off-market transactions, enter into all agreements, prepare all documents, carry out all filing and other formalities with all authorities and organizations, allocate or re-allocate the purchased shares to the various purposes in compliance with the applicable laws and regulations, and generally do everything necessary for implementing the decisions made by the Board pursuant to this authorization.

This authorization is being sought for a period of eighteen months from the date of this Meeting and would supersede the unused portion of the previous authorization granted by shareholders for the same purpose.

EXTRAORDINARY RESOLUTIONS

Fifteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO REDUCE THE COMPANY'S CAPITAL BY A MAXIMUM OF 10% BY CANCELING SHARES BOUGHT BACK BY THE COMPANY)

In accordance with article L. 225-209 of the French Commercial Code, the Board of Directors is seeking the renewal — for a period of twenty-six months — of the authorization given at the March 14, 2016 Annual General Meeting to reduce the Company's capital, on one or more occasions, by canceling Chargeurs shares that the Company already holds and/or that it may purchase in the future under the share buyback program.

The Company did not cancel any of its shares in 2016.

In accordance with the law, the total number of shares canceled in any given twenty-four month period could not exceed 10% of the Company's share capital.

The difference between the carrying amount of the canceled shares and their par value would be charged against any available reserves or share premium accounts.

The Board of Directors would be given full powers — which may be delegated — to (i) reduce the Company's capital on one or more occasions by canceling shares as described above, (ii) amend the Company's bylaws to reflect the new capital, (iii) carry out any and all publication formalities and (iv) take any and all measures that contribute, directly or indirectly to the completion of the capital reduction(s).

This authorization would supersede the unused portion of the previous authorization granted for the same purpose at the March 14, 2016 Annual General Meeting.

Sixteenth resolution

(INTRODUCTION OF A SPECIAL DIVIDEND AND CORRESPONDING AMENDMENT TO ARTICLE 27 OF THE COMPANY'S BYLAWS)

The purpose of the sixteenth resolution is to (i) encourage and reward shareholder loyalty by introducing a special 10% dividend for all shareholders who, at the end of a given fiscal year, have held registered shares for at least two years and still hold those shares when the dividend is paid for that year, and (ii) amend article 27 of the Company's bylaws accordingly.

This special dividend would also apply to dividends paid in new shares and would be rounded down to the nearest euro cent where necessary.

In addition, if the Company's capital is increased by capitalizing reserves, profit or the share premium account and a bonus share issue is carried out, any shareholders that, at the end of the previous fiscal year have held registered shares for at least two years and still hold those shares at the time of the capital increase, will be entitled to an additional 10% bonus shares, rounded down to the nearest whole number if said 10% includes a fraction of a share.

In accordance with the law, the maximum number of shares eligible for the special dividend may not exceed 0.5% of the Company's capital at the dividend payment date for any single shareholder.

If approved by shareholders, the special dividend would be introduced for the first time for the dividend payment for 2019 to be approved at the 2020 Annual General Meeting.

Seventeenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE, WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS, ORDINARY CHARGEURS SHARES AND/OR SECURITIES WITH DIRECT OR INDIRECT RIGHTS TO SHARES, THROUGH A PRIVATE PLACEMENT GOVERNED BY ARTICLE L. 411-2-II OF THE FRENCH MONETARY AND FINANCIAL CODE)

At the Annual General Meeting of March 14, 2016, the shareholders granted the Board of Directors several standard financial authorizations to increase the Company's capital by various methods and for various purposes, as shown in the table on page 151 of the 2016 Annual Report. The aim of these financial authorizations is to give the Board of Directors the flexibility it needs in terms of choosing what kinds of issues to carry out and the type of financial instruments to use, based on the prevailing situation and available opportunities in the financial markets.

For the same reasons, in the seventeenth resolution the Board of Directors is seeking an authorization to carry out private placements of shares or compound securities, without pre-emptive subscription rights for existing shareholders. The shares or compound securities would be offered exclusively to (i) investment service providers or third-party asset managers, or (ii) qualified investors or a closed group of investors who are investing their own funds.

This authorization would make it easier for the Company to raise funds at the best rates available in the market, as private placements are a quicker and easier solution than public offerings. Shareholders are being asked to waive their pre-emptive subscription rights in order to allow the Board to carry out private placements according to a simplified process, through the issue in France and/or abroad of shares and/or securities with rights to shares of the Company (apart from preference shares or securities with rights to preference shares).

If granted, this authorization could be used on one or more occasions and the Board would have full discretionary powers to set the amounts and timings of the issues which may be carried out at any time apart from when a public offer for the Company's shares is in progress.

The aggregate nominal amount of capital increases without pre-emptive subscription rights that could be carried out immediately or at a future date pursuant to this resolution would be capped at €360,000. This ceiling does not include the par value of any shares that may be issued in order to protect the rights of existing holders of securities with rights to shares.

In addition, the Company's capital could not be increased by any more than 10% per year through private placements (i.e. below the 20% cap set in article L. 225-136, paragraph 3, of the French Commercial Code). Lastly, the capital increase(s) carried out using this authorization would be deducted from the blanket ceiling which was set (in accordance with article L. 225-129-2 of the French Commercial Code) at €1,500,000 in the thirteenth resolution of the March 14, 2016 Annual General Meeting.

The maximum aggregate face value of debt securities that could be issued under this resolution would be set at €100 million.

Shares issued directly would be priced at an amount at least equal to the minimum price specified in the regulations applicable when the issue is decided (i.e., currently, the weighted average price quoted on Euronext Paris over the three trading days preceding the pricing date, less a maximum discount of 5%, as specified in articles L. 225-136-1, paragraph 1 and R. 225-119 of the French Commercial Code), as adjusted where necessary for the difference in cum rights dates.

Issues of other securities would be priced so that the amount received immediately by the Company plus the amount to be received in the future, if any, for each share issued as a result of the exercise of rights to shares, is at least equal to the issue price defined in the above paragraph, as adjusted if necessary for the difference in cum rights dates.

The Board of Directors would be given full powers to use this authorization, either directly or through a duly authorized representative in accordance with the conditions set by law and the Company's bylaws.

This authorization is being sought for a period of twenty-six months.

Eighteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SHARES AND/OR OTHER SECURITIES OFFERED IN ANY ISSUE WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS CARRIED OUT PURSUANT TO THE SEVENTEENTH RESOLUTION)

Subject to the adoption of the seventeenth resolution (issues of shares and/or other securities without pre-emptive subscription rights), in the eighteenth resolution shareholders are asked to give the Board of Directors a greenshoe option to increase the number of securities offered for each issue carried out pursuant to the seventeenth resolution. If this option were exercised, the additional securities would be issued at the same price as for the initial offer and would be subject to the timeframes and ceilings provided for in the regulations applicable on the original issue date (i.e., currently, the additional issue must be carried out within thirty days of the end of the subscription period of the initial offer and subject to a ceiling of 15% of the initial offer amount, in accordance with articles L. 225-135-1 and R. 225-118 of the French Commercial Code).

The aggregate nominal amount of any capital increase(s) carried out pursuant to this resolution will be deducted from the ceiling(s) set in the resolution authorizing the initial offer.

This authorization is being sought for a period of twenty-six months from the date of this Meeting and would be given in addition to the authorization granted in the eighth resolution of the March 14, 2016 Annual General Meeting.

Nineteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO SET, IN ACCORDANCE WITH THE TERMS AND CONDITIONS DECIDED AT THE ANNUAL GENERAL MEETING, THE ISSUE PRICE OF THE SECURITIES ISSUED WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS PURSUANT TO THE SEVENTEENTH RESOLUTION, SUBJECT TO COMPLIANCE WITH THE TERMS OF THE SEVENTEENTH RESOLUTION AND A CAP REPRESENTING 10% OF THE COMPANY'S CAPITAL)

Subject to the adoption of the seventeenth resolution (issues of shares and/or other securities without pre-emptive subscription rights), in the nineteenth resolution the Board is seeking an authorization to set the price of shares or other securities issued pursuant to the seventeenth resolution, in accordance with article L. 225-136-1 of the French Commercial Code.

Under the terms of this resolution, the Board would be authorized to set the issue price in such a way that the amount received or receivable by the Company for each share issued under the seventeenth resolution is not less than one of the following three amounts, to be chosen at the Board's discretion:

(i) the volume-weighted average share price for the twenty (20) trading days preceding the pricing date; or

(ii) the volume-weighted average share price for the ten (10) trading days preceding the pricing date; or

(iii) the volume-weighted average share price for the trading day preceding the pricing date,

less a maximum discount of 15%, provided that the amount to be received per share is at least equal to the par value.

In addition, the share issues could not result in the Company's capital being increased by more than 10% per year, in accordance with article L. 225-136-1 of the French Commercial Code. Lastly, the capital increase(s) carried out using this authorization would be deducted from the blanket ceiling which was set (in accordance with article L. 225-129-2 of the French Commercial Code) at €1,500,000 in the thirteenth resolution of the March 14, 2016 Annual General Meeting.

This authorization is being sought for a period of twenty-six months from the date of this Meeting and would supersede the unused portion of the previous authorization granted by shareholders for the same purpose.

Twentieth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO GRANT FREE SHARES TO EMPLOYEES AND/OR OFFICERS, WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS)

The purpose of this resolution is to authorize the Board of Directors to grant, on one or more occasions, existing or new Chargeurs shares free of consideration to beneficiaries selected by the Board from among the employees and/or officers of the Company or of entities or groupings affiliated to the Company.

Under this resolution the Board would be given full powers to decide on the beneficiaries of the grants, the number of free shares to be granted to each beneficiary and the related terms and conditions, including any vesting conditions. The total number of free shares that could be granted would not be able to exceed 1% of the Company's capital at the date of this Meeting.

In addition, if the free shares granted correspond to new shares, this authorization would result in a capital increase at the end of the corresponding vesting periods, to be paid up by capitalizing reserves, profit, or the share premium account, and existing shareholders would waive their rights to the capitalized portion of reserves, profit, or the share premium account, as well as their pre-emptive rights to subscribe for the issues to be carried out on the vesting of the free shares concerned.

Twenty-first resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO CARRY OUT EMPLOYEE SHARE ISSUES, WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS)

In the twenty-first resolution shareholders are invited to authorize the Board of Directors to carry out one or more capital increases, as provided for in articles L. 3332-18 to L. 3332-20 of the French Labor Code, by issuing ordinary Chargeurs shares to employees and other eligible persons as defined by law who are members of a Company or Group employee savings plan set up by the Company or by any French or foreign companies affiliated to it within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code.

Under this resolution:

- Preference shares would be specifically excluded from the authorization.
- The aggregate nominal amount of the capital increases carried out pursuant to this authorization would be capped at €100,000 and this amount would be deducted from the €1,500,000 blanket ceiling on capital increases set in the thirteenth resolution of the March 14, 2016 Annual General Meeting.
- Shareholders would waive their pre-emptive rights to subscribe for the shares to be issued pursuant to this authorization.
- The shares could not be offered at a price that is greater than the average (as calculated in accordance with article L. 3332-19 of the French Labor Code) of the prices quoted for Chargeurs shares over the twenty trading days preceding the date of the decision setting the opening date of the subscription period, nor could they be offered at a discount of more than 20% of this average. The Board of Directors would be authorized to reduce or eliminate said discount, if appropriate, in particular due to differences in foreign laws, regulations and tax rules.
- The Board of Directors would be able to allocate free shares to the above beneficiaries — either new shares to be paid up by capitalizing reserves, profit or the share premium account or existing shares — in respect of (i) the employer's matching contribution, if any, provided for in the employee savings plan rules, and/or (ii) the discount, provided that their monetary value, determined by reference to the subscription price, would not result in the ceilings specified in articles L. 3332-1 1 and L. 3332-19 of the French Labor Code being exceeded.

This authorization is being sought for a period of twenty-six months from the date of this Meeting and would supersede the unused portion of the previous authorization granted by shareholders for the same purpose.

Twenty-second resolution

(POWERS TO CARRY OUT LEGAL FORMALITIES)

Shareholders are asked to grant the Board of Directors all of the necessary powers to carry out the legal formalities required in relation to the above-described resolutions.

We thank you in advance for demonstrating your confidence in Chargeurs by voting for these resolutions recommended by the Board.

The Board of Directors

SUMMARY OF CURRENT FINANCIAL AUTHORIZATIONS

Transactions/securities concerned	Duration of the authorization from the date of this Meeting and expiration date	Ceiling
Share buyback program (15th resolution of the March 14, 2016 AGM)	18 months September 13, 2017	€16 per share, maximum investment: €2,296,614 (par value). The Company may not hold more than 10% of its capital
Issues with pre-emptive subscription rights Issue of all types of securities, paid up in cash or by capitalizing additional paid-in capital, reserves, profits or other eligible items (5th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	€900,000 (par value) for shares and €100 million for debt securities (with issues deducted from the blanket ceiling of €1.5 million) ("the Blanket Ceiling")
Issues without pre-emptive subscription rights Issues of all types of securities through public offerings (6th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	€350,000 (par value) for shares (with issues deducted from the Blanket Ceiling)
Greenshoe option (8th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	Up to 15% increase in securities issued with or without pre-emptive subscription rights (with the additional securities deducted from the ceiling set in the relevant resolution and from the Blanket Ceiling)
Issues of securities in payment for the shares of other companies tendered to a public exchange offer initiated by the Company (10th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	€900,000 (par value) (with issues deducted from the Blanket Ceiling)
Issues of securities in payment for the shares or other securities of other companies contributed to the Company (11th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	10% of the share capital on the issue date (with issues deducted from the Blanket Ceiling)
Employee rights issue (12th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	€100,000 (par value) (with issues deducted from the Blanket Ceiling)
Cancellation of shares held in treasury (14th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	10% of the share capital per 24-month period.

PROPOSED RESOLUTIONS

ORDINARY RESOLUTIONS

First resolution

(APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors and the Statutory Auditors' report on the parent company financial statements, the shareholders approve the parent company financial statements for the year ended December 31, 2016, as presented, showing profit for the year of €54,364,192.82, together with all the transactions for the year reflected in the financial statements or referred to in the aforementioned reports.

The shareholders therefore give full discharge to the members of the Board of Directors for the fulfillment of their duties during the year ended December 31, 2016.

Second resolution

(APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, the shareholders approve the consolidated financial statements for the year ended December 31, 2016, as presented, showing profit for the year of €25 million, together with all the transactions for the year reflected in the consolidated financial statements or referred to in the aforementioned reports.

Third resolution

(APPROPRIATION OF PROFIT FOR 2016 AND APPROVAL OF A DIVIDEND)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having noted that 2016 profit of €54,364,192.82 and "Other reserves" of €119,219,062.26 together represent profit available for distribution of €173,583,255.08, the shareholders approve the appropriations recommended by the Board of Directors.

Consequently, the shareholders resolve to appropriate profit available for distribution as follows:

- Dividend: €12,631,379.20
- "Other reserves": €160,951,875.88

Total: €173,583,255.08

The amount in the "Other reserves" account has therefore been increased from €119,219,062.26 to €160,951,875.88.

Based on the 22,966,144 shares with a par value of €0.16 outstanding as of December 31, 2016, the dividend per share amounts to €0.55.

An interim dividend of €0.20 per share was paid on September 21, 2016. Consequently, the final per-share dividend payable is €0.35. The ex-dividend date for this amount will be May 3, 2017 and payment will be made on May 30, 2017.

The amounts corresponding to final dividends not paid on shares held in treasury stock on May 30, 2017 will be credited to "Other reserves".

Both the €0.20 interim dividend and the €0.35 final dividend are eligible for the 40% tax relief provided for in article 158-3-2 of the French General Tax Code *(Code général des impôts)* for individual shareholders who are French tax residents.

In accordance with the disclosure requirements of article 243 *bis* of the French Tax Code, shareholders are hereby informed that no dividend was paid for 2013 and that the following dividends were paid for 2014 and 2015:

Year	Number of shares(1)	Total dividend payout(2)	Dividend per share
2014	16,021,311	€3,204,262.20	€0.20
2015	22,958,399	€6,887,519.70	€0.30

(1) Based on historical data at December 31 of each year.
(2) Theoretical values calculated based on the number of shares at December 31 of each year.

The total amounts of the dividends paid for 2014 and 2015 were eligible for the 40% tax relief provided for in article 158-3-2 of the French General Tax Code.

Fourth resolution

(STOCK DIVIDEND ALTERNATIVE FOR THE 2016 FINAL DIVIDEND)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors, in accordance with articles L. 232-18 *et seq.* of the French Commercial Code and article 27 of the Company's bylaws, the shareholders resolve to offer each shareholder the option for the full amount of their final dividend for 2016 to be paid either in cash or in new shares.

Shareholders will be able to exercise this option to choose between cash payment or the stock dividend alternative but the payment method opted for will apply to all of the shares they hold.

In accordance with article L. 232-19 of the French Commercial Code, the issue price of the new shares delivered as payment for the final dividend will amount to 90% of the average of the opening prices quoted for the Company's shares during the twenty trading days preceding the date of this Meeting, less the net amount of the final per-share dividend, as stated in the third resolution, and rounded up to the nearest euro cent.

Shareholders who opt for the stock dividend alternative must send a request to their broker between May 3, 2017 (the ex-dividend date for the final dividend) and May 22, 2017. Any shareholders whose option has not been exercised by that date will automatically receive a cash dividend.

The final dividend will be paid on May 30, 2017, and shareholders who have opted for the stock dividend alternative will also receive their shares on this date.

The new shares will carry dividend rights from January 1, 2017 and will rank *pari passu* with the Company's existing shares.

If the amount of a stock dividend does not correspond to a whole number of shares, the shareholder concerned will receive the nearest lower whole number of shares and the difference in cash.

The shareholders give the Board of Directors full powers, which it may delegate, to take all necessary measures to pay the final dividend in the form of shares, and notably to:

- set the issue price of the shares in accordance with the above terms and conditions;
- place on record the number of shares issued and carry out the corresponding capital increase;
- amend article 5 of the Company's bylaws accordingly;
- and more generally, carry out any and all filing and other legal formalities and take any necessary measures to achieve the purpose of this resolution.

Fifth resolution

(STOCK DIVIDEND ALTERNATIVE FOR THE 2017 INTERIM DIVIDEND)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors, the shareholders resolve that if the Board decides to allocate one or more interim dividends for 2017, such dividends may be paid either in cash or new shares at the discretion of the shareholder, in compliance with article 27 of the Company's bylaws and articles L. 232-12, L. 232-13 and L. 232-18 *et seq.* of the French Commercial Code.

Shareholders will be able to exercise this option to choose between cash payment or the stock dividend alternative for each interim dividend paid but the payment method opted for will apply to the all of the shares they hold.

In accordance with article L. 232-19 of the French Commercial Code, the issue price of the new shares delivered as payment for the interim dividend(s) must represent at least 90% of the average of the opening prices quoted for the Company's shares during the twenty trading days preceding the date of the Board's decision to pay the interim dividend, less the net amount of the interim dividend and rounded up to the nearest euro cent.

The Board of Directors will set the duration of the period during which shareholders may opt for the stock dividend alternative, which will commence on the date of the Board's decision to pay the interim dividend and expire within three months of that date.

The new shares will carry dividend rights from January 1, 2018 and an application will be made for them to be listed on Euronext.

If the amount of a stock dividend does not correspond to a whole number of shares, the shareholder concerned will receive the nearest lower whole number of shares and the difference in cash.

The shareholders grant the Board of Directors full powers, which it may delegate, to take all necessary measures to implement this resolution, and notably to:

- set the issue price of the shares in accordance with the above terms and conditions;
- place on record the number of shares issued and carry out the corresponding capital increase;
- amend article 5 of the Company's bylaws accordingly;
- and more generally, carry out any and all filing and other legal formalities and take any necessary measures to achieve the purpose of this resolution.

Sixth resolution

(APPROVAL OF AGREEMENTS GOVERNED BY ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the Statutory Auditors' special report on related-party agreements and commitments, the shareholders approve said report and any agreements governed by article L. 225-38 of the French Commercial Code referred to therein.

Seventh resolution

(APPROVAL OF COMMITMENTS GOVERNED BY ARTICLE L. 225-42-1 OF THE FRENCH COMMERCIAL CODE GIVEN TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN THE EVENT OF HIS LEAVING OFFICE)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors and the Statutory Auditors' special report on related-party agreements and commitments governed by article L. 225-42-1 of the French Commercial Code, the shareholders take note of and approve said reports and any commitments provided for therein given to Michaël Fribourg, Chairman and Chief Executive Officer.

Eighth resolution

(SETTING DIRECTORS' FEES)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors, the shareholders resolve to set at €300,000 the total fees payable to directors for the current year and all subsequent years until a new amount is set at an Annual General Meeting.

Ninth resolution

(ELECTION OF CÉCILIA RAGUENEAU AS AN INDEPENDENT DIRECTOR)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors, the shareholders elect Cécilia Ragueneau as an independent director for a three-year term expiring at the close of the Annual General Meeting to be held in 2020 to approve the 2019 financial statements.

Tenth resolution

(RE-ELECTION OF EMMANUEL COQUOIN AS A DIRECTOR)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors and noted that Emmanuel Coquoin's directorship is due to expire at the close of this Meeting, the shareholders re-elect Mr. Coquoin as a director for a three-year term expiring at the close of the Annual General Meeting to be held in 2020 to approve the 2019 financial statements.

Eleventh resolution

(RE-APPOINTMENT OF PRICEWATERHOUSECOOPERS AUDIT AS A STATUTORY AUDITOR)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors and noted that the term of office of PricewaterhouseCoopers Audit S.A. as a Statutory Auditor of the Company is due to expire at the close of this Meeting, the shareholders re-appoint PricewaterhouseCoopers Audit S.A as a Statutory Auditor for a six-year term expiring at the close of the Annual General Meeting to be held in 2023 to approve the 2022 financial statements.

Twelfth resolution

(APPOINTMENT OF HAF AUDIT & CONSEIL, MEMBER OF CROWE HORWATH INTERNATIONAL, AS A STATUTORY AUDITOR)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors and noted that the term of office of S&W Associés S.A.. as a Statutory Auditor of the Company is due to expire at the close of this Meeting, the shareholders appoint HAF Audit & Conseil, member of Crowe Horwath International (whose registered office is located at 15, rue de la Baume, 75008 Paris, France) as a Statutory Auditor for a six-year term expiring at the close of the Annual General Meeting to be held in 2023 to approve the 2022 financial statements.

Thirteenth resolution

(OPINION ON THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL COMPENSATION AND BENEFITS IN KIND PAYABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors, in accordance with article L. 225-37-2 of the French Commercial Code, the shareholders issue a favorable opinion on the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the total compensation and benefits in kind payable to the Chairman and Chief Executive Officer as presented and described in the report of the Board of Directors on the resolutions proposed at this Meeting.

Fourteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO CARRY OUT A SHARE BUYBACK PROGRAM)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having considered the report of the Board of Directors, in compliance with articles L. 225-209 *et seq.* of the French Commercial Code, the shareholders:

1. Grant the Board of Directors an authorization, which it may delegate, to purchase up to 2,296,614 Chargeurs shares. The shares may be purchased in one or more transactions at any time, as determined by the Board (except while a public offer for the Company's shares is in progress). Under no circumstances may these purchases lead to the Company holding over 10% of its capital.
2. Resolve that the shares may be bought back and held in accordance with the applicable laws and regulations for the following purposes:
   (a) to ensure the liquidity of Chargeurs' shares or to make a market in the shares through an investment service provider acting independently under a liquidity contract that complies with a code of ethics approved by France's securities regulator (the *Autorité des Marchés Financiers*);
   (b) to hold shares for future delivery in payment or exchange for the securities of other companies, in cash, stock-for-stock or capital contribution transactions conducted as part of the Company's external growth strategy, within the limits set by the applicable regulations;
   (c) to reduce the Company's capital by canceling the acquired shares;
   (d) to hold shares for delivery or exchange on exercise of rights attached to securities convertible, redeemable, exchangeable or otherwise exercisable for Chargeurs shares;
   (e) for allocation under stock option plans set up by the Company and governed by articles L. 225-177 *et seq.* of the French Commercial Code or any similar plan;
   (f) for allocation or sale to employees in connection with employee profit-sharing plans or any employee savings plan set up at Company or Group level (or any similar plan) in accordance with the applicable laws, especially articles L. 3332-1 *et seq.* of the French Labor Code;
   (g) for allocation under free share or performance share plans governed by articles L. 225-197-1 *et seq.* of the French Commercial Code; and/or
   (h) for the implementation of any accepted market practice or any market practice that may be authorized in the future under the applicable laws or by the *Autorité des Marchés Financiers*.
3. Resolve that the shares may be bought back, sold or transferred at any time (except while a public offer for the Company's shares is in progress) and by any method within the limits allowed under the applicable regulations, in on- or off-market transactions, including through block purchases or sales, or through the use of options or derivatives traded on a regulated market or over-the-counter, including call options.
4. Set the maximum purchase price at €30 per share, which may be adjusted by the Board of Directors if appropriate to take into account the effect of any corporate actions. The maximum amount that may be invested in the buyback program will therefore be €68,898,420.
5. Give the Board of Directors full powers to use this authorization, directly or through a legally authorized representative, to place any and all buy and sell orders on all markets or carry out any and all off-market transactions, enter into all agreements, prepare all documents, carry out all filing and other formalities with all authorities and organizations, allocate or re-allocate the purchased shares to the various purposes in compliance with the applicable laws and regulations, and generally do everything necessary for implementing the decisions made by the Board pursuant to this authorization.
6. Resolve that this authorization is given for a period of eighteen months from the date of this Meeting and supersedes the unused portion of any previous authorization given by shareholders for the same purpose.

EXTRAORDINARY RESOLUTIONS

Fifteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO REDUCE THE COMPANY'S CAPITAL BY A MAXIMUM OF 10% BY CANCELING SHARES BOUGHT BACK BY THE COMPANY)

Voting in accordance with the quorum and majority rules applicable to extraordinary meetings and having considered the report of the Board of Directors and the Statutory Auditors' special report, in compliance with article L. 225-209 of the French Commercial Code, the shareholders:

1. Authorize the Board of Directors to cancel, at its sole discretion and on one or more occasions, all or some of the Chargeurs shares held by the Company, now or in the future, subject to a cap of 10% of the issued capital per twenty-four month period.
2. Resolve that the difference between the carrying amount of the canceled shares and their par value will be charged against any available reserves or share premium accounts.
3. Give the Board of Directors full powers — which may be delegated — to (i) reduce the Company's capital on one or more occasions by canceling shares as described above, (ii) amend the Company's bylaws to reflect the new capital, (iii) carry out any and all publication formalities and (iv) take any and all measures that contribute, directly or indirectly to the completion of the capital reduction(s).
4. Resolve that this authorization is given for a period of twenty-six months from the date of this Meeting and supersedes the unused portion of any previous authorization given by shareholders for the same purpose.

Sixteenth resolution

(INTRODUCTION OF A SPECIAL DIVIDEND AND CORRESPONDING AMENDMENT TO ARTICLE 27 OF THE COMPANY'S BYLAWS)

Voting in accordance with the quorum and majority rules applicable to extraordinary meetings and having considered the report of the Board of Directors, the shareholders resolve to introduce a special dividend for all shareholders who, at the end of a given fiscal year, have held registered shares for at least two years and still hold those shares when the dividend is paid for that year. Consequently, the shareholders further resolve to amend article 27 of the Company's bylaws accordingly by incorporating a second paragraph immediately after the first paragraph of said article. This second paragraph shall read as follows (with the rest of the article remaining unchanged):

"As from January 1, 2018, any shareholder who, at the end of a given fiscal year, has held registered shares for at least two years and still holds those shares when the dividend is paid for that year shall be entitled to a special dividend on said shares, which shall correspond to 10% of the ordinary dividend (including for dividends paid in new shares), rounded down to the nearest euro cent where necessary.

In addition, if the Company's capital is increased by capitalizing reserves, profit or the share premium account and a bonus share issue is carried out, any shareholder that, at the end of the previous fiscal year has held registered shares for at least two years and still holds those shares at the time of the capital increase, shall be entitled to an additional 10% bonus shares, rounded down to the nearest whole number if said 10% includes a fraction of a share.

In accordance with the law, the maximum number of shares eligible for the special dividend may not exceed 0.5% of the Company's capital at the dividend payment date for any single shareholder.

If a dividend is paid in shares or a bonus share issue is carried out, the new shares issued and attributed to eligible shareholders shall be deemed to be the same as the shares on which the dividend payment or bonus share allocation was based (i.e. considered as meeting the eligibility conditions) for the purposes of the future calculation of the special dividend or additional rights to bonus shares.

Where a bonus share issue is carried out, if a shareholder's additional 10% entitlement results in rights to fractions of shares, said rights shall be non-transferable and non-tradable. The corresponding shares shall be sold, with the proceeds of the sale allocated among the holders of rights to fractions of shares within thirty days of the date on which the whole number of shares to which they are entitled are recorded in their share account.

The provisions of this paragraph shall apply for the first time for the dividend payment for 2019, which will be set at the Annual General Meeting to be held in 2020."

Seventeenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE, WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS, ORDINARY CHARGEURS SHARES AND/OR SECURITIES WITH DIRECT OR INDIRECT RIGHTS TO SHARES, THROUGH A PRIVATE PLACEMENT GOVERNED BY ARTICLE L. 411-2-II OF THE FRENCH MONETARY AND FINANCIAL CODE)

Voting in accordance with the quorum and majority rules applicable to extraordinary meetings and having considered the Board of Directors' report and the Statutory Auditors' special report, in compliance with the French Commercial Code (particularly articles L. 225-127 to L. 225-129, L. 225-129-2, L. 225-129-4, L. 225-135, L. 225-136, and L. 228-91 to L. 228-94, and article L. 411-2-II of the French Monetary and Financial Code) the shareholders:

1. Authorize the Board of Directors to carry out the securities issues described below, at its sole discretion and on one or more occasions. The Board shall have full discretionary powers to decide (i) the amounts of said issues, which may be carried out in France and/

or abroad and shall consist of private placements governed by article L. 411-2-II of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders, and (ii) their timing (other than when a public offer for the Company's shares is in progress).

The issues may consist of:

(a) Chargeurs shares; and/or

(b) equity instruments or debt securities convertible, redeemable, exchangeable or otherwise exercisable, immediately or at a future date, for existing or new Chargeurs shares and/or with rights to Chargeurs debt securities; and/or

(c) any compound or other securities convertible, redeemable, exchangeable or otherwise exercisable, immediately or at a future date, for new Chargeurs shares,

including securities that also have rights to existing shares and/or to debt securities payable in both cases in cash or by capitalizing debt.

2. Resolve that this authorization may not be used to issue preference shares or securities convertible, redeemable, exchangeable or otherwise exercisable, immediately or at a future date, for preference shares.

3. Resolve that securities issued pursuant to this authorization may consist of debt securities either governed by or excluded from the scope of application of articles L. 228-91 *et seq.* of the French Commercial Code, or of warrants, or be attached to said securities or allow their issue as intermediate securities. They may represent senior or junior debt, have a fixed term or no fixed maturity, and be denominated in euros, in foreign currency or in any monetary unit determined by reference to a basket of currencies.

4. Note that the private placement(s) governed by article L. 411-2-II of the French Monetary and Financial Code undertaken in accordance with this authorization may be carried out jointly or simultaneously with one or more public offers decided on by the Board of Directors pursuant to the sixth resolution of the March 14, 2016 Annual General Meeting.

5. Resolve that the aggregate nominal amount of the capital increase(s) carried out immediately or at a future date pursuant to this resolution may not exceed €360,000, and that:

   (a) this amount will be deducted from the €1,500,000 blanket ceiling on capital increases set in the thirteenth resolution of the March 14, 2016 Annual General Meeting, it being specified that this ceiling does not include the par value of any shares that may be issued in the future to protect the rights of existing holders of the Company's shares or securities with rights to shares (in accordance with the relevant laws and regulations and any contractual stipulations requiring such adjustments to be made in other cases);

   (b) share issues carried out pursuant to this resolution may not result in the Company's capital being increased by more than 10% per year, as determined on the date of the Board's decision to use the authorization; and

   (c) the above amounts do not include the par value of any shares that may be issued in the future to protect the rights of existing holders of rights to the Company's shares or securities with rights to shares (in accordance with the relevant laws and regulations and any contractual stipulations requiring such adjustments to be made in other cases).

6. Resolve that the aggregate face value of debt securities issued pursuant to this authorization may not exceed, and will be deducted from, the blanket ceiling for all debt securities issues set at €100,000,000 (or the equivalent in any foreign currency or other monetary unit as determined based on the exchange rate on the date the issue is decided) in paragraph 5 of the fifth resolution of the March 14, 2016 Annual General Meeting.

7. Resolve that shareholders shall waive their pre-emptive rights to subscribe for the shares and other securities issued pursuant to this authorization.

8. Note that for the issuance of securities convertible, redeemable, exchangeable or otherwise exercisable, immediately or at a future date, for new Chargeurs shares, this authorization will automatically entail the waiver by shareholders of their pre-emptive rights to subscribe for said new shares.

9. Resolve that:

   (a) new Chargeurs shares issued directly will be priced at an amount at least equal to the minimum price specified in the regulations applicable when the issue is decided (i.e., currently, the weighted average price quoted on Euronext Paris over the three trading days preceding the pricing date, less a maximum discount of 5%, as specified in article L. 225-136-1, paragraph 1, and article R. 225-119 of the French Commercial Code), as adjusted where necessary for the difference in cum rights dates;

(b) issues of securities with rights to Chargeurs shares will be priced so that the amount received immediately by the Company plus the amount to be received in the future, if any, for each share issued as a result of the exercise of rights to shares, is at least equal to the issue price defined in the above paragraph, as adjusted if necessary for the difference in cum rights dates.

10. Give the Board of Directors full powers to use this authorization, either directly or through a duly authorized representative in accordance with the conditions set by law and the Company's bylaws. In particular, the Board shall have full powers to:

(a) decide any share issue and, if applicable, postpone an issue;

(b) set the amount, features and terms and conditions of any issue, including the type of securities to be issued, the issue price (which may be at par or with a premium), the cum rights date, which may be retroactive, the method by which the securities are to be paid up, and, if applicable, the terms governing the allocation of warrants, their life and exercise conditions; determine the method for exercising the rights attached to the securities and the terms and conditions governing the conversion, redemption, exchange or exercise of the securities for Chargeurs shares; modify the above terms and conditions during the life of the securities, subject to compliance with the applicable formalities;

(c) in the case of a debt securities issue, decide whether they correspond to senior or junior debt (including, in the case of junior debt, their ranking in accordance with article L. 228-97 of the French Commercial Code), set their life (which may be indefinite), the interest rate and payment method, and decide all issuance terms and conditions, including the granting of guarantees or collateral, as well as the terms of repayment, including through the delivery of Company assets;

(d) determine — taking into account the applicable legal restrictions — the circumstances in which the Company may (i) purchase or exchange, in on- or off-market transactions, any issued securities or securities to be issued immediately or at a future date, in order to cancel them or for other purposes, or (ii) have the right to suspend exercise of any rights attached to the securities;

(e) make all adjustments required under the applicable laws and regulations and to comply with any contractual stipulations requiring adjustments to be made in other circumstances; determine the method to be used to protect the rights of securities holders and holders of other future rights to shares;

(f) charge the share issuance costs against the related premiums and deduct from the premiums the amount necessary to raise the legal reserve to the required amount;

(g) place on record each successive capital increase and amend the Company's bylaws to reflect the new capital;

(h) generally, enter into any and all agreements, take any and all measures and carry out all formalities related to the issue, listing and servicing of the securities issued under this authorization and to the exercise of the rights attached to the securities.

11. Resolve that this authorization is given for a period of twenty-six months from the date of this Meeting and supersedes the unused portion of any previous authorization given by shareholders for the same purpose.

Eighteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SHARES AND/OR OTHER SECURITIES OFFERED IN ANY ISSUE WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS CARRIED OUT PURSUANT TO THE SEVENTEENTH RESOLUTION)

Voting in accordance with the quorum and majority rules applicable to extraordinary meetings and having considered the report of the Board of Directors and the Statutory Auditors' special report, in compliance with articles L. 225-135-1 and R. 225-118 of the French Commercial Code, the shareholders:

1. Authorize the Board of Directors to increase the number of securities offered for each issue carried out pursuant to the seventeenth resolution. If this authorization is used, the additional securities must be issued at the same price as for the initial offer and will be subject to (i) the timeframes and ceilings provided for in the regulations applicable on the original issue date (i.e., currently, the additional issue must be carried out within thirty days of the end of the subscription period of the initial offer and subject to a ceiling of 15% of the initial offer amount) and (ii) the ceiling(s) set in the resolution pursuant to which the initial offer was carried out.

2. Resolve that this authorization is given for a period of twenty-six months from the date of this Meeting and supersedes the authorization for the same purpose given in the eighth resolution of the March 14, 2016 Annual General Meeting.

Nineteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO SET, IN ACCORDANCE WITH THE TERMS AND CONDITIONS DECIDED AT THE ANNUAL GENERAL MEETING, THE ISSUE PRICE OF THE SECURITIES ISSUED WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS PURSUANT TO THE SEVENTEENTH RESOLUTION, SUBJECT TO COMPLIANCE WITH THE TERMS OF THE SEVENTEENTH RESOLUTION AND A CAP REPRESENTING 10% OF THE COMPANY'S CAPITAL)

Voting in accordance with the quorum and majority rules applicable to extraordinary meetings and having considered the report of the Board of Directors and the Statutory Auditors' special report, subject to the adoption of the seventeenth resolution and in compliance with article L. 225-136-1 of the French Commercial Code, the shareholders:

1. Authorize the Board of Directors, for each issue of shares or other securities decided pursuant to the seventeenth resolution, to set the issue price in such a way that the amount received or receivable by the Company for each share issued under the seventeenth resolution is not less than one of the following three amounts, to be chosen at the Board's discretion:

   (i) the volume-weighted average share price for the twenty (20) trading days preceding the pricing date; or

   (ii) the volume-weighted average share price for the ten (10) trading days preceding the pricing date; or

   (iii) the volume-weighted average share price for the trading day preceding the pricing date,

   less a maximum discount of 15%, provided that the amount to be received per share is at least equal to the par value.

2. Resolve that the aggregate nominal amount of the capital increase(s) resulting from the use of this authorization may not exceed (i) 10% of the Company's share capital in any twelve-month period, or (ii) the €1,500,000 ceiling set in the thirteenth resolution of the March 14, 2016 Annual General Meeting, from which the capital increase(s) will be deducted.

3. Resolve that this authorization is given for a period of twenty-six months from the date of this Meeting.

4. Resolve that this authorization supersedes, as from the date of this Meeting, any previous authorization given by shareholders for the same purpose.

5. Resolve that the Board of Directors shall have full powers — which may be delegated in accordance with the law — to use this authorization subject to the conditions set out in the seventeenth resolution.

Twentieth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO GRANT FREE SHARES TO EMPLOYEES AND/OR OFFICERS, WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS)

Having considered the report of the Board of Directors and the Statutory Auditors' special report, the shareholders:

1. Authorize the Board of Directors to grant, on one or more occasions, existing or new Chargeurs shares free of consideration to beneficiaries selected by the Board from among the employees and/or officers of the Company or of entities or groupings affiliated to the Company within the meaning of article L. 225-197-2 of the French Commercial Code, in accordance with the terms and conditions set out below.

2. Give the Board full powers to determine the beneficiaries of the grants, the number of free shares to be granted to each beneficiary and the related terms and conditions, including any vesting conditions.

The total number of free shares granted must not exceed 1% of the Company's capital at the date of this Meeting.

Each time it decides to carry out such a share grant, the Board of Directors shall set — in accordance with the application legal conditions — the vesting period of the shares concerned, which must not be less than one year from the grant date.

Also each time it decides to carry out share grants, the Board of Directors shall set — in accordance with the applicable legal conditions — the minimum time period during which the beneficiaries must hold their shares after they have vested (the "lock-up period"). In general, the lock-up period must not be less than one year but if the vesting period corresponds to at least two years the Board of Directors may remove the requirement for a lock-up period.

On an exceptional basis, the free shares granted shall vest before the expiry of the vesting period if the beneficiary becomes disabled (as classified in the second or third categories defined in article L. 341-4 of the French Social Security Code). Existing shares granted to beneficiaries for the purpose of implementing this resolution must be purchased in advance by the Company, either (i) pursuant to article L. 225-208 of the French Commercial Code, or (ii) under the share buyback program authorized in the fourteenth resolution of this Meeting in accordance with article L. 225-209 of the French Commercial Code or any other previously or subsequently authorized share buyback program.

The shareholders note that if the free shares granted correspond to new shares, this authorization will result in a capital increase at the end of the corresponding vesting periods, to be paid up by capitalizing reserves, profit, or the share premium account. Consequently, they resolve to waive their rights to the capitalized portion of reserves, profit, or the share premium account, as well as their pre-emptive rights to subscribe for the issues to be carried out on the vesting of the free shares concerned.

The Board of Directors shall have full powers to:

- set the terms and conditions of the grants and any vesting conditions;
- determine the beneficiaries of the share grants and the number of shares granted to each one;
- determine the impact that any corporate actions carried out during the vesting or lock-up periods may have on the rights of beneficiaries, and consequently adjust where necessary the number of shares granted in order to protect said rights;
- set, within the limits provided for in this resolution, the duration of the vesting period and any lock-up period;
- and where appropriate:
  - place on record that there are sufficient reserves, and at the time of each free share grant transfer to a special reserve the amounts required to pay up the new shares to be granted,
  - carry out the capital increase(s) required to grant new shares, by capitalizing reserves, profit or the share premium accounts,
  - purchase the requisite number of shares under the share buyback program and allocate them to the free share plan(s),
  - take all necessary measures to ensure that the beneficiaries respect the lock-up period, and
  - generally, do whatever is necessary, within the scope of the applicable legislation, to implement this resolution.

This authorization is given for a period of twenty-six months from the date of this Meeting and supersedes any previous authorization given by shareholders for the same purpose.

Twenty-first resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO CARRY OUT EMPLOYEE SHARE ISSUES, WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS)

Voting in accordance with the quorum and majority rules applicable to extraordinary meetings and having considered the report of the Board of Directors and the Statutory Auditors' special report, in compliance with articles L. 225-129-2, L. 225-129-6, L. 225-138 and L. 225-138-1 of the French Commercial Code and articles L. 3332-1 *et seq.* of the French Labor Code, the shareholders:

1. Authorize the Board of Directors to carry out one or more capital increases, as provided for in articles L. 3332-18 to L. 3332-20 of the French Labor Code, by issuing ordinary Chargeurs shares to employees and other eligible persons as defined by law who are members of a Company or Group employee savings plan set up by the Company or by any French or foreign companies affiliated to it within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code.
2. Resolve that this authorization may not be used to issue preference shares.
3. Resolve that the aggregate nominal amount of the capital increases carried out pursuant to this authorization will be capped at €100,000 and this amount will be deducted from the €1,500,000 blanket ceiling on capital increases set in the thirteenth resolution of the March 14, 2016 Annual General Meeting.
4. Resolve to waive their pre-emptive rights to subscribe for the shares issued pursuant to this authorization, which will be offered for subscription either directly or through a corporate mutual fund or any other vehicle or entity allowed under the applicable laws and regulations, by employees and other eligible persons as defined by law who are members of a Company or Group employee savings plan set up by the Company or by any French or foreign companies affiliated to it within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code.
5. Resolve that the shares may not be offered at a price that is greater than the average (as calculated in accordance with article L. 3332-19 of the French Labor Code) of the prices quoted for Chargeurs shares over the twenty trading days preceding the date of the decision setting the opening date of the subscription period, nor may they be offered at a discount of more than 20% of this average. The Board of Directors is authorized to reduce or eliminate said discount, if appropriate, in particular due to differences in foreign laws, regulations and tax rules.
6. Resolve that in accordance with article L. 3332-21 of the French Labor Code, the Board of Directors may allocate free shares to the above beneficiaries — either new shares to be paid up by capitalizing reserves, profit or the share premium account or existing shares — in respect of (i) the employer's matching contribution, if any, provided for in the employee savings plan rules, and/or (ii) the discount, provided that the monetary value of said shares, determined by reference to the subscription price, does not result in the ceilings specified in articles L. 3332-1-1 and L. 3332-19 of the French Labor Code being exceeded.

7. Give the Board of Directors full powers — which may be delegated in accordance with the applicable laws and regulations — to use this authorization, and in particular to:
   (a) set the amount of the capital increase(s), subject to the applicable ceiling, and determine the timing and the terms and conditions of each share issue;
   (b) set the issue price of the new shares in accordance with article L. 3332-19 of the French Labor Code, the method by which the shares will be paid up, the subscription period and the method by which employees and other eligible persons may exercise their subscription rights as defined above;
   (c) charge the taxes, fees and other expenses associated with the share issues against the related premiums and deduct from the premiums the amount required to increase the legal reserve to one tenth of the new capital after each issue;
   (d) make any adjustments it considers are required to comply with the applicable laws and regulations;
   (e) if free shares are allocated for the purposes set out in paragraph 6 above, determine the amounts to be capitalized to pay up the shares and decide the reserve, profit or share premium account from which said amounts will be transferred;
   (f) place on record the capital increases carried out, amend the Company's bylaws to reflect the new capital, prepare any and all deeds and carry out any and all formalities, directly or through a representative, and generally do everything necessary.
8. Resolve that this authorization is given for a period of twenty-six months from the date of this Meeting and supersedes the unused portion of any previous authorization given by shareholders for the same purpose.

Twenty-second resolution

(POWERS TO CARRY OUT LEGAL FORMALITIES)

The shareholders give full powers to the bearer or an original, copy or extract of the minutes of this Meeting to carry out all filing and other formalities required by law.

CORPORATE GOVERNANCE

Michaël Fribourg
Chairman and Chief Executive Officer, Chargeurs

Joëlle Fabre-Hoffmeister
Group Secretary General and Chief Compliance Officer

Olivier Buquen
Executive Vice-President, International Business Development

Rémy Husson
Chief Financial Officer

Laurent Derolez
Chief Executive Officer, Chargeurs Protective Films

Bernard Vossart
Chief Executive Officer, Chargeurs Fashion Technologies

Patrick Bonnefond
Chief Executive Officer, Chargeurs Technical Substrates

Fédérico Paullier
Chief Executive Officer, Chargeurs Wool

MEMBERS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

RECOMMENDATION R3 OF THE MIDDLENEXT CODE

Name	Current position within the Company	Date first elected/ appointed	Current term expires	Audit Committee	Compensation Committee
Michaël Fribourg	Director, and	Oct. 30, 2015 Board meeting (appointed by the Board)	2018 AGM	N/A	N/A
	Chairman and Chief Executive Officer	Oct. 30, 2015 Board meeting	2020 Board meeting		
Colombus Holding SAS, represented by Nicolas Urbain	Director	Oct. 30, 2015 Board meeting (appointed by the Board)	2019 AGM	N/A	Nicolas Urbain, Non-director member
Emmanuel Coquoin	Director	Oct. 30, 2015 Board meeting (appointed by the Board)	2017 AGM	Member	N/A
Isabelle Guichot	Independent director	May 4, 2016 AGM	2019 AGM	N/A	Chair
Catherine Sabouret	Independent director	May 30, 2014 AGM	2017 AGM	Chair	N/A
Georges Ralli	Non-voting director	May 4, 2016 AGM	2019 AGM	Non-voting director	Non-voting director

BOARD OF DIRECTORS

Name Directorship and other positions held in Chargeurs, date term expires	Directorships and other positions held in other companies
Michaël Fribourg **Chairman and Chief Executive Officer** Current term expires at the Annual General Meeting to be held in 2018 Profile Michaël Fribourg founded Columbus Holding with the support of leading French long-term institutional investors — CM-CIC Investissement, EFFI-INVEST II, BNP Paribas Développement and Harwanne (Covéa Group) — and several French family offices. He began his career in the cabinet office of Renaud Dutreil (Minister for Trade, Craft Industry and Small Businesses and Enterprises), where he worked from 2005 to 2006 before joining the *Inspection générale des finances* (the French tax inspectorate), where he led several advisory and support projects for the French administration and for the Office of the French President. In 2011, he became Special Adviser to the Minister for Industry, Energy and the Digital Economy, serving as co-chief of staff. Mr. Fribourg is a graduate of *École normale supérieure, Institut d'études politiques de Paris (Sciences-Po)* and *École nationale d'administration.* He also holds postgraduate degrees in philosophy and economics, as well as a master's degree in modern humanities. In 2009, he became a member of the *Inspection générale des finances.* He is currently a Senior Lecturer at Sciences Po Paris.	Directorships and positions held **Chairman and Chief Executive Officer of:** – Chargeurs SA **Chairman of:** – Colombus Holding SAS – MF Holding SAS – Médicis Participations SAS – Benext Venture SAS – Chargeurs Textiles SAS – Main Tape Company, Inc. (USA) **Chief Executive Officer of:** – Colombus Family Holding SAS **Member of the Supervisory Board of:** – JOA Group **Legal Manager of:** – Financière Herschel SARL – Chargeurs Boissy SARL **Permanent representative of:** – Chargeurs Textiles SAS on the Board of Directors of Chargeurs Films de Protection SA **Member of:** – Association Le Millénaire Other directorships and positions held in the last five years **Chairman of:** – Colombus Family Holding SAS (2015) **Director of:** – Novacel Belgium NV (2017)
Colombus Holding SAS Head office: 55, avenue Marceau 75116 Paris, France **Director** **Permanent representative on the Board of Directors: Nicolas Urbain, member of the Compensation Committee** Current term expires at the Annual General Meeting to be held in 2019 Profile Nicolas Urbain is currently Chief Executive Officer of EFFICAP II. He holds a post-graduate degree in corporate and tax law from Paris II University and is a certified public accountant. Mr. Urbain has worked for Clinvest in both Paris and New York and has served in various management positions at companies in the pharmaceutical, services and real estate industries. He has also been a financial engineering consultant.	Directorships and positions held **Chief Executive Officer of:** – EFFICAP II **Chairman of the Board of Directors of:** – Financière Sicomax SA – Outside Living Industries SA **Chairman of:** – "ID" Immobilier Développement SAS **Legal Manager of:** – CDB Finances SARL Other directorships and positions held in the last five years None
Emmanuel Coquoin **Director** **Member of the Audit Committee** Current term expires at the April 27, 2017 Annual General Meeting Profile For the last eight years, Emmanuel Coquoin has been Investment Director at Habert Dassault Finance. He is a graduate of IEP Paris and holds an MBA from INSEAD. He began his career at Barclays Bank, Paris as an analyst and subsequently worked in the Corporate Finance division in London as an Associate Director.	Director put forward for re-election at the Annual General Meeting *See page 166 for details.*

Name Directorship and other positions held in Chargeurs, date term expires	Directorships and other positions held in other companies
Isabelle Guichot **Director** **Chair of the Compensation Committee** Current term expires at the Annual General Meeting to be held in 2019. Profile A graduate of HEC Business School, Isabelle Guichot began her career at Cartier International where she held the following posts: Project Manager at Cartier Incorporated in New York (1988-89) and then Vice Secretary General (1989-91); Sales Director at Cartier International (1992-95), Chief Executive Officer of Cartier SA France (1996-99), President and Chief Executive Officer of Van Cleef & Arpels International (1999-2005) and Lancel (2003-2005). She subsequently served in the following posts in the Pinault Printemps Redoute (PPR) group: Development Director at Gucci Group (2005-07), President and Chief Executive Officer of Sergio Rossi (2005-07) and President and Chief Executive Officer of Balenciaga SA (2007-17). She was also a member of the Board of Directors of the Kering Foundation. Ms. Guichot has been named a Knight of the French Legion of Honor and of the French National Order of Merit. She won the *Femme en Or* Whirlpool Trophy in 2003 and 2004 and the *Trofémina* Siemens prize in 2005.	Directorships and positions held None Other directorships and positions held in the last five years **President and Chief Executive Officer of:** – Balenciaga SA (2017) **Chair of:** – Arcades Ponthieu SAS (France) (2017) – Balenciaga Retail Italia (2017) – Balenciaga Spain (2017) – Balenciaga America (2017) **Director of:** – Kering Foundation (2017) – Balenciaga UK (2017) – Balenciaga Asia Pacific Limited (HK) (2017) – Balenciaga Asia Pacific Limited (Taiwan Branch) (2017) – Balenciaga Korea (2017) – Balenciaga Japan (2017) **Legal Manager of:** – Balenciaga Fashion Shanghai (China) (2017) **Acting director of:** – Balenciaga Logistica (Switzerland) (2017)
Catherine Sabouret **Director** **Chair of the Audit Committee** Current term expires at the April 27, 2017 Annual General Meeting Profile Catherine Sabouret graduated from ESSEC Business School and has spent her entire career as an auditor at PwC. She began as a junior auditor in 1977 and then worked in the Melbourne office and became specialized in IT audits. She was made a partner in 1988 and served in this role and as a statutory auditor until June 30, 2013. As well as working as an auditor she held the position of Human Resources Director between 1989 and 1998 and from 2001 to 2009 she chaired the Supervisory Board of PwC Audit in France. Catherine Sabouret is a member of the national bureau of the accountants' trade union in France (IFEC) and of the Professional Standards Committee of the French National Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes).* She was also a member of the French Auditors' Oversight Body (H3C).	Director whose term of office expires at the Annual General Meeting Directorships and positions held **Director of:** – Banimmo Other directorships and positions held in the last five years **Member, as a statutory auditor, of:** – The French Auditors' Oversight Body (H3C) (2016)

NON-VOTING DIRECTOR *(CENSEUR)*

Georges Ralli

Non-voting director

Current term expires at the Annual General Meeting to be held in 2019.

Profile

Georges Ralli holds a post graduate diploma in banking and finance from the University of Paris-V, and is a graduate of the Paris *Institut d'études politiques* (economics and finance option) and the *Institut commercial* in Nancy. He joined Crédit Lyonnais in 1970 where he served in a number of management positions until 1981 (General Accounting Research department responsible for monitoring statutory ratios and consolidation procedures for the Group — Alsace Regional Head Office in charge of corporate customers — Financial Affairs department responsible for the primary equity market business).

In 1982, he became Secretary to the Commission for Savings Development and Protection, then, from 1982 to 1985, managed the Financial Negotiations department of Crédit du Nord (primary equity and bond markets, mergers and acquisitions, proprietary investment).

He joined Lazard in 1986 to help develop its primary equity market business.

In 1989, he moved to the mergers and acquisitions department. He became managing partner in 1993 and was appointed as co-head of mergers and acquisitions at Lazard LLC in 1999. From 2000 to 2012, George Ralli was Managing Director and Deputy Chairman of the Executive Committee of Lazard LLC (USA).

At the same time, he headed up its French branch (Maison Française) until 2009. Until 2012, he was President of the European mergers and acquisitions activities (Maison Lazard) and European asset management and private banking businesses activities (Lazard Frères Gestion and Lazard Wealth Management Europe).

Currently, he is both shareholder and legal manager of IPF Partners, an investment fund specialized in the healthcare sector.

Directorships and positions held

Vice-Chairman and member of the Board of Directors and Chairman of the Audit Committee of:

- Carrefour

Legal Manager of:

- IPF Management 1 SARL (Luxembourg)
- IPF Partners SARL (Switzerland)

Director and Chairman of the Audit, Risks and Sustainable Development Committee of:

- ICADE SA

Director of:

- Quadrature Investment Managers

Other directorships and positions held in the last five years

- **President of Maison Lazard SAS** (2012)
- **President of Lazard Frères Gestion SAS** (2012)
- **Managing Partner** of Compagnie Financière Lazard Frères SAS (2012)
- **Managing Partner of Lazard Frères SAS** (2012)
- **Managing Partner of Lazard Frères Gestion SAS** (2012)
- **Member of the Supervisory Board of VLGI SAS** (2012)
- **Vice-President and Chief Executive Officer of Lazard Group LLC** (USA) (2012)
- **Chief Executive of the European Investment Banking Business of Lazard** (USA) (in 2012)
- **Co-Chairman of the European Investment Banking Committee of Lazard** (USA) (2012)
- **Chairman of the Board of Managers of Lazard Wealth Management Europe SARL** (Luxembourg) (2012)
- **Chairman of the Advisory Board of Lazard GmbH** (Switzerland) (2012)
- **Member of LFCM Holdings LLC** (USA) (2012)
- **Member of the Advisory Committee of Lazard BV** (Belgium) (2012)
- **Member of the European Advisory Board of Lazard** (USA) (2012)
- **Director of Lazard Wealth Management Holding SL** (Spain) (2012)
- **Director of LAZ-MD Holding LLC** (USA) (2012)
- **Director of Lazard Aserores Financieros SA** (Spain) (2012)
- **Director of Lazard AB** (Sweden) (2012)
- **Director of Lazard & Co Srl** (Italy) (2012)
- **Director of Lazard Investments Srl** (Italy) (2012)
- **Director of SILIC SA** (2013)
- **Director of Veolia Environnement** (2015)
- **Director, member of the Audit Committee and Chairman of the Compensation Committee of** Chargeurs SA (2016)

SUMMARY OF CHANGES IN THE MEMBERSHIP OF THE BOARD OF DIRECTORS DURING 2016

AMF recommendation 2013-20 of November 18, 2013

Board members as of December 31, 2016

Five directors, including two independent directors, both of whom are women:

- Michaël Fribourg (Chairman and Chief Executive Officer);
- Colombus Holding SAS (permanent representative: Nicolas Urbain);
- Emmanuel Coquoin;
- Isabelle Guichot (independent director);
- Catherine Sabouret (independent director).

One non-voting director:

- Georges Ralli.

Changes in Board membership in 2016

- Isabelle Guichot (elected as an independent director and appointed Chair of the Compensation Committee);
- George Ralli (term of office as a director expired and elected as a non-voting director).

DIRECTOR WHOSE ELECTION IS SUBMITTED TO THE VOTE AT THE ANNUAL GENERAL MEETING

Name:
Cécilia Ragueneau
12, rue d'Oradour-sur-Glane - 75015 Paris, France
Chargeurs shares held: None
Date of birth: May 22, 1973
Director and member of the Audit Committee

Profile

Cécilia Ragueneau holds a Master's Degree in International Business (European Business School), a post-graduate degree in Marketing Studies (University Paris I-Panthéon Sorbonne) and an Executive MBA from the European Institute Of Business Administration (INSEAD).
She began her career as a Head of Studies at Cofremca-Sociovision (1995-2000), before joining the Canal + group in 2000 where she served as Group Marketing Manager (2000-2003), Executive Director of Group Studies (2003-2005), Executive Director of Channel Marketing (2005-2008), Director of New Channel Content (2008-2011) and Chief Executive Officer of i> télé (2011-2015).
Since 2017, she is the Chief Executive Officer of RMC.

Directorships and positions held

Chief Executive Officer of:
- RMC

Other directorships and positions held in the last five years

Chief Executive Officer of:
- i> télé (2015)

DIRECTOR PUT FORWARD FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name:
Emmanuel Coquoin
227, avenue Napoléon-Bonaparte- 92500 Rueil-Malmaison, France
Chargeurs shares held: None
Date of birth: December 31, 1961
Director and member of the Audit Committee

Profile

For the last eight years, Emmanuel Coquoin has been Investment Director at Habert Dassault Finance.
He is a graduate of IEP Paris and holds an MBA from INSEAD.
He began his career at Barclays Bank, Paris as an analyst and subsequently worked in the Corporate Finance division in London, as an Associate Director.

Directorships and positions held

Investment Director at:
- Habert Dassault Finance

Non-executive director of:
- Geary LSF

Other directorships and positions held in the last five years

None

CONCORDANCE TABLES OF THE ANNUAL FINANCIAL REPORT AND OF THE MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT

To assit in the reading of this document, the concordance table blow identifies the information included in the annual financial report that must be published by listed companies pursuant to Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the general reulations of the French financial markets authorty (*Autorité des marchés financiers*).

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The 2016 Annual Report is available
for download from the corporate website
www.chargeurs.fr in both French and English

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