

2017

CSR

Social and
Environmental
Responsibility



EXACOMPTA CLAIREFONTAINE

Over the years, the Exacompta Clairefontaine Group has managed to stand out in the European market on the basis of product quality, brand reputation and environmentally friendly industrial resources.

The Group, whose registered office is located at Etival-Clairefontaine in the Vosges region of France, employs over 3,000 people and is one of Europe's leading high-end paper and stationery manufacturers. The Group markets its products all over the world and has subsidiaries in Germany, Austria, Belgium, the Netherlands, Spain, UK, Italy, Canada, Japan, USA and Morocco.

Exacompta Clairefontaine distributes its products via all of the distribution channels used by the industry. The Group has formed close ties with all stakeholders in its industrial activities.

In an increasingly competitive market, customers are demanding a top quality, comprehensive and diversified product range, as well as a firm social commitment with regard to future generations.

Backed by its human, industrial, business and logistical resources, Exacompta Clairefontaine is fully committed to a social and environmental policy based on respect for every individual's work, shared values and the conservation of natural resources.



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ENVIRONMENTAL RESPONSIBILITY

ENVIRONMENTAL POLICY

In the European market, the quality image associated with its graphics paper and stationery requires Exacompta Clairefontaine to be a leading contributor to sustainable development.

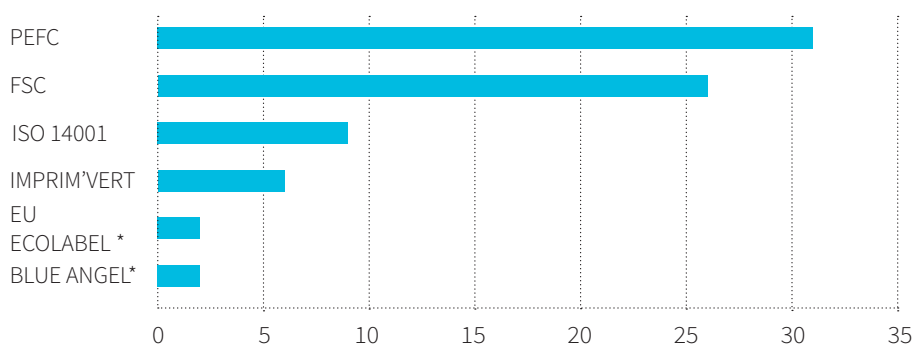
In this area, the Group's key commitments are to:

- use certified pulp to ensure sustainable forest management,
- favour material recycling over waste disposal,
- reduce water consumption,
- reduce fossil-based CO₂ emissions,
- prevent pollution risks.

The implementation of the Group's environmental policy has been widely recognised through the numerous certifications obtained by its production and processing sites. Exacompta Clairefontaine also seeks to offer its customers products that are ever more environmentally friendly.

Indeed, environmental labels have been awarded to a wide range of its products.

Number of certified sites by standard



* Exclusively paper production sites

The energy management system used at Papeteries de Clairefontaine is ISO 50001 certified.





Training and awareness-raising

In order to ensure a high level of environmental awareness among staff, the Group regularly organises training sessions.

342 employees participated in these sessions in 2017 (compared to 187 in 2016). The main themes covered were:

- FSC and PEFC forest certification schemes,
- Imprim'vert and ISO 14001 certification schemes,
- fire hazards and use of fire extinguishers and fire hoses,
- managing risks of accidental chemical spills,
- waste sorting,
- general environmental training as well as specific training in line with departmental requirements.

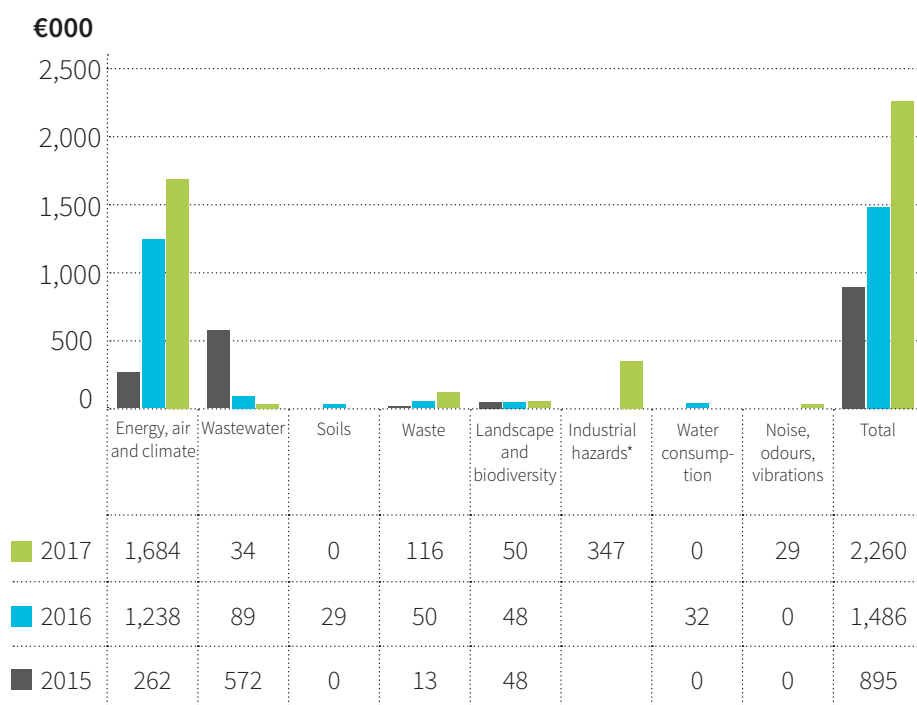
One staff member has also completed QSE management system officer training with regard to implementing ISO 9001 and 14001 certification on the Exacompta sites.

Information on product and system certification, waste sorting, environmental impacts and environmental performance indicators was also disseminated at several sites.

Investments to promote environmental protection

Each year, the Group invests in improving the environmental performance of its plants and supports a number of environmental protection initiatives. In 2017, the Group's main environmental investments exceeded €2,260,000.

The table below presents the change and breakdown of capital expenditure over the last three years.



**As the category of industrial hazard prevention was added in 2017, there is no comparable data for 2016 and 2015.*

Case studies:

- **Schut Papier:** installation of photovoltaic panels (€405,000),
- **Ernst Stadelmann:** installation of a new, more energy efficient, injection moulding machine (€221,000),
- **Exacompta:** installation of four 1,000 litre tanks and a wastewater collection system for cleaning water effluent from the printing workshop (€12,000),
- **Cartorel:** installation of a baling press with an extraction system for scrap waste (€91,000),
- **Registres Le Dauphin:** renovation and improvement of thermal insulation for the factory roof (€726,000),
- **Papeteries de Clairefontaine:** replacement of two refiners by a single new-generation refiner that is more energy efficient (€113,000),
- **Papeterie de Mandeure:** installation of smoke detectors (€57,000),
- **Everbal:** fungal bioaugmentation of wastewater lagoons to increase effluent treatment efficiency (€12,000),
- **Photoweb:** installation of a compactor to reduce the volume of cardboard waste (€16,000),
- **Papeteries Sill:** installation of sprinklers, fire hoses, dry hydrants, fire extinguishers and fire detectors (€257,000).

In 2017, environmental studies were also carried out at a total cost of over €52,000 (€301,000 in 2016), including ICPE application, noise measurements, energy performance analysis, asbestos assessment, natural, mining and technological risks, analysis of various forms of aqueous waste.

Financial provisions and guarantees

Since 1 July 2014, two French paper mills have been required to provide financial guarantees for ensuring plant safety in the event of a shutdown.

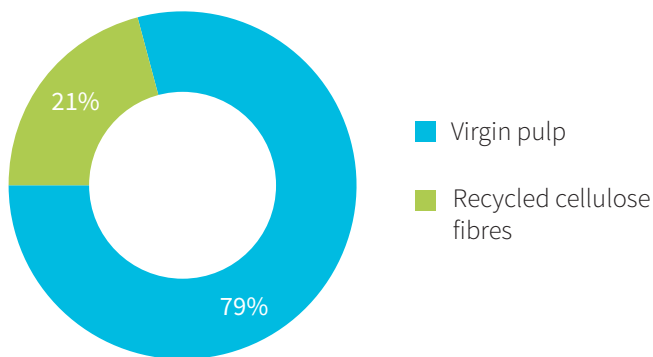
The estimated cost of €323,000 could be used, among other things, to cover residual environmental risk prior to site rehabilitation.

RAW MATERIALS

Paper contains around 78% cellulose fibres. To preserve the ecosystem, the pulp we use is produced from timber originating exclusively from sustainably managed, FSC and PEFC certified forests. This policy is principally aimed at protecting biodiversity, ensuring the health and vitality of forests and preserving their socio-economic function.

In 2017, the consumption of virgin and recycled pulp fibre from production sites amounted to 191,330 tonnes (188,515 tonnes in 2016). These paper mills filter their process water to recover and reuse as much of this fibre as possible.

Types of fibres used in the production of papers

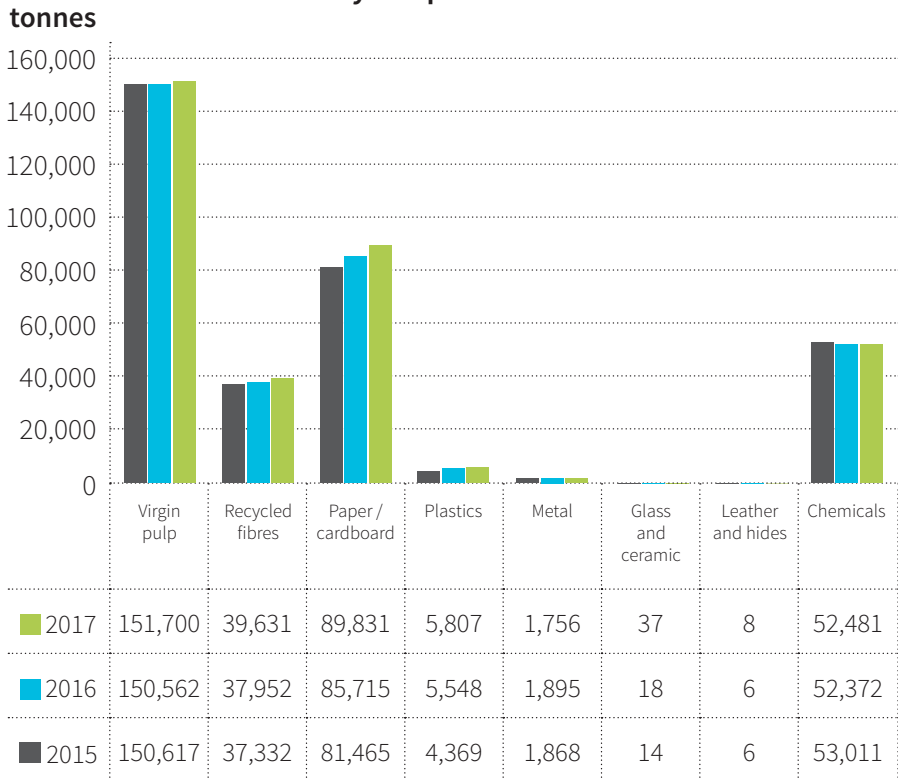


Paper production also requires the use of starches, mineral fillers and various additives, which provide the colouring and commercial properties (e.g. printing, writing) that are expected of our manufactured products.

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

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

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



Not all raw materials have been included due to differences in the unit of measurement (per unit, per m, per m²). The paper/cardboard consumption figure for 2015 has been adjusted in accordance with data corrections. Purchased finished items, generally multi-material, are not taken into account. Figures for Brause Produktion were not available and therefore not included in this report.

The environmental benefits of quality control

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



“WASTE” MANAGEMENT

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

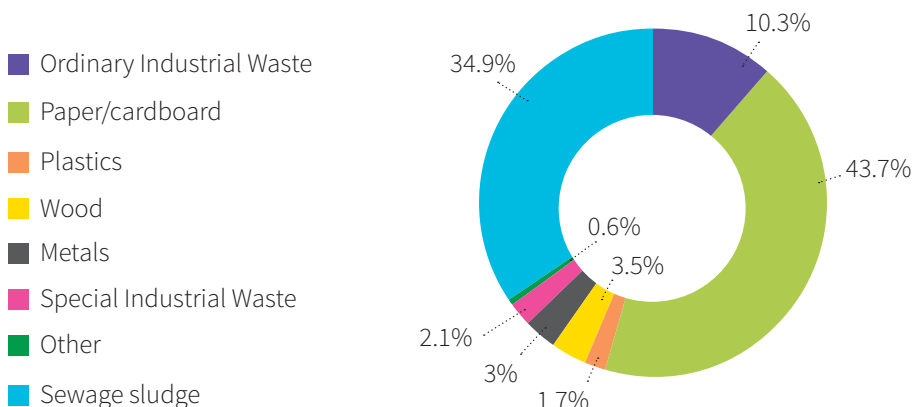
This principle is also applied by the Group. A large portion of the paper scrap collected by the processing plants is sent to the Everbal plant, which specialises in producing recycled paper.

Papeteries de Clairefontaine, as a seller of paper on the market, contributes to the extended producer responsibility (EPR) scheme. In 2017, the plant paid a €1,776,000 contribution to the CITEO environmental organisation (€1,619,000 in 2016).. This contribution was used to finance the equivalent of collecting waste paper from 1,436,500 people and the production of 24,200 tonnes of recycled paper.

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

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

In 2017, a total of 30,755 tonnes of waste was generated by the Group’s activities, compared to 29,255 tonnes in 2016. The pie chart below shows a breakdown of waste by category.



Figures for Brause Produktion were not available and therefore not included in this report.

Combating food waste

No Group company has a collective catering service.

Employees who eat lunch on site are personally responsible for their food.

Only one entity offers its employees daily delivery of individually prepared meals.

In both cases, the risk of food waste is extremely low.

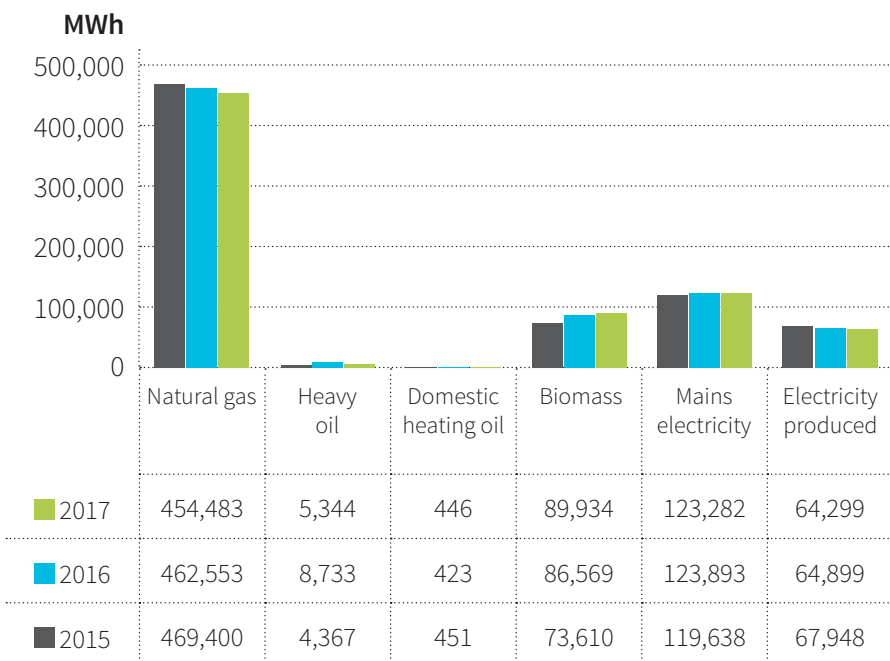
ENERGY CONSUMPTION

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

With its two biomass boilers, Everbal now only uses heavy oil on a backup boiler when the main boilers are undergoing maintenance.

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

Energy consumption
(net calorific value for fuels)



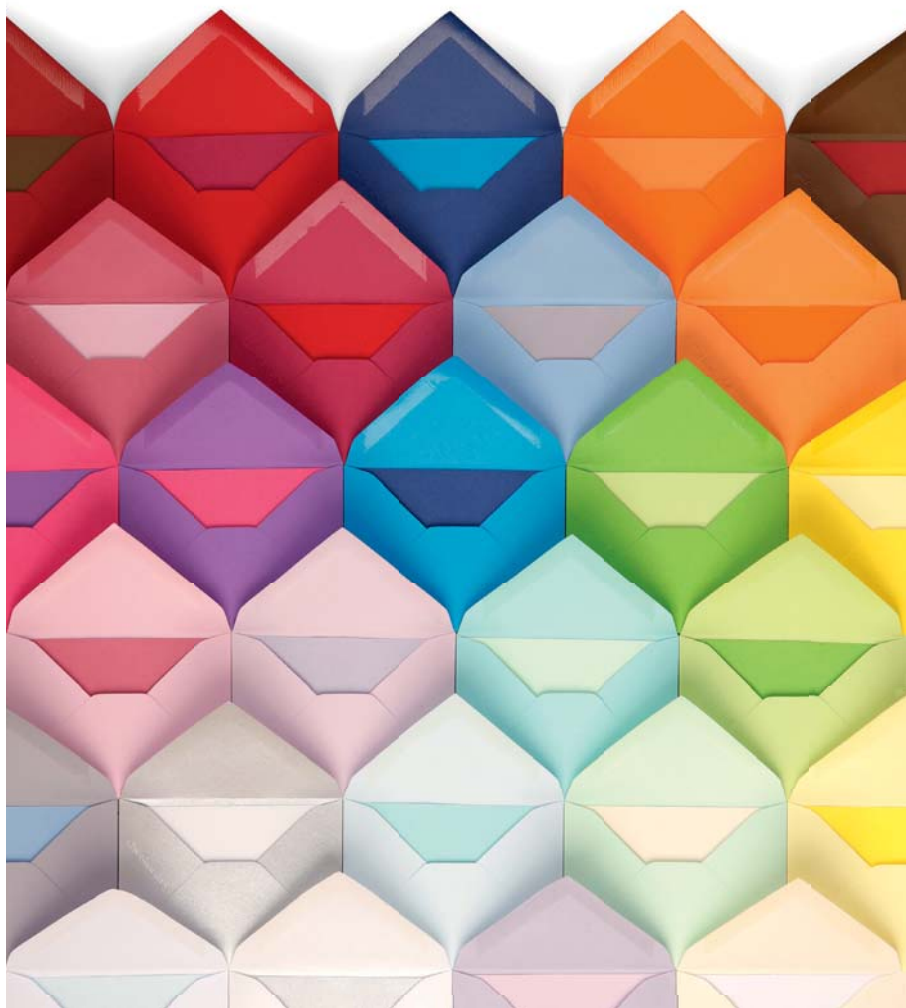
Reported biomass consumption for 2015 corresponds to biomass-produced heat. From 2016, the figure corresponds to real biomass consumption before combustion. Figures for Brause Produktion were not available and therefore not included in this report.

The paper mills are the biggest consumers of heat and power. They have therefore long been taking steps to limit energy consumption (insulation of dryer hoods, using heat recovery for heating process water and premises, installing variable speed drives on engines, etc.). In 2016, Papeteries de Clairefontaine implemented an ISO 50001-certified energy management system.

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

Use of renewable energy:

- 2 biomass boilers (Everbal)
- Purchase of heat produced by a biomass boiler (Ernst Stadelmann)
- Geothermics (Photoweb)
- 1 hydroelectric turbine (Papeteries de Clairefontaine)
- Photovoltaic panels (Exaclair Limited, Schut Papier)



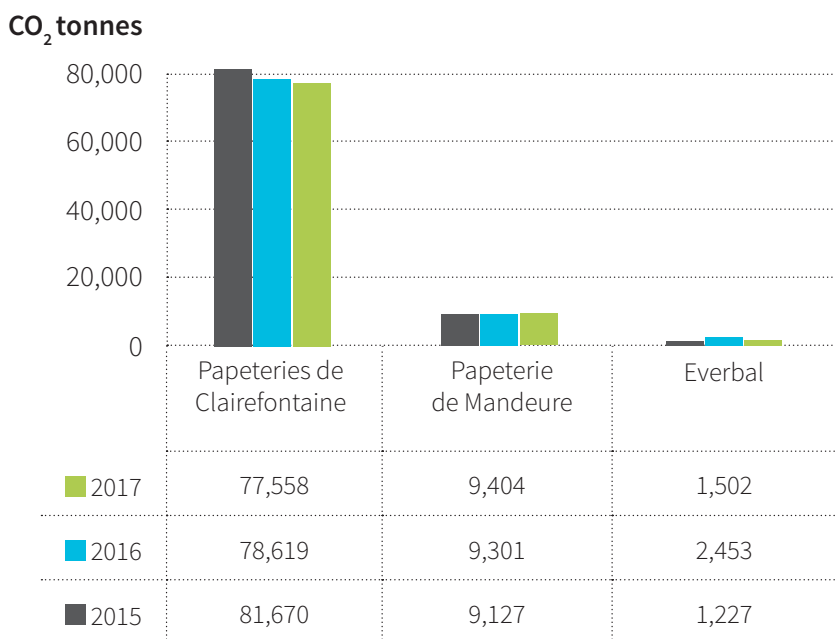
ATMOSPHERIC EMISSIONS

Greenhouse gases

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

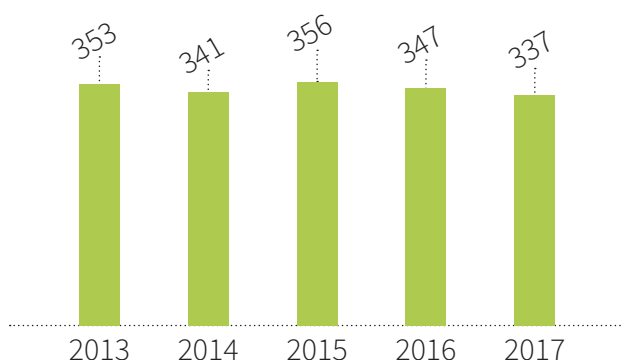
One of the Exacompta Clairefontaine Group's objectives is to reduce fossil-based CO₂ emissions by investing in renewable energy.

CO₂ emissions declared as part of the EU ETS framework



Average specific emissions of the 3 French paper mills

(in kg CO₂/tonne of gross paper production)



Papeteries de Clairefontaine exports a portion of the CO₂ contained in the smoke generated by boilers to a precipitated calcium carbonate (PCC) production facility. In 2017, almost 11,599 tonnes of CO₂ was consumed during the process and was not emitted into the atmosphere (11,443 tonnes in 2016).

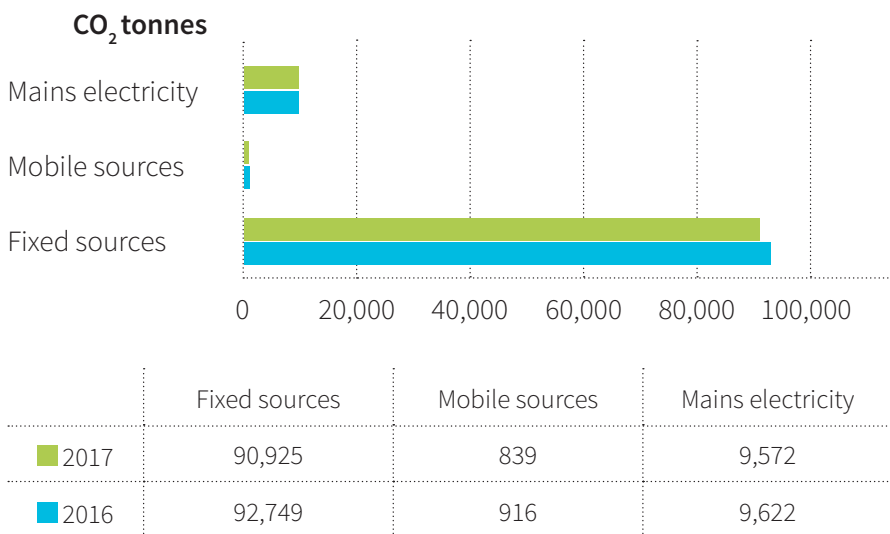
Owing to refrigerant leaks in their air-conditioning systems, four sites were responsible for releasing 50.4 kg of fluorinated gases into the atmosphere in 2017 (19.5 kg in 2016). The other Group companies did not identify any such leaks or were unable to obtain precise data on the matter.

Main CO₂ emitters

Direct CO₂ emissions from fixed sources (in particular steam-generating combustion systems, heating of buildings and electricity production), mobile sources (handling equipment, company vehicles, trucks controlled by Group companies), as well as indirect emissions relating to mains electricity consumption, were taken into account. Due to lack of data, emissions generated by the transportation of raw materials and finished products and by employee travel could not be assessed.

As shown in the diagram below, at French plants, fixed combustion facilities generated the most CO₂ emissions.

Changes in CO₂ emissions generated by French plants, by source*



* Excluding emissions generated by biomass combustion, which are considered neutral

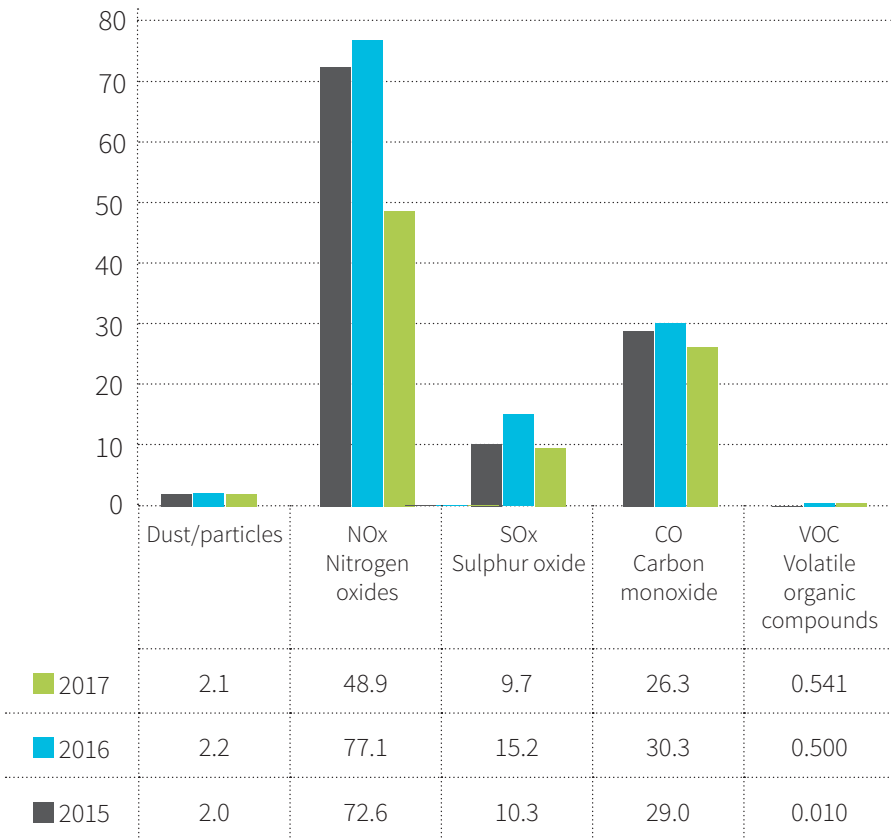
For the time being, the consequences of climate change have not had a material impact on the activities of the Exacompta Clairefontaine Group.

Other emissions

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

Other atmospheric emissions

tonnes

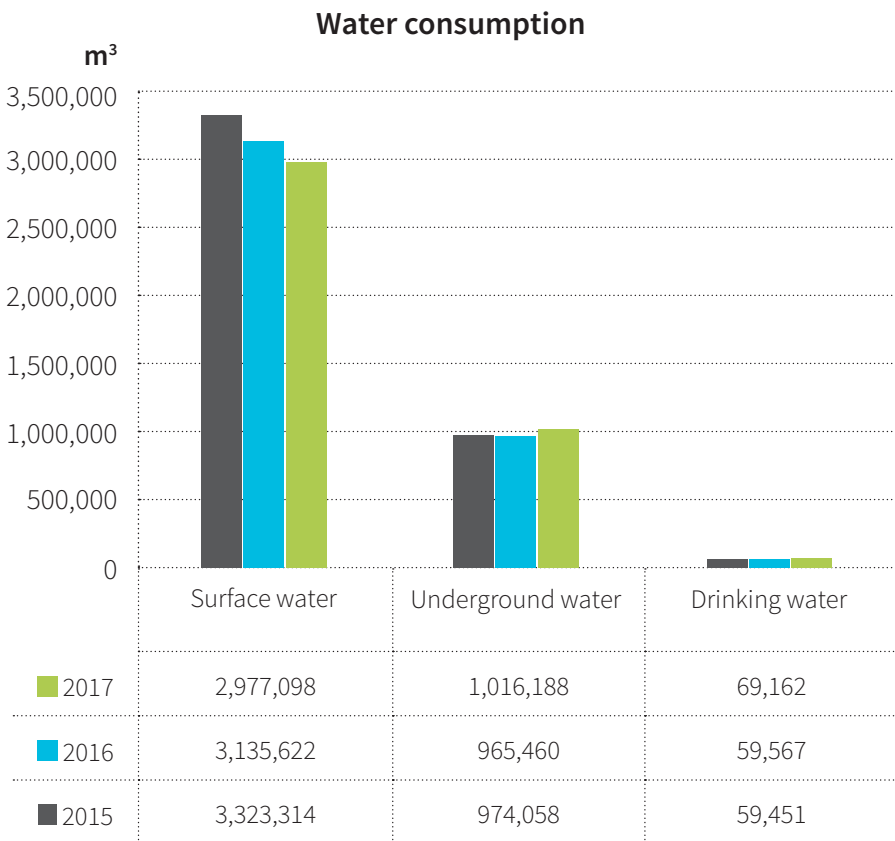


WATER CONSUMPTION

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

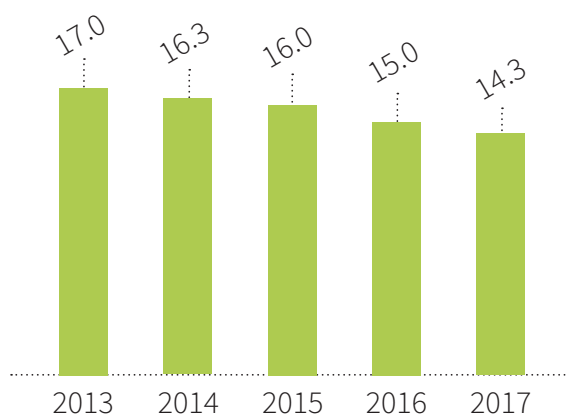
The paper mills consume a relatively large volume of water (surface water or groundwater), but most of the water withdrawn is returned to the environment after treatment.

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



Figures for Brause Produktion were not available and therefore not included in this report.

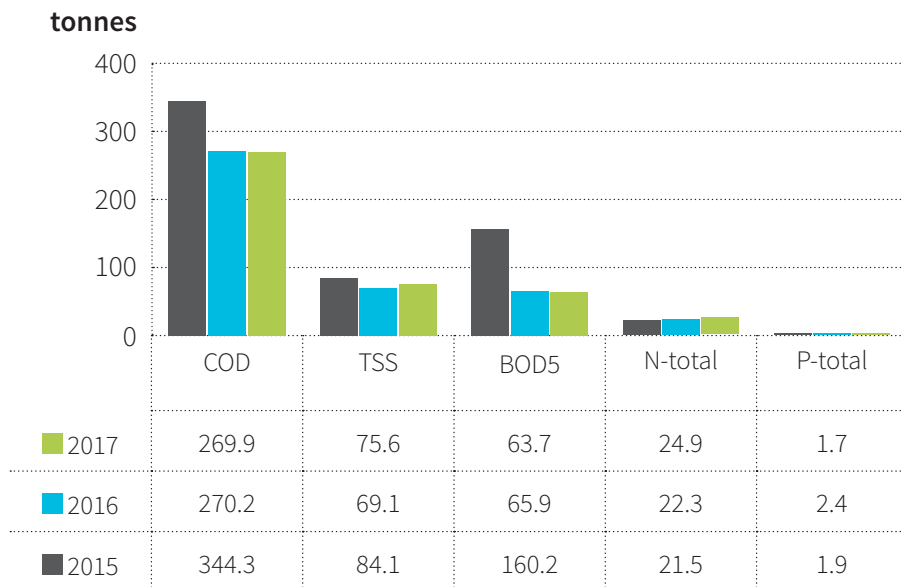
Water consumption of the 3 French paper mills (in m³/tonne of gross paper production)



DISCHARGE OF WASTEWATER

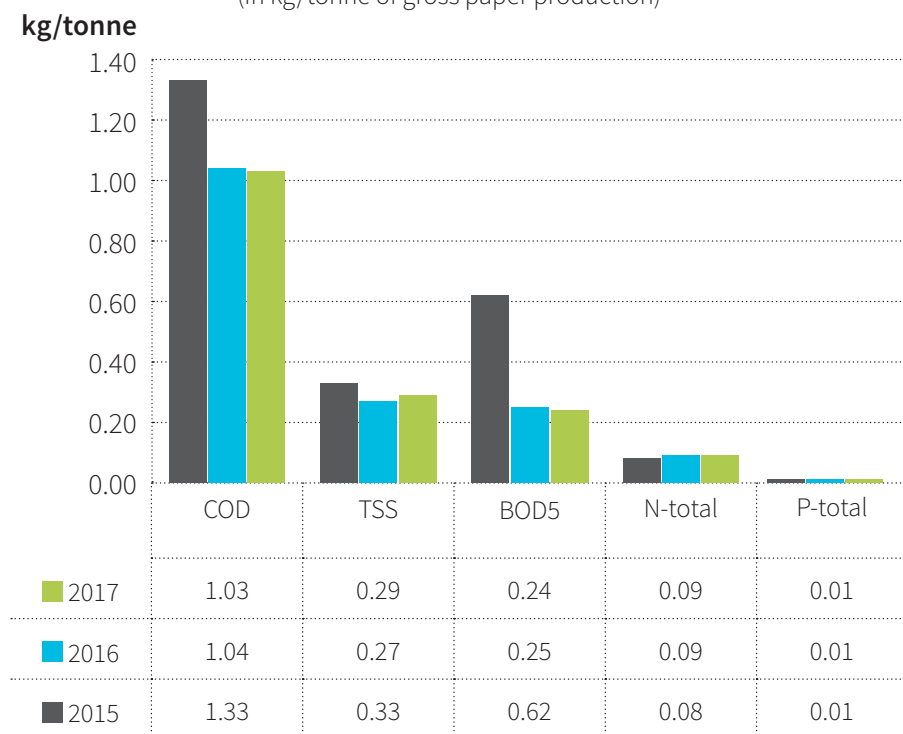
The paper mills are equipped with wastewater treatment plants enabling them to limit the amount of pollutants discharged.

Main discharges from the French paper mills



Main discharges from the French paper mills

(in kg/tonne of gross paper production)



COD: Chemical Oxygen Demand
 TSS: Total Suspended Solids
 BOD5: 5-day Biochemical Oxygen Demand

N-total: Total nitrogen
 P-total: Total phosphorus

The processing units are either connected to municipal wastewater treatment plants or treat their effluent as special industrial waste.

SOILS

Agricultural recycling of paper mill sludge

The sludge generated by the treatment of effluent produced during the paper production process is either directly reused in farming or converted into standardised compost (French standard NF U44-095). Paper mill sludge contains elements that have agronomic value (including organic matter, nitrogen, phosphorus, lime and potassium) which means that it can be used as a partial substitute for traditional chemical fertilisers.

The sludge is mostly recycled in agriculture as:

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

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

Condition of the soil at the production and processing sites

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

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

Regulations require that all potentially hazardous products or waste at these sites be stored on retention shelving so that any spills can be contained.

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

ENVIRONMENTAL INCIDENTS

Three incidents were reported in 2017: Two dye leaks at the Everbal site and a malfunction at the Papeteries de Clairefontaine water treatment plant.

NOISE AND OTHER TYPES OF POLLUTION

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

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

Night lighting on Group sites is limited to facilities involving work in shifts (morning, afternoon, night).

In these factories, exterior lighting is also maintained to reduce the risk of accidents (thoroughfares and car parks).

For “economic” reasons, the unoccupied areas are not lit.

BIODIVERSITY

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

Since 2014, Papeteries de Clairefontaine has donated €194,000 to the OceanoScientific association. This philanthropic general interest organisation works to protect the ocean and observe the causes and consequences of climate change on the air/sea interface.



On 17 November 2016 the OceanoScientific Explorer cast off for its first oceanographic expedition around the three great capes of the world: the Cape of Good Hope, Leeuwin and Cape Horn in the Antarctic Circumpolar Current. On 2 June 2017, after 152 days at sea, Yvan Griboval (navigator-explorer) returned to his port of departure in Monaco.

This expedition collected data which was transmitted, free of charge, almost in real-time to the international scientific community. Knowledge of this relatively uncharted region between the 40th and 60th southern parallels is of paramount importance to scientists, as the Antarctic Circumpolar Current drives all the other currents of the world's oceans.

This unprecedented operation provided an opportunity to raise awareness among a wider public via the publication of 54 newsletters written aboard the OceanoScientific Explorer. Half of these were destined for readers aged 7-10 in order to teach children about the vital importance of ocean conservation.



© Yvan Griboval - OceanoScientific

A number of our facilities are located near areas or have their own land harbouring a range of protected flora and fauna.

In 2005 Papeteries de Clairefontaine signed a 15-year management agreement with the Lorraine natural spaces conservatory (*Conservatoire d'Espaces Naturels de Lorraine*) for the preservation of habitats and species of community interest. The site has now been incorporated into a Natura 2000 protected area. It consists of hay meadows inhabited by a butterfly (Dusky Large Blue) included on the French list of protected insect species.



EMPLOYER RESPONSIBILITY

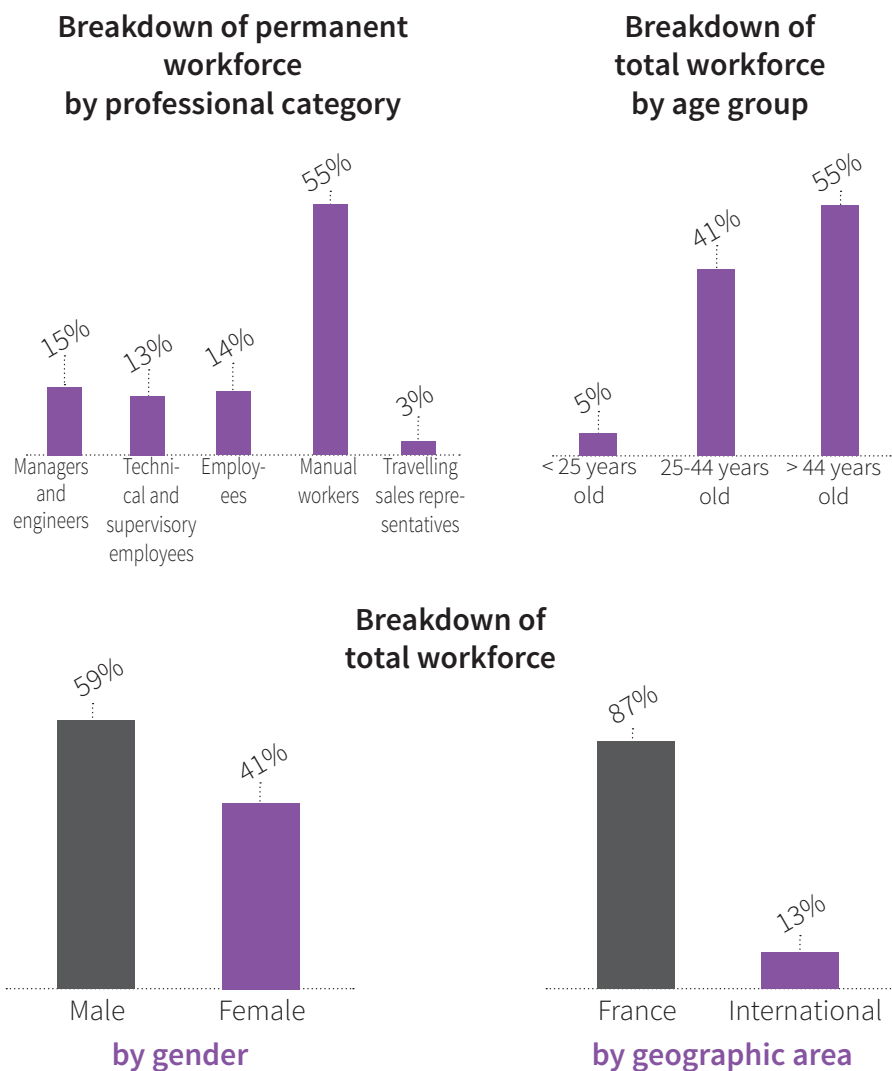


EMPLOYMENT

In 2017, the 2,976 employees covered by this report (*excluding Brause Produktion and Exaclair GmbH*) comprised 1,226 women and 1,750 men. 2,830 employees held permanent employment contracts.. Less than 5% of staff were under fixed-term employment contracts, including apprenticeships and professional training contracts.

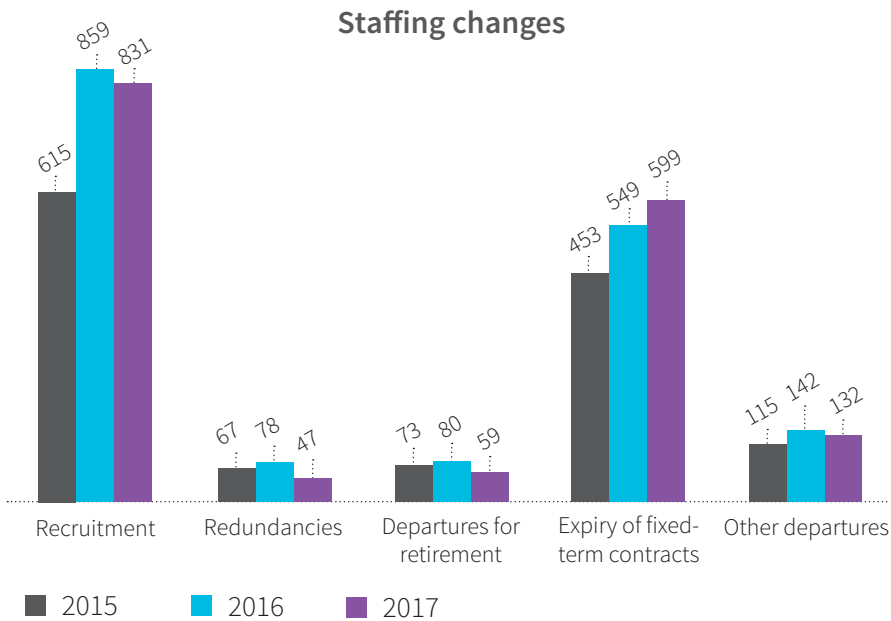
The majority of these jobs are based in France. Know-how and process management are essential components of the Group's strategy to manufacture quality products. For this reason, the Group has made the decision to minimise its use of subcontractors.

Control of the production process is a priority for the Group. Manufacturing plant locations are also chosen in response to the need to ensure a suitably qualified workforce.



The vast majority of employees leaving the Group did so due to the expiry of fixed-term employment contracts. This is an entirely normal phenomenon in our industry, as the Group needs to employ fixed-term or temporary workers at certain times of the year in order to cope with fluctuations in its manufacturing business, in preparation for the start of the school year, and for products linked to the annual cycle, such as diaries and calendars.

The Group is determined to retain the skills of its workforce. 11 of the Group's 30 production sites have introduced a mentor system in order to transfer the know-how of experienced staff members before they retire and to promote staff versatility.



Remuneration

In 2017, payroll expenses including social security contributions amounted to over €148 million.

The Group is committed to ensuring that the spread between the different levels of pay remains reasonable. In France, the average salary of managers and engineers is a stable 2.6 times that of manual workers.

Equal pay for men and women is another of the Group's objectives. This is formalised, for example, through the signing of company agreements to that effect.



WORK ORGANISATION

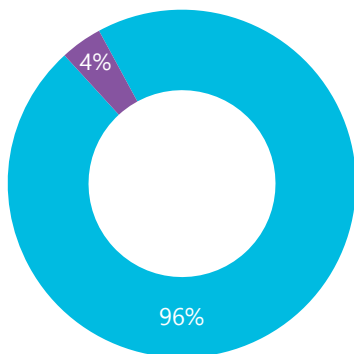
Working hours and patterns

The Group complies with the legal obligations relating to working time for each of its subsidiaries. Working hours are determined in accordance with the laws of the country in which the subsidiary is located and with the nature and seasonal character of some of our operations.

The Group listens to the requests of employees who wish to work part-time. Whether this option is made available depends on the requirements of the employee's department. Similarly, the Group allows employees to resume full-time work when they wish to do so, provided that there are positions available.

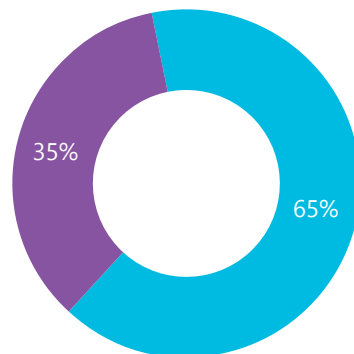
The continuous operation of our paper machines and the amount of work required at certain processing or finishing workshops means that some night-shift work is unavoidable.

Breakdown of full-time/part-time work



■ Part-time
■ Full-time

Breakdown of working patterns



■ Night-shift or rotation
■ Daytime work

In 2017, employees worked 71,085 hours of overtime. This was completed over periods of peak activity during which, in view of the quality expected of our products by customers, we opted to rely on current, trained staff rather than using an external workforce. When we do have to employ temporary workers, they are required to follow an induction/training course so that they can perform the requisite operations in full compliance with safety and security requirements.

At the French plants, in 2017, 812 hours were lost through employee downtime (463 hours in 2016).

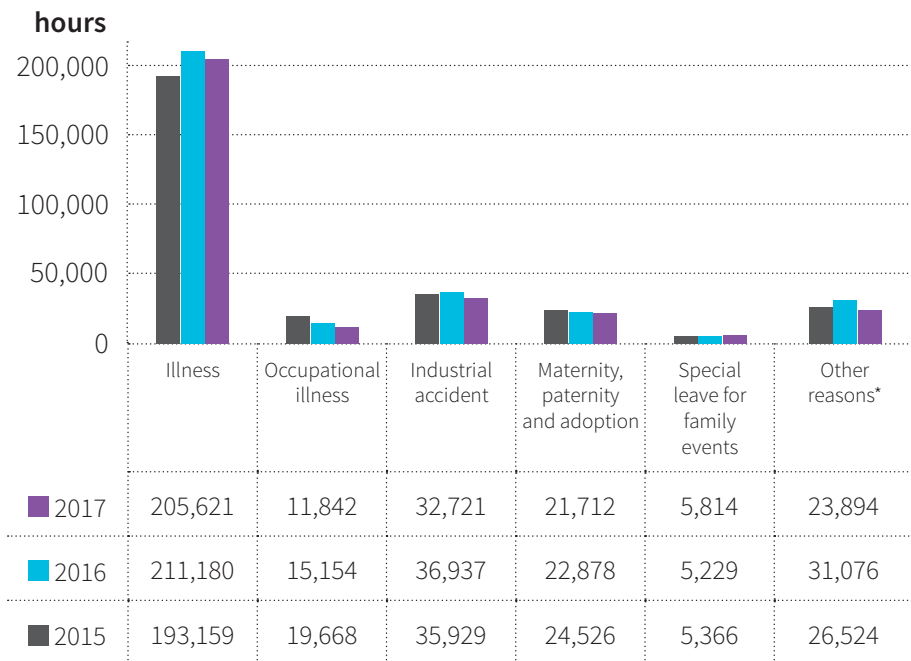
The Exacompta Clairefontaine Group endeavours to minimise employee downtime by scheduling training courses or cleaning work during these periods. Employee versatility and flexibility also contribute towards reducing temporary lay-offs.

Absenteeism

Exacompta Clairefontaine Group strives to minimise absenteeism in all Group subsidiaries. In particular, this objective requires preventive measures designed to reduce the number of industrial accidents and occupational illnesses. Furthermore, the Group prioritises a hands-on management style that is attentive to employees' concerns. It also relies on the preventive work carried out by company doctors. However, it is difficult for companies to reduce absences due to sickness, despite flu vaccination campaigns organised every year at some sites.

In 2017, 301,605 hours of absence were recorded.

Breakdown of absence by reason



*Authorised and unauthorised absences, sanctions, lateness, industrial action.



INDUSTRIAL RELATIONS AND TRADE UNIONS

Staff representation

The major trade union organisations are represented within the various French subsidiaries. The Group has 198 elected staff representatives and/or designated trade union representatives. 13 companies have opted to set up a single staff representative body ("*délégation unique du personnel*" or DUP) bringing together staff delegates, the works council and the health and safety committee (CHSCT).

Discussions between management and staff representatives resulted in the signing and introduction of a number of collective agreements aimed at ensuring that proper working conditions are maintained, that employees are given adequate skills development opportunities and that there is no discrimination in the workplace.

In France, 108 collective agreements were identified in 2017 covering the following issues:

- Salaries and bonuses,
- Profit-sharing, incentive schemes and other annual benefits,
- Health scheme funding,
- Working hours,
- Prevention of arduous work,
- Gender equality,
- Management Planning for Jobs and Skills agreement - GPEC,
- French inter-generational contract,
- Other specific agreements.



Staff benefits

Group employees enjoy a number of benefits awarded either directly by their employer or indirectly, mainly via the works council where this body has been set up.

In France, the Group awarded staff benefits and subsidies amounting to €4,507,000 in 2017 (€4,527,000 in 2016).

Amounts paid in employee benefits
in France



HEALTH AND SAFETY AT WORK

Preventive measures

Health and safety at work are fundamentally important for the Exacompta Clairefontaine Group. At sites with a large workforce, coordinators have been appointed to assist directors in the implementation of occupational risk prevention measures. The health and safety committee (CHSCT), if one exists, or the staff delegates also contribute actively to these initiatives.

Some €3,200,000 was spent on health and safety measures in 2017.

An overview is given below:

- **purchase of handling equipment or modification of facilities in order to minimise musculoskeletal disorders:**

Claircell (2 electric forklifts), **Manuclass** (automated line corner cutter), **Papeteries de Clairefontaine** (semi-automatic pallet strapping machine, electric reel pusher), **Photoweb** (reel mover, gravity flow pallet rack), **AFA** (roll lifter), **Imprimerie Raynard** (modification of three banding lines), **Clairefontaine Rhodia** (ergonomic improvements for various workstations), **Rolfax** (new manufacturing line with automatic double packer), **Papeterie de Mandeuire** (extension of the production hall), **Editions Quo Vadis** (upgrade of 2 workstations, lifter, 2 high-lift pallet trucks);

- **ongoing safety upgrade of machinery:**

Exacompta, **Rolfax**, **Photoweb**, **Cartorel**, **Manuclass** ;

- **improvement of working conditions:**

Exacompta Vémars (implementation of breaks every 2.5hrs, reduction of working hours, spreading of work over 5 days), **Rolfax** (upgrading of lighting and heating systems), **Manuclass** and **Registres Le Dauphin** (upgrading of building insulation), **Rainex**, **Manuclass** and **Everbal** (rehabilitation of flooring), **Papeteries de Clairefontaine** (replacement of a circular saw to reduce dust emissions, soundproofing of one machine), **AFA** (implementation of 5S method and provision of moulded ear plugs), **G. Lalo** (office air-conditioning);

- **improvement of fire protection and prevention systems:**

CFR (installation of fire detection system and fire doors), **Exaclair Limited** and **Exaclair Italy** (fire extinguisher training);

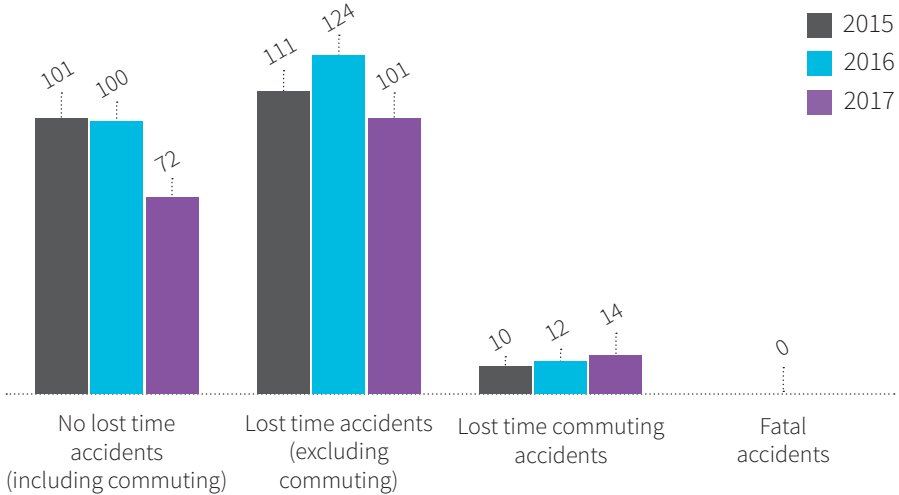
- **other initiatives:**

Registres Le Dauphin (refurbishment of workshop changing rooms), **Papeterie de Mandeuire** (limiting forklift truck speed to 10 km/h), **Lavigne** (road safety training).

Industrial accidents

In 2017, 3,918 days were lost due to industrial accidents (3,848 in 2016).

Number of industrial accidents reported Group-wide



	2015	2016	2017
Frequency rate Number of lost time industrial accidents per 1,000,000 hours worked	25.4	28.0	23.7
Severity rate Number of days lost per 1,000 hours worked	0.7	0.8	0.8

Occupational illnesses

In 2017, 17 reported illnesses were deemed occupational illnesses in the Group's French sites, compared to 12 in 2016. 16 of these are included in Table 57 of the general French social security scheme, which lists joint disorders caused by some working movements and postures. One figure in Table 98, which takes into account complaints of chronic lumbar spinal pain induced by manual handling of heavy loads.

Workstations are optimised in order to mitigate the risk of recurring occupational illnesses (see section entitled "Preventive measures"). When these illnesses lead to incapacity, job reassignments are systematically offered to the employees concerned.

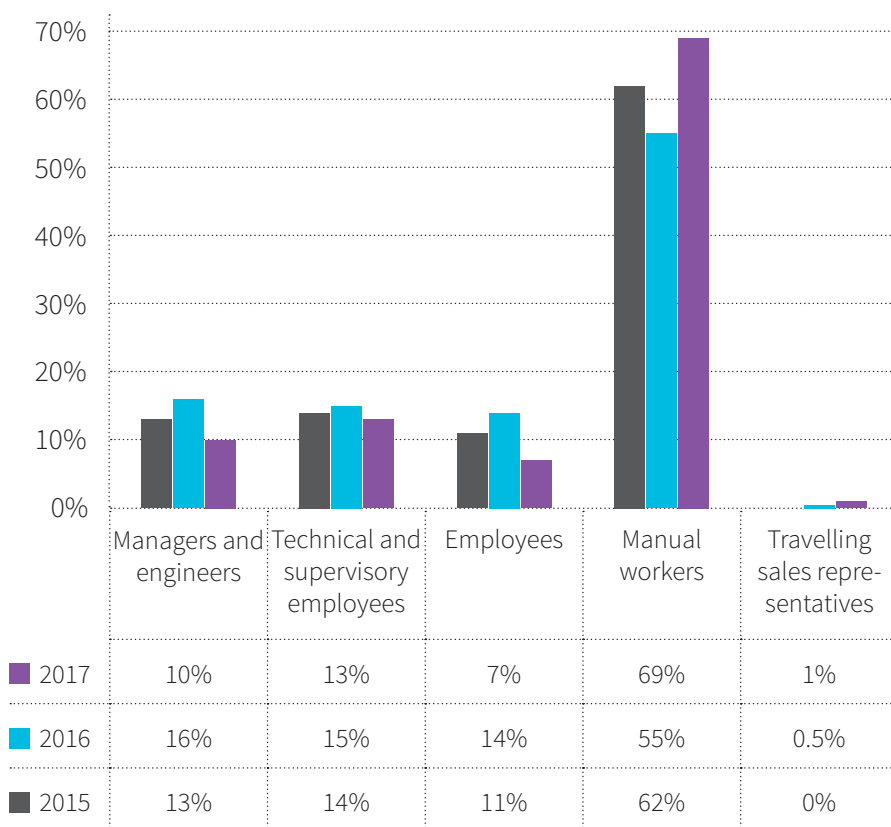
TRAINING

Training officers identify the skills requirements of company departments with regard to the objectives set and the strategy adopted by management.

In France, at their annual performance reviews, employees have the opportunity to specify any training they would like to receive. The information collected is used to prepare the training plan for each Group company according to its specific needs. Staff representatives examine the training plan, which is subsequently implemented by local management. Individual training courses are then organised in accordance with the plan.

In 2017, the Exacompta Clairefontaine Group provided a total of 23,424 hours of training, either in-house or through certified training organisations, at a total cost of €2,662,000 (27,613 hours and €1,712,000 in 2016).

Breakdown of total hours of training received by professional category



EQUALITY

Equal opportunities, non-discrimination and diversity are fundamental values which the Group is committed to upholding and promoting. Gender plays no part in recruitment and career development, as the Group gives precedence to skills and professional merit. Throughout the Group, occupational training is used as a lever to help eliminate any inequalities in the career paths of men and women.

The Group is determined that each of its employees should enjoy a suitable work-life balance, so that they can best fulfil their responsibilities.

APPRENTICE AND TRAINEE PLACEMENTS

In France, in 2017, the Group took on and trained 25 people under apprenticeship contracts (33 in 2016) and 18 under professional training contracts (23 in 2016). In France and overseas, 124 trainees (134 in 2016) had the opportunity to discover the Group's plants and the different types of career that the Group can offer.

These placements help to identify and potentially hire young people who know the various processes we operate, and to whom retiring employees may pass on their knowledge and expertise.

Several subsidiaries have set up partnerships with training institutions such as the PAGORA paper industry school in Grenoble and the specialised apprentice training centre in Gérardmer, which is just a few miles away from the original Papeteries de Clairefontaine plant.

DISABLED EMPLOYEES

Expenditure related to disabled employees corresponds to the applicable national insurance contributions, subcontracting to the sheltered sector and workstation adaptation. Expenditure amounted to €2,282,000 in 2017 (€2,211,000 in 2016) for 113 disabled employees in France (112 in 2016). There are also five disabled employees working in Group companies abroad.



COMPLIANCE

WITH THE INTERNATIONAL LABOUR ORGANISATION'S FUNDAMENTAL CONVENTIONS

In 2017, the Group had no operations and made no material purchases in countries suspected of resorting to forced or child labour.

Likewise, all of the countries in which the Group has subsidiaries respect freedom of association, the right to organise and the right to collective bargaining.

SOCIAL RESPONSIBILITY



IMPACT ON THE LOCAL ECONOMY

All Exacompta Clairefontaine subsidiaries play a vital role in their local economies, both as employers and in terms of their commitment and contribution to local communities.

The Exacompta Clairefontaine Group companies generally employ people living in the vicinity of their factories and other operational centres. Recruitment is carried out directly in the region concerned.

Papeteries de Clairefontaine, for example, has been located in Etival Clairefontaine (a village in the Vosges, France) since 1858 and currently employs nearly 600 people. The company is a significant contributor to the local economy.

Over time, close bonds have been formed with the surrounding cities and villages.

Since 1858, the Group's majority shareholders have been members of the same family. A number of families of current employees have had members working for the Group over six or seven generations. The tradition of going to work in the same factory as one's parents is still alive today.

The Group comprises 37 companies accounted for in this report, 26 of which are based in France and 11 abroad.



FAIR PRACTICES

The prevention of active and passive corruption is incorporated into the standard practices observed by senior management. A code of conduct was circulated to Group employees in 2017. This code specifically meets the requirements of the 8 November 2016 French ‘Sapin 2’ Act for the prevention and detection of corruption and influence-peddling and its 20 April 2017 implementing decree.

PROCUREMENT AND SUBCONTRACTING

The Exacompta Clairefontaine Group is a French group with a European mindset.

Social and environmental issues are taken into account through the certifications required by our customers or as part of the Group’s QSE policy.

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

Printing suppliers are generally Imprim’Vert certified. For a supplier or product to be selected, it must be deemed environmentally friendly. Supporting documentation may be requested and checked, particularly in the case of products carrying European Ecolabel certification.

The Group seldom subcontracts and, when it does, subcontractors are mainly locally based. The operations concerned may also be performed in-house.

PRODUCT SAFETY

The Group is relatively unaffected by specific provisions regarding consumer health and safety. Nevertheless, some product lines must comply with standards and regulations regarding toy safety or hygienic requirements for materials and packaging in contact with food.

PARTNERSHIPS

Group companies have set up a large number of partnerships with sports and cultural organisations.

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

Clairefontaine strives to support younger generations in their sports activities. All kinds of sport contribute towards a child's growth and development by instilling values of respect, drive, performance, ambition and equality.

In addition to supporting amateur and leisure sports, Clairefontaine Rhodia is also the main sponsor of boys' and girls' youth teams (aged 7-19) for a number of highly respected French football clubs. Clairefontaine sponsors the following football clubs: Olympique Lyonnais, Montpellier HSC, Toulouse FC, FC Nantes, Bordeaux, SM Caen, AS Nancy Lorraine, Sochaux-Montbéliard, RC Lens and AJ Auxerre.

In terms of cultural activities, the Group supports several festivals and Group companies get involved in local community initiatives linked to their employees.

In 2017, for example, Papeteries de Clairefontaine provided financial support for two festivals:

- the *Festival International de Géographie* (FIG) in Saint-Dié des Vosges,
- the *Festival des Abbayes* in Lorraine.

Moreover, Group employees work closely with educational establishments (schools, polytechnics and apprentice training centres).



HUMAN RIGHTS AND EDUCATIONAL INITIATIVES

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

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

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

In 2017, Clairefontaine Rhodia donated €200,000 to UNICEF. Since 2004, the Group has paid €3,394,000 to this humanitarian association.

Thanks to this support and that of UNICEF's French Committee, new initiatives were set up in Togo.

180 primary school teachers from the Plateaux and Savanes regions were trained in active learning techniques (child-oriented educational approaches). During this training, the teachers were able to test these teaching techniques through case studies and practical exercises in a classroom situation.



© Photo: UNICEF Togo



© Photo: UNICEF Togo

45 primary school headmasters and 180 early childhood centre educators were trained in preschool management.

The staff were also trained in the creation of educational games and tools for stimulating and aiding the development of young children, using the skills and materials available to them locally. They were also educated in the proper learning framework for children, child psychology, teaching small children and learning through play.

247 education sector employees (inspectors and educational advisers) participated in the staff training modules.

These efforts are part of a broader initiative in support of the Government of Togo for the wider application of active learning techniques and for improving access to decent preschool education in rural areas, in collaboration with other organisations.

In addition to teacher training, this initiative provides for the construction of classrooms and provision of classroom furniture and equipment to improve conditions for learning.

VERIFICATION REPORT

ON THE ACCURACY OF REPORTING RELATED TO CORPORATE TRANSPARENCY REQUIREMENTS IN RESPECT OF SOCIAL AND ENVIRONMENTAL MATTERS

The information reviewed relates to the fiscal year ended 31 December 2017.

Request, responsibilities and independence

In response to a request from the Exacompta Clairefontaine Group and pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code, as an independent third-party body certified by COFRAC under number 3-1341 (the list of offices and scope may be consulted on www.cofrac.fr), we have conducted an examination of the social and environmental information published by the Exacompta Clairefontaine Group in its 2017 social and environmental report.

The Exacompta Clairefontaine Group is required to publish information pertaining to the items listed in Article R. 225-105-1 of the French Commercial Code. The preparation of this information was coordinated by the Executive Vice President of the Exacompta Clairefontaine Group in accordance with:

- questionnaires for the collection of social and environmental information and data aggregation tools for processing this information, hereafter referred to as the “reporting procedures”, which may be consulted at the Exacompta Clairefontaine Group registered office.

It is our responsibility, pursuant to Article R. 225-105-2 of the French Commercial Code, to carry out the work required to establish this verification report.

The findings of this report include:

- certification of the inclusion of social and environmental information stipulated in Article R. 225-105-1 of the French Commercial Code;
- a justified opinion on the fairness of the published information and, where applicable, a justified opinion on the explanations concerning the absence of specific information.

We hereby certify that this verification report has been drawn up independently and objectively and that our work was performed in compliance with the professional standards of the independent third party. Furthermore, we have established a Bureau Veritas Code of Ethics to be applied by all consultants.

Nature and scope of the assignment

Our work was conducted between 19 March 2018 and the signing of our report, over a period of around two weeks, by a team of two auditors. We held around a dozen meetings during this assignment.

We verified that the social, environmental and staff information provided corresponded to the consolidated scope as defined in Articles L. 223-1 and L. 233-3 of the French Commercial Code. Changes to this scope for the purposes of reporting social, environmental and staff data are specified in the 2017 social and environmental report.

We took the following measures to certify the inclusion of the required information:

- we familiarised ourselves with the Group's sustainable development objectives, which are based on the social and environmental impact of its activities and its commitments to society;
- compared the information contained in the 2017 social and environmental responsibility report with the list set out in Article R. 225-105-1 of the French Commercial Code;
- we verified that explanations had been provided for any missing information. For the justified opinion on the fairness of the published information, we conducted our assessment pursuant to the French decree of 13 May 2013, which determines the methods to be used by the independent third-party body in conducting its assignment, and in accordance with our own internal procedure.

We implemented the following procedures in order to conclude that the information is free from any material misstatements that could call into question the accuracy of such information, in all material aspects, in accordance with the reporting procedures:

- assessment of the relevance, reliability, comprehensibility and exhaustiveness of reporting procedures;
- identification of the individuals within the Group in charge of collecting the information and, where applicable, responsible for internal control and risk management procedures;
- verification of the adoption of a consistent and exhaustive data collection, compilation, analysis and control process;
- familiarisation with the internal control and risk management procedures related to the information presented;
- interviewing people responsible for reporting social and environmental information;
- selection of consolidated information to be tested⁽¹⁾ and determination of the nature and scope of the tests to be conducted in light of their importance in terms of the social and environmental consequences of the Group's operations and its social commitments;

⁽¹⁾ See bottom of next page

- we performed the following tasks on what we considered to be the most important quantitative information:
 - we conducted an analytical review of the information and carried out verifications, by means of sample tests, of the calculations and compilation of this information by the Group and by the certified entities;
 - we selected a sample of sites⁽²⁾, based on their activity and contribution to Group consolidated data, their location, the results of work carried out during previous years and a risk assessment;
- for each of the sites selected, we carried out the following procedures:
 - interviews to verify the correct application of reporting procedures;
 - detailed checks by means of sample tests in which we verified the calculations performed and compared the data provided with the supporting documentation; the sample selected represents a coverage rate of over 23% of the headcount and between 6.13% and 99% of the values reported under the environmental information that was tested;
- for qualitative information that we considered to be important, we carried out interviews and analysed source documents and, where necessary, public records;
- we assessed the adequacy of explanations given for non-disclosure of certain information.

⁽¹⁾ **Staff information:** total headcount and breakdown by gender, age, geographic region and breakdown of permanent contracts by professional category; number of new hires, number of departures by reason for departure; payroll/workforce; proportion of full-time and part-time employees; proportion of employees by working patterns, amount of overtime (hours), number of hours of employee downtime, number of hours absent by reason; number of collective agreements signed in France; amounts paid out for employee benefits and other subsidies (France); industrial accident severity and frequency rates; occupational illnesses; total training hours provided (professional category); number of disabled employees and expenses related to disabled staff; number of trainees and apprentices and qualitative information on health and safety at work and training.

Environmental information: Environmental protection expenditure (€000) 15.43%; financial guarantees (€) 38.70%; NOx (T) 52.32%; particles/dust (T) 59.57%; SOx (T) 7.19%; COD (T) 52.87%; TSS (T) 66.45%; BOD5 (T) 62.65%; N total (T) 36.52%; P total (T) 61.76%; total waste (T) 48.76%; Consumption of: mains water 45.46%; surface water 73.62%; pulp (T) 64%; chemicals (T) 79.65%; Energy consumption: natural gas (kWh GVC) 85.90%; mains electricity (kWh) 98.17%; heating oil (L) 6.13%; Energy production - total (MWh) 99.62%; Paper mill CO₂ emissions (T CO₂) 87.67%.

Social information: impact on local economy, partnerships, fair practices, human rights, educational initiatives.

⁽²⁾ For the social and environmental information: Clairefontaine Rhodia in Ottmarsheim, CFR Ile Napoléon in Illzach, AFA in Paris and Papeteries de Clairefontaine in Etival.

Observations on reporting procedures and data

We have the following comments to make on the reporting procedures and practices applied by the Exacompta Clairefontaine Group:

- continue to improve the data collection process by defining or updating definitions of information to be collected, in particular relating to staff and, in the environmental section, raw materials. These definitions must reflect the Group's international character;
- maintain training programmes for employees tasked with collecting CSR data from the sites;

Certification of inclusion of information

On the basis of our work, and within the scope defined by the Group, we hereby certify that the social, environmental and staff information has been included and that explanations have been provided for non-disclosed information. This year the subsidiaries Brause Produktion and Exaclair GmbH are excluded from the reporting scope.

We have noted the fact that, as stated in the CSR report, certain information covers a limited scope.

Opinion on accuracy

In conclusion, we have not detected any material misstatements that could call into question the accuracy of the social, environmental and employment information provided by the Exacompta Clairefontaine Group in its 2017 social and environmental responsibility report.

The explanations provided for non-disclosed information seemed justified and were acceptable to us.

Puteaux, 12 April 2018
For Bureau Veritas
Jacques Matillon
Vice-President



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