



**"A WORLD OF"  
NICHE MARKET  
LEADERS**



**CHARGEURS**

# ESG Roadshow

**Chargeurs, a pioneer in the sustainable transformation of our niche industrial markets**



February 2019

- 1. Our strategy:  
be a pioneer in the sustainable  
transformation of our niche industrial  
markets**
- 2. Key non-financial components  
of our overall performance**
- 3. Significant CSR achievements**

## Our goal is to stand out from the competition in our niche industrial markets

### ■ Our business model

- Global leadership positions in B2B niche industrial markets
- A distinctive portfolio of products and services to ensure unique, sustainable relationships with our customers, enabling us to transition from global leaders to **iconic champions**
- Like-for-like growth driven by markets in which the need for innovation and sustainable development is constantly rising as demand becomes increasingly sophisticated
- Selective acquisitions to speed up the sustainable transformation of our niche industrial markets

### ■ Our vision of the future: to be a pioneer in the sustainable transformation

- In an increasingly challenging global ecosystem:
  - Increasingly sophisticated demand
  - Increasingly complex supply chain
- Create distinctive appeal for all of our stakeholders by performing sustainably overall, including financially, to secure our long-term future

### ■ Key non-financial components of our overall performance

Governance

Talent management

Innovation

Environment

Digital

Community engagement



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**Our strategy:  
be a pioneer in the sustainable transformation  
of our niche industrial markets**

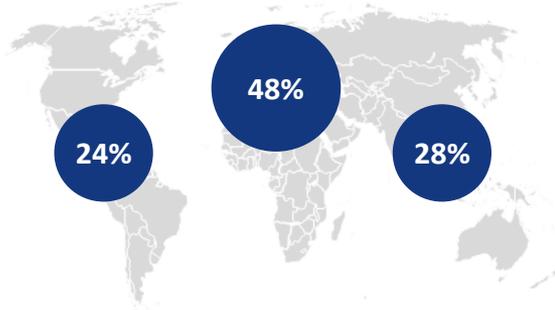
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## Worldwide industrial excellence

### Serving over 90 countries

Geographic breakdown of 2018 revenue



> 90% of revenue generated in international markets

- **16 plants:**
  - 6 in Europe
  - 4 in North America
  - 3 in Asia
  - 2 in Latin America
  - 1 in Africa

- **16 R&D and Quality laboratories:**
  - 7 for Fashion Technologies
  - 4 for Protective Films
  - 4 for Luxury Materials
  - 1 for Technical Substrates

## Leadership positions in niche markets

### Protective Films



**No. 1 worldwide** in temporary surface protection  
Leadership position in **10 market segments**

### Fashion Technologies



**No. 1 worldwide** Interlinings  
Leadership position in **4 market segments**

### Technical Substrates



**European leader** in functionalized textiles  
Leadership position in **4 market segments**

### Luxury Materials



**No. 1 worldwide** in high-quality combed wool  
Leadership position in **3 market segments**

## An increasingly robust financial profile

### Success of the strategic Game Changer plan confirmed in 2018

Revenue **€573.0m** +7.6%  
(2.6% like-for-like)

Recurring operating profit **> €48.0m** > +10.0%

### An increasingly solid balance sheet

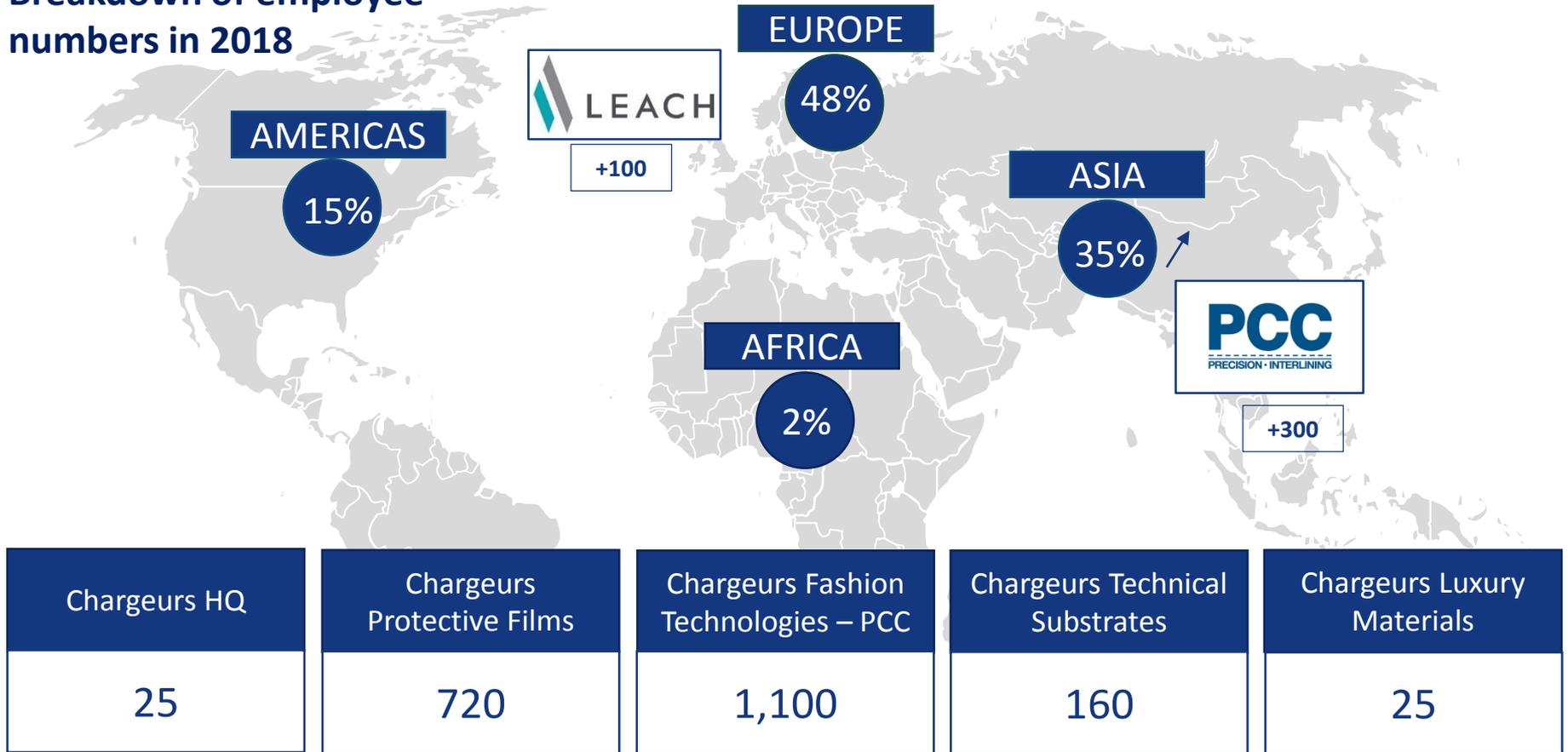
- Signature of a **game-changing €230 million syndicated credit agreement** in December 2018, with excellent financial terms and conditions

### Confirmation of guidance for full-year 2018

Revenue growth
Higher operating margin
Solid cash generation

More than 2,000 employees in manufacturing, sales and management, with a high level of exposure in a competitive global marketplace

## Breakdown of employee numbers in 2018



## A clear vision & solid strategy

Acting as a "designer" of our niche markets to create integrated value chains

- Strong technical expertise
- Global supply chain management
- Consumer-centric and service-oriented organizational structure
- Globally recognized B2B brands

## A success model

Managerial transformation to drive internal and external growth

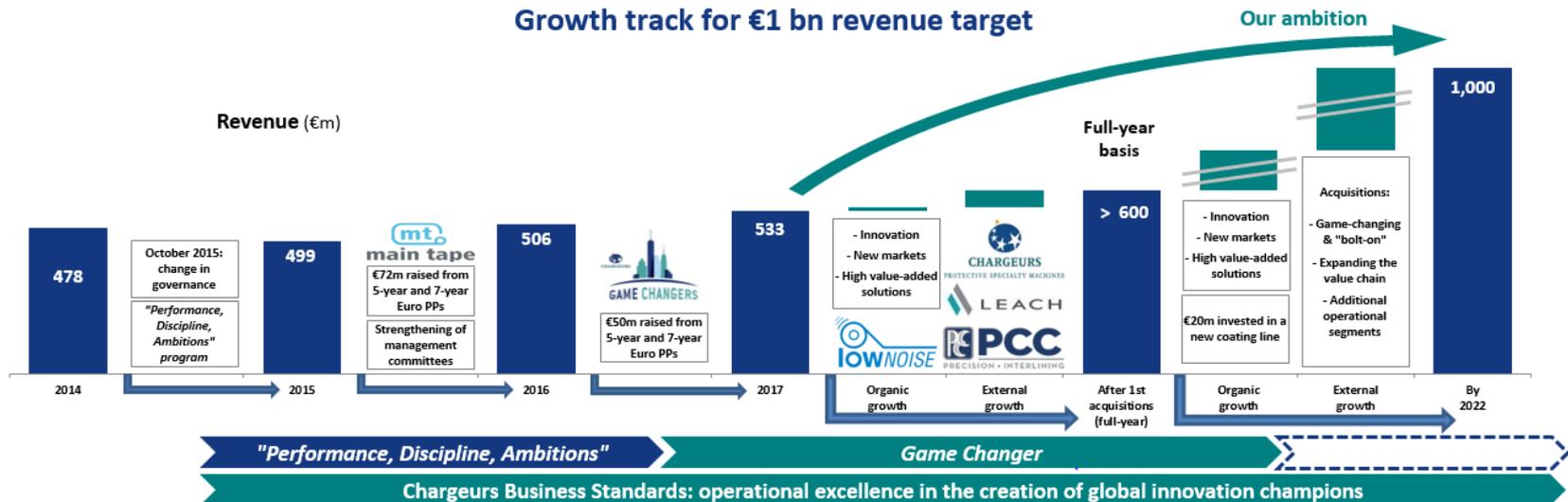
- A winning mindset and a performance culture
- Ongoing optimization of the business model
- A solid financial model
- 6 acquisitions generating €100m in revenue

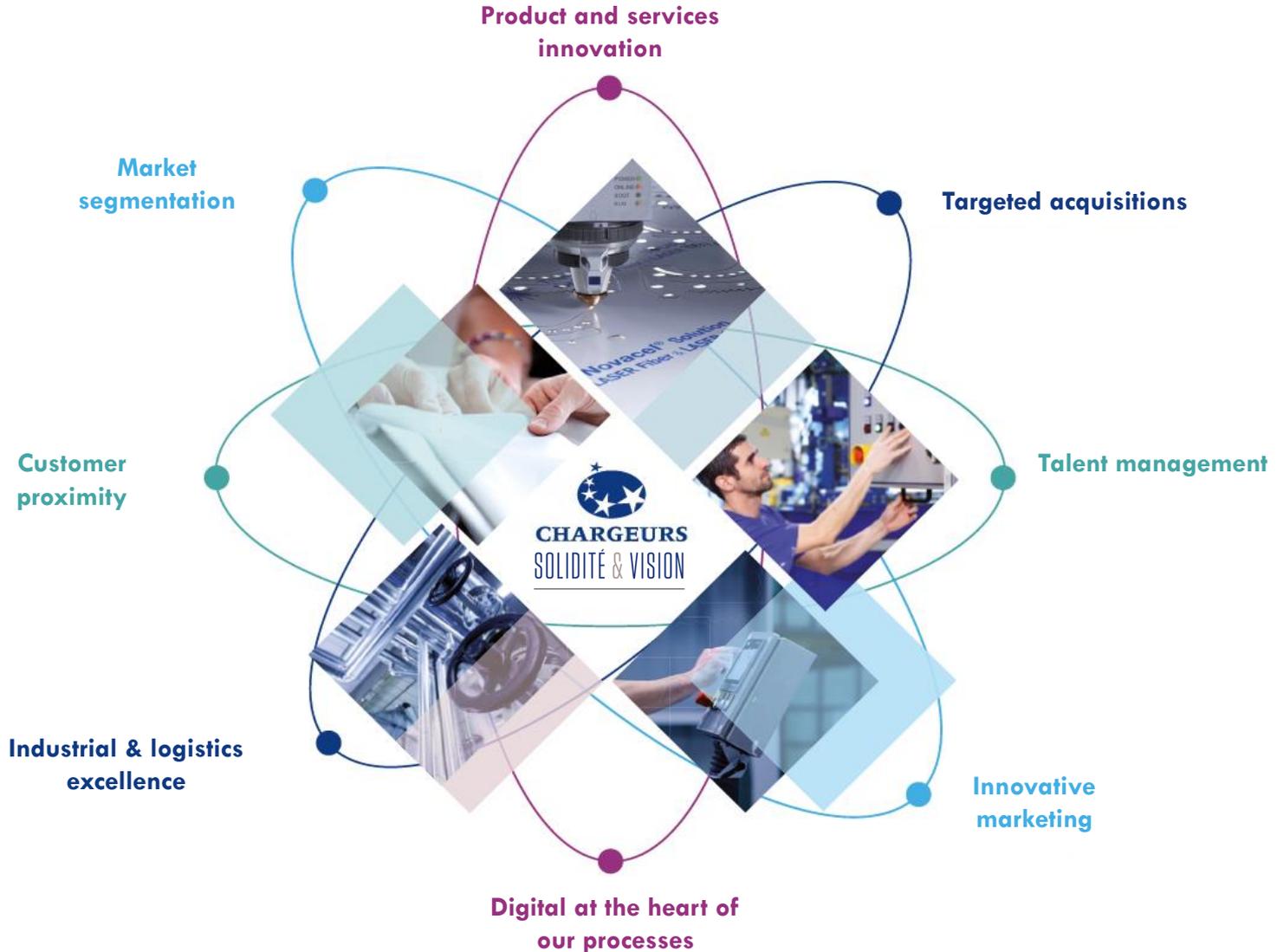
## Well on the way to achieving €1bn in revenue by 2021

Upscaling and multiplying sources of growth

- Simplifying the customer universe
- Proposing multiple solutions to customers in order to meet their challenges
- Seizing highly profitable opportunities that pave the way for game-changing developments

### Growth track for €1 bn revenue target







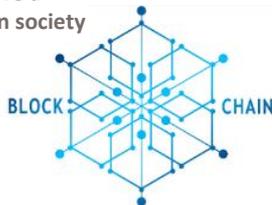
## Governance

Applying a robust corporate governance structure to ensure the consistency of Chargeurs' strategy over the long term



## Community engagement

Supporting community initiatives that have a positive impact on society



## Innovation

Innovating to meet global challenges and enhance the sustainability of our customers' products



## Digital

Investing in digital technology to secure ties between Chargeurs and its ecosystem

## Talent management

Investing in employees to support the Group's growth



HARVARD BUSINESS SCHOOL

## Environment

Limiting our impact on climate change by controlling our energy use and our air emissions



## Objective:

To accelerate revenue growth, with the target of doubling profitable revenue within 5 years

→ Intended to speed up the Group's growth and profitability, designed in collaboration with all of Chargeurs' teams worldwide and focused on four key areas



## Game Changer – our major achievements

### Sales and Marketing

- **Development of bundled “products & services” offerings**
  - “Films + Machines” at CPF thanks to the acquisitions of Somerra, Omma and Walco
  - “Textiles + Lightboxes” at CTS following the acquisition of Leach
- **Development of iconic B2B brands**
  - Low Noise at CPF
  - Sublimis at CTS
  - Organica at CLM
- **Opening of new sales sites and services centers** that are closer to customers
  - Mexico – CPF
  - Algeria and Central America – CFT
  - United States – CTS




**ORGANICA**  
PRECIOUS FIBER

### Talent Management

- **Moves to modernize and globalize organizational structures**
  - New organizational structure by continent for CPF
  - New global Managing Director for CFT, based in the United States
- **High-level, tailor-made training programs** at Harvard and with the Hidden Champions Institute in Berlin for a first group of Chargeurs Executive Talents
- **Launch of innovative cross-business projects** led by Young Talents identified within the Group



**HARVARD**  
BUSINESS SCHOOL

HCI

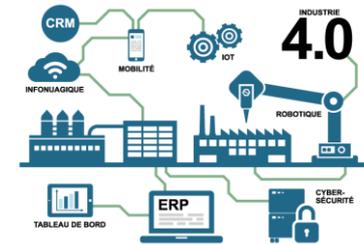
**HIDDEN**  
**CHAMPIONS**  
INSTITUTE



## Game Changer – our major achievements

### Smart & Advanced Manufacturing

- **Optimization of supplier and customer logistics across all businesses**
  - Re-engineering raw materials and logistics flows
  - Automating new production phases
- **Investing in the industry of the future and game-changing technologies**
  - “Techno Smart” 4.0 production line and vertical laminators for applying protective films to glass at CPF
  - New high-tech 40 gauge machine at CFT
  - Mastering new materials at CTS
  - Sublimation printing line at Leach



### Innovation

- **New product ranges to capture additional market share at CPF:**
  - Product ranges dedicated to protecting structured surfaces and PVC-like products for stamping
  - Introducing Low Noise technologies to new market sub-segments: stainless steel, stratified and profiled
- **Break-through innovations**
  - Anti-moire effect for interlining at CFT
  - Sublimis at CTS, voted “product of the year” by SGIA
  - Anti-counterfeit protection for premium textile products at CTS, using RFID chips



Game Changer: an operating performance acceleration plan that advocates daily discipline in the creation of long-term value and that is based on four key areas:

## Sales and Marketing



ORGANICA  
PRECIOUS FIBER

## Talent Management



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## Smart & Advanced Manufacturing



## Innovation



➔ Just one year after its launch, numerous successes have already been achieved and many promising new developments are in the pipeline

Chargeurs, a designer of leaders recognized in their niche markets whose operations are shaped according to four core principles:

### Cutting-edge technical expertise



- Industry 4.0
- Product innovation
- Technical know-how

### Optimized global supply chain management



- Global footprint
- Customer proximity

### A consumer-centric and service-oriented approach



- Integrated solutions
- Service provider
- Technical advice

### Globally recognized B2B brands



- Moving up the value chain
- Direct links with decision-makers
- Creation of recognized brands

Achieve €1bn in revenue by 2021 with an operating margin topping 8%

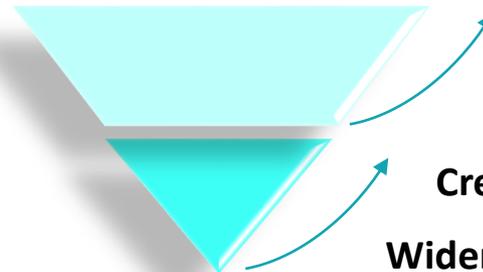
## Iconic Champions

New  
markets

New  
opportunities

Game Changer  
plan

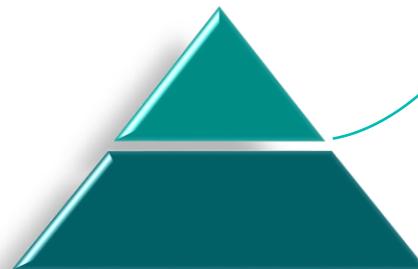
Chargeurs  
Business Standards



Expand market opportunities

Create strategic customer partnerships  
Widen our customer & product portfolios

Create  
global champions



Differentiation

Leadership & efficiency  
Greater market share  
Revenue growth  
Higher margins

## Global champion

- #1 in global market share
- Superior technical and services offering
- Best value for money
- Superior functional & experimental expertise
- Provider of innovative products
- Technical experts
- Reliable teams
- Proximity with customers



## Iconic champion

- #1 brand worldwide
- A go-to, indispensable partner
- An unrivaled partner
- Superior emotional appeal
- Designer of innovations
- Additional success and value creation
- Creative, proactive partners
- Fully immersed in our customers' strategies

From a “best offer culture” to a “must-have strategy”

## An acquisition strategy based on a strict and targeted model

Distinctive  
vision

*Create global champions in high value-added niche markets*  
*Focus on accretive businesses*

Disruption  
& growth

Game-changing bolt-on  
acquisitions closely in line with our  
strategy

Vertical acquisitions to move up  
the value chain and offer  
end-to-end solutions

Acquisitions in new businesses  
with high growth potential

**Market analysis**

**Target analysis**

**Evaluation**

**Integration**

**Strict  
methodology**

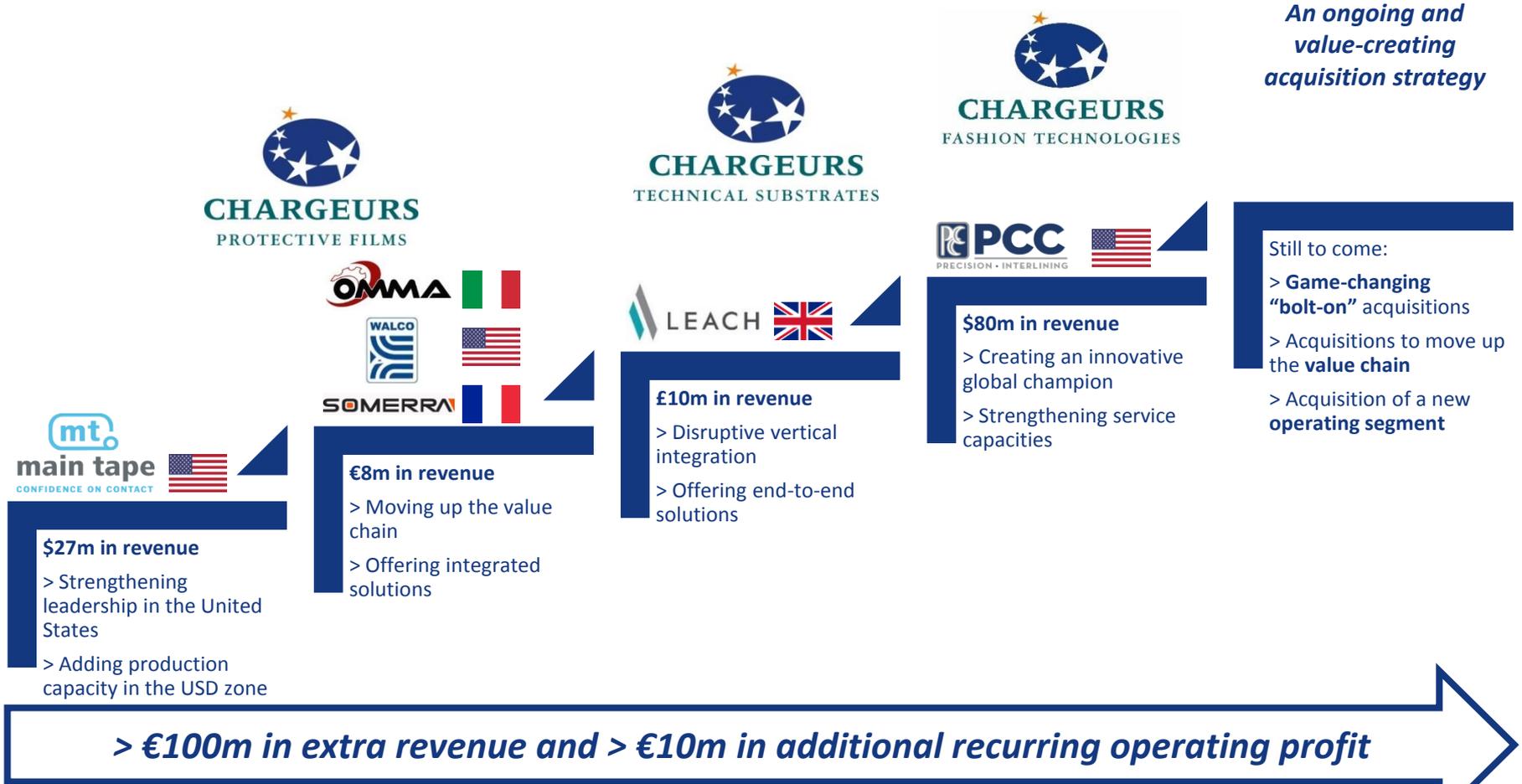
- ✓ Structural growth
- ✓ Opportunities in fragmented markets
- ✓ Strong technical features
- ✓ Opportunities for synergies

- ✓ Strong competitive positioning
- ✓ Strong, recognized brands
- ✓ Recurrent revenues and solid client base
- ✓ Accretive margins
- ✓ Strong cultural fit

- ✓ Priority given to return on capital employed
- ✓ Sustainable revenues
- ✓ Accretive value
- ✓ High growth in EBITDA and cash flow

- ✓ Extensive work upstream of acquisitions
- ✓ Strong focus on the integration of teams and synergies
- ✓ Strict supervision of measures in place

Since 2015, Chargeurs has carried out targeted acquisitions, creating champions in high value-added niche markets





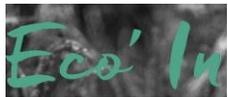
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## Key non-financial components of our overall performance

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# Key stages in our sustainable competitiveness strategy



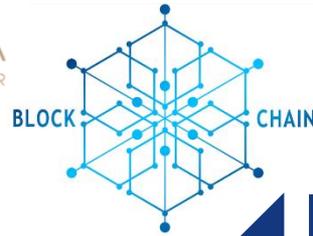
CFT sets up a new plant in an Ethiopian eco-park, which meets the highest standards in environmental stewardship.

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



Chargeurs launches its Organica Precious Fiber label, the first label for high-quality, certified, traceable fibers.

Chargeurs signs the United Nations (UN) Global Compact.



Chargeurs starts using blockchain technology for its Organica label to guarantee wool traceability and ensure strict control across the entire value chain.



Chargeurs is included in the Gaia sustainable development index for the first time, ranking among France's top 70 companies recognized for their social, environmental and governance performance.

Chargeurs incorporates the UN Sustainable Development Goals (SDGs) into its sustainable competitiveness strategy.



Chargeurs will conduct CSR audits of its most critical suppliers to optimize responsible sourcing.

## 2021 Objectives



Chargeurs continuously improves its performance in key areas:  
 CO<sub>2</sub>  
 Water  
 Waste  
 Volatile organic compound (VOC) emissions  
 Safety  
 Responsible purchasing  
 Training

## Governance

A clear vision and a committed approach  
A committed core shareholder  
with a long-term outlook



Independent directors

High attendance rate at Board meetings

Gender diversity among Chargeurs executives  
(top 32)

## Talent management

- Training
- Diversity
- Safety



 Number of training hours per employee

 0 accidents

## Environment

- Climate change
- Circular economy



 Reduction in CO<sub>2</sub> emissions

 Reduction in water consumption

## Innovation

- New DeepBlue/Alterra products
- Blockchain
- Iconic brands



 Reduction in waste produced

 Reduction in VOC emissions

## Community engagement

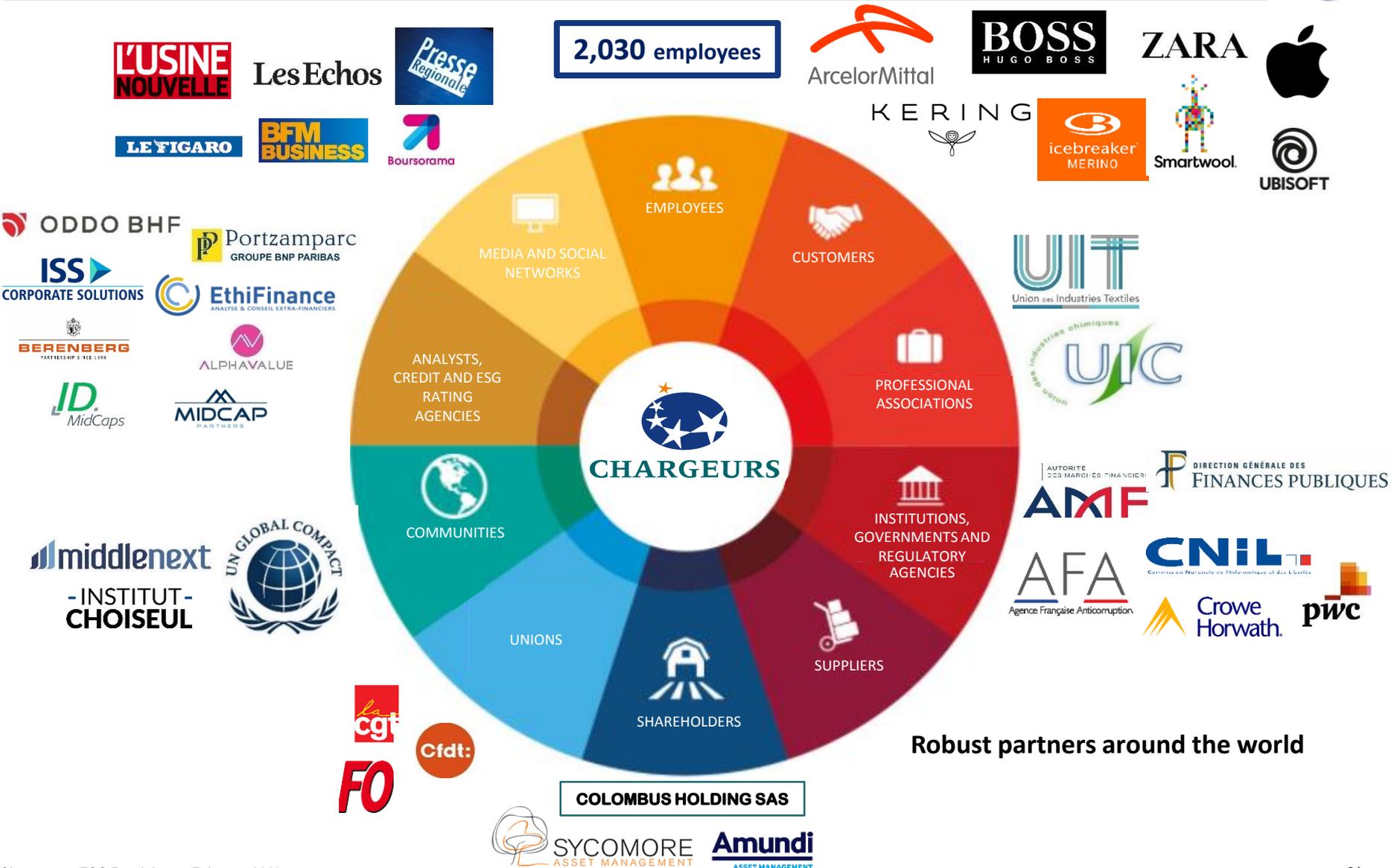
- Chargeurs Philanthropies
- Institut Choiseul
- UN Global Compact



 Responsible supply chain

 Donations

2,030 employees



Robust partners around the world



Score/100	2015	2016	2017
Governance	54	58	64
Social	56	67	78
Environment	52	57	66
External stakeholders	21	21	64
<b>Overall score</b>	<b>51</b>	<b>58</b>	<b>70</b>



Included in the 2018 Gaïa index



January 2019

<b>Social</b>	<b>3</b>
Human Rights	5
Labor, Health and Safety	3
Stakeholders and Society	3
Product Safety, Quality and Brand	2

Lower Governance Risk = 1 - Higher Governance Risk = 10

Higher E&S Disclosure = 1 - Lower E&S Disclosure = 10

<b>Environment</b>	<b>4</b>
Risks and Opportunities	4
Carbon and Climate	4
Natural Resources	2
Waste and Toxicity	4



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## Significant CSR achievements

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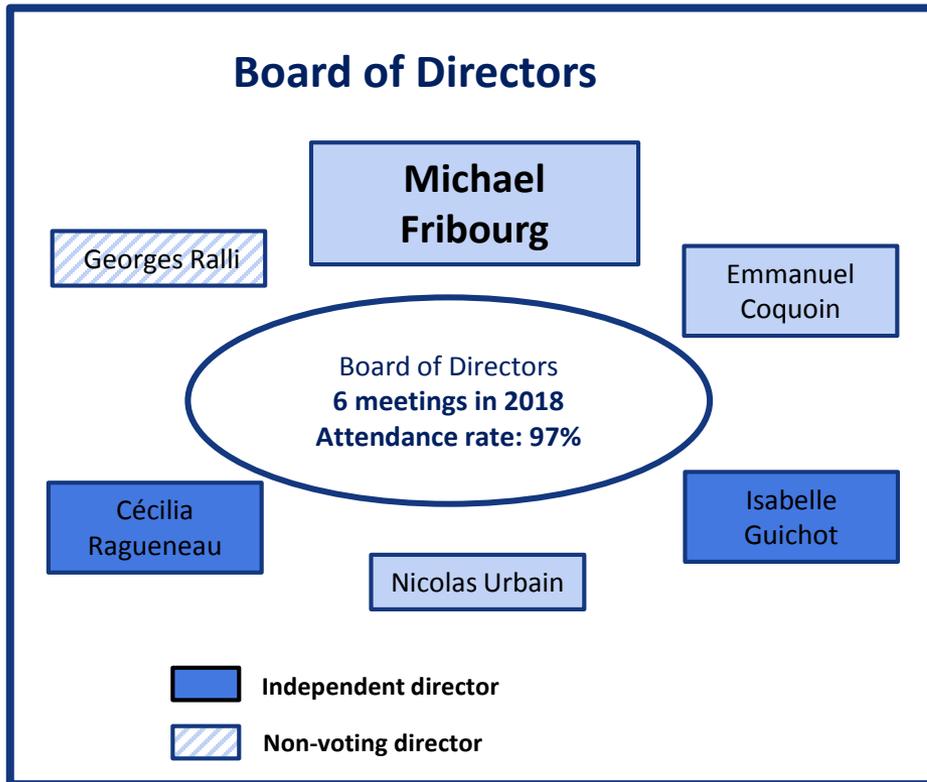




**An Ethics Committee to steer key CSR projects**



Maud Fontenoy, member of the Chargeurs Ethics Committee and President of the Maud Fontenoy Foundation, which takes action in France and overseas to protect the world's oceans.

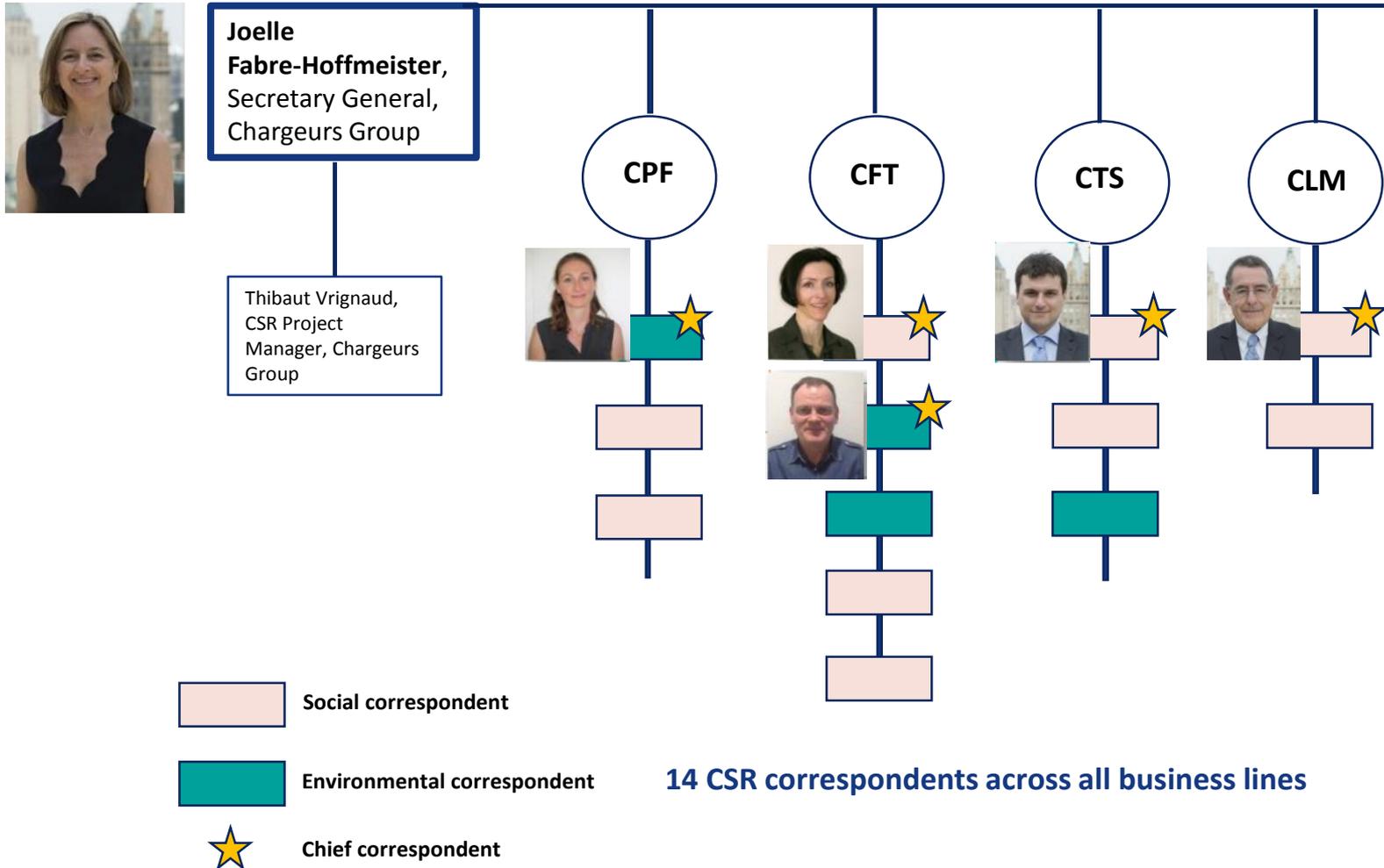


**An Executive Committee to validate CSR strategy**

**Correspondents in each business line to implement the CSR strategy**



## A CSR structure represented across all of the businesses





## A code of conduct for guidance and support

To ensure that the Code of Conduct is understood and applied by all teams, Chargeurs has opted to focus on the values and principles upheld and expected by the Group, without providing strict instructions on how they should be applied. The Code therefore serves as a support document and communication tool, clarifying Group policies, ensuring harmonized practices and reminding the various stakeholders of their responsibilities.

### Contents

#### 1- FUNDAMENTAL VALUES OF THE CHARGEURS GROUP

PROTECTION OF INDIVIDUALS  
FAIR EMPLOYMENT PRACTICES  
SUSTAINABLE DEVELOPMENT  
TRANSPARENCY  
PROTECTION OF GROUP ASSETS  
RELATIONSHIPS WITH THIRD PARTIES  
INTERNAL AND EXTERNAL COMMUNICATIONS

#### 2- REPORTING VIOLATIONS OF THE CODE OF CONDUCT

SCOPE  
VIOLATION REPORTING PROCESS  
HOW REPORTED VIOLATIONS ARE PROCESSED  
WHISTLEBLOWER RESPONSIBILITIES  
PROTECTION OF WHISTLEBLOWERS

#### 3- PENALTIES FOR VIOLATIONS OF THE CODE OF CONDUCT

#### 4- ETHICS COMMITTEE



The people responsible for ensuring its application:

- Governance
- Managers
- The Chief Compliance Officer
- Business HR Managers



An email address for reporting violations:  
**...@chargeurs.com**



The increase in employee numbers and the integration of new hires generate challenges for the Group, particularly in terms of training, skills development and management.

## ■ Chargeurs invests in its people to support the Group’s growth

- An onboarding process adapted to each situation, with a focus on understanding the Group’s organization and operations and on forging ties with peers (Discovery Days in France, onboarding programs for new companies, etc.).
- A Young Talents program for young employees with potential (dedicated training programs, challenging projects, support from HR, etc.).
- Substantial manager participation in fostering the Group’s values and culture.

## ■ A sizable training budget and numerous opportunities

- “Game Changer” program to help executives implement all aspects of the 2017-2021 business plan (in partnership with ESMT Berlin).
- Customized training modules to support the Group’s transformation for growth.
- Initiatives to support skills development internally (Novacel Academy).



**Present in more than 90 countries, Chargeurs sees diversity as a key competitive strength.**  
**With more than 90% of revenue generated outside France, Chargeurs is committed to maintaining a strong international culture.**  
**All Chargeurs facilities are therefore managed locally.**

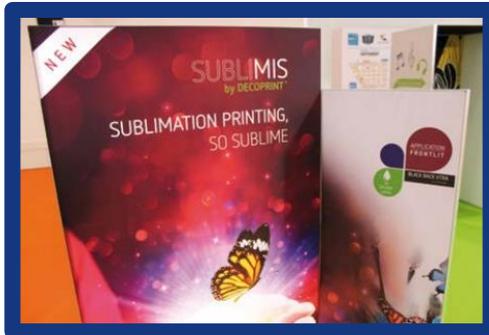
- **Improve understanding of certain products or markets:** hiring people who reflect the diversity of our customer base enables us to better understand our customers and enhance their level of satisfaction, which in turn fosters loyalty.
- **Encourage innovation and creativity,** by employing people with complementary profiles.
- **Facilitate international expansion,** by hiring people who speak other languages and understand other cultures.

## ■ Climate change



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

### ● Innovating in solvent-free products



**SUBLIMIS®** is a fabric coated on one side, designed for printing using water-based inks, which do not contain solvents.



**NOVACEL** is developing more and more solvent-free technical products for various markets, including coated metals.

### ● Investing in ultra-modern solvent recovery or incineration units

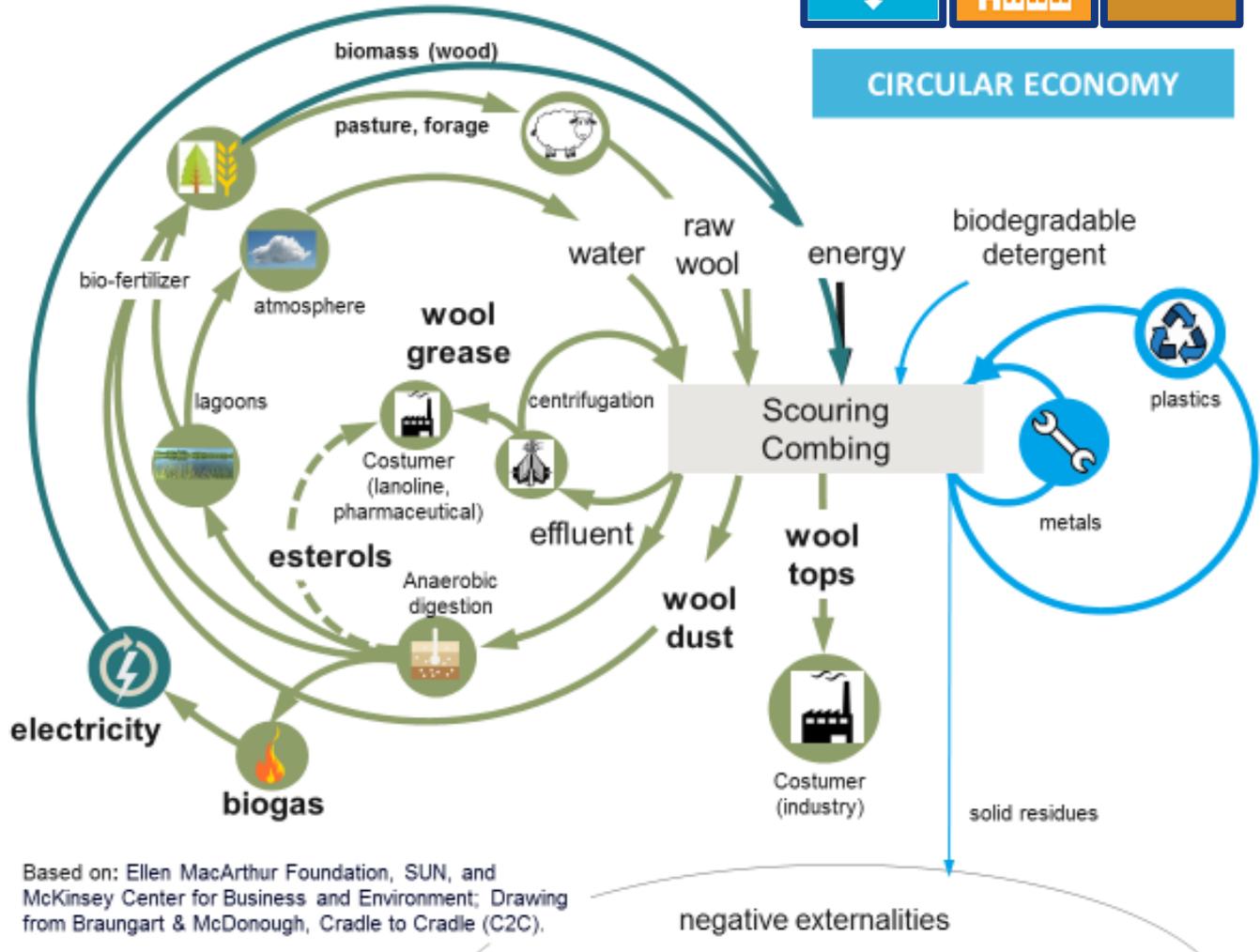
Three solvent recovery units have been installed, at the Déville-lès-Rouen plant in France and at the Boston Tapes plant in Italy. These units make it possible to reduce solvent purchases, significantly cut VOC emissions and reduce our environmental footprint during the transportation, handling and storage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

## Climate change



### CIRCULAR ECONOMY

**Circular economy at the Lanás Trinidad plant in Uruguay**



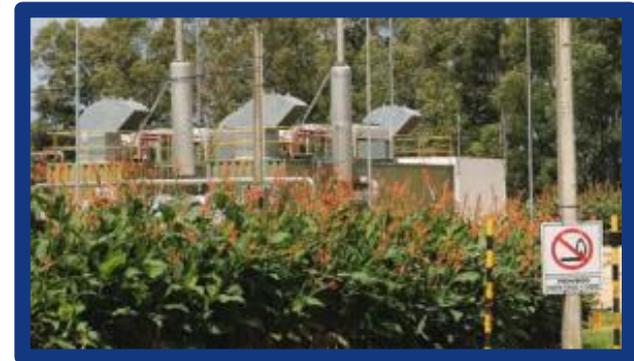
## ■ Climate change



Investment in biogas recovery and energy transformation: for the past three years, Chargeurs Luxury Materials’ partner combing mill in Uruguay has been treating effluents containing biodegradable organic matter with a technology that generates biogas, which is then used as a renewable energy to directly power up to 25% of production.



A biogas recovery and utilization system



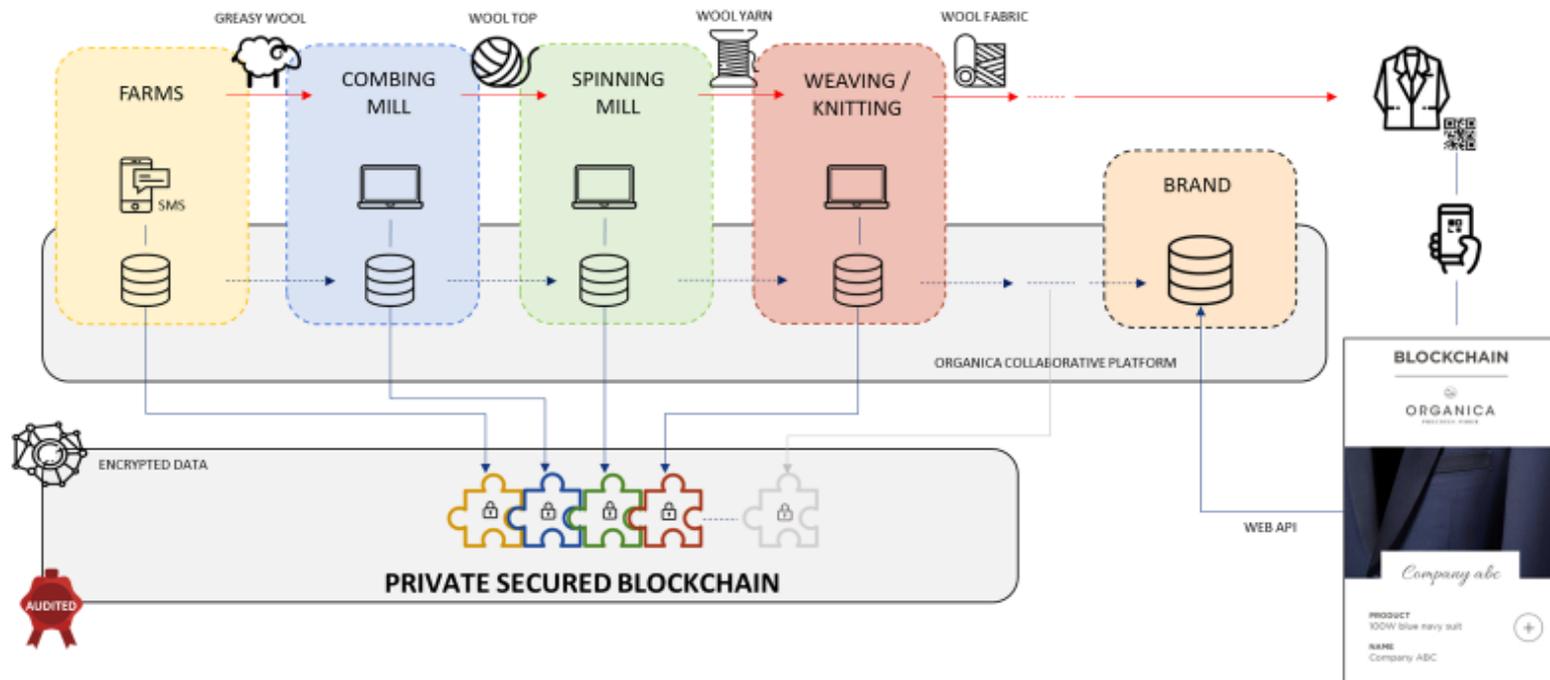
Site where biogas is converted into power, of which 25% is reinjected into the Lanás Trinidad combed wool plant and 75% is sold



## Blockchain

Blockchain is a distributed database that uses encryption to store information in a tamper-resistant way. It has become the new benchmark for ensuring traceability in complex supply chains.

The CLM Blockchain is used by all Organica certified partners during all stages of the transformation process.



## ■ Novacel Deep Blue Technology



Novacel Deep Blue Technology is an innovation in protective films and an alternative to PVC products. It is:

- PVC free
- Phthalate free
- 100% recyclable





## ■ Iconic brand strategy:

- Implementation of a new “iconic” brand and marketing strategy
- Development of high-value-added global B2B brands
- Consolidation and unification of existing brands in each of the Group’s businesses
- Development and intensification of a new “Iconic Ignition” marketing environment with a strong impact on customers
- Cornerstone of the Game Changer plan





## Responsible purchasing

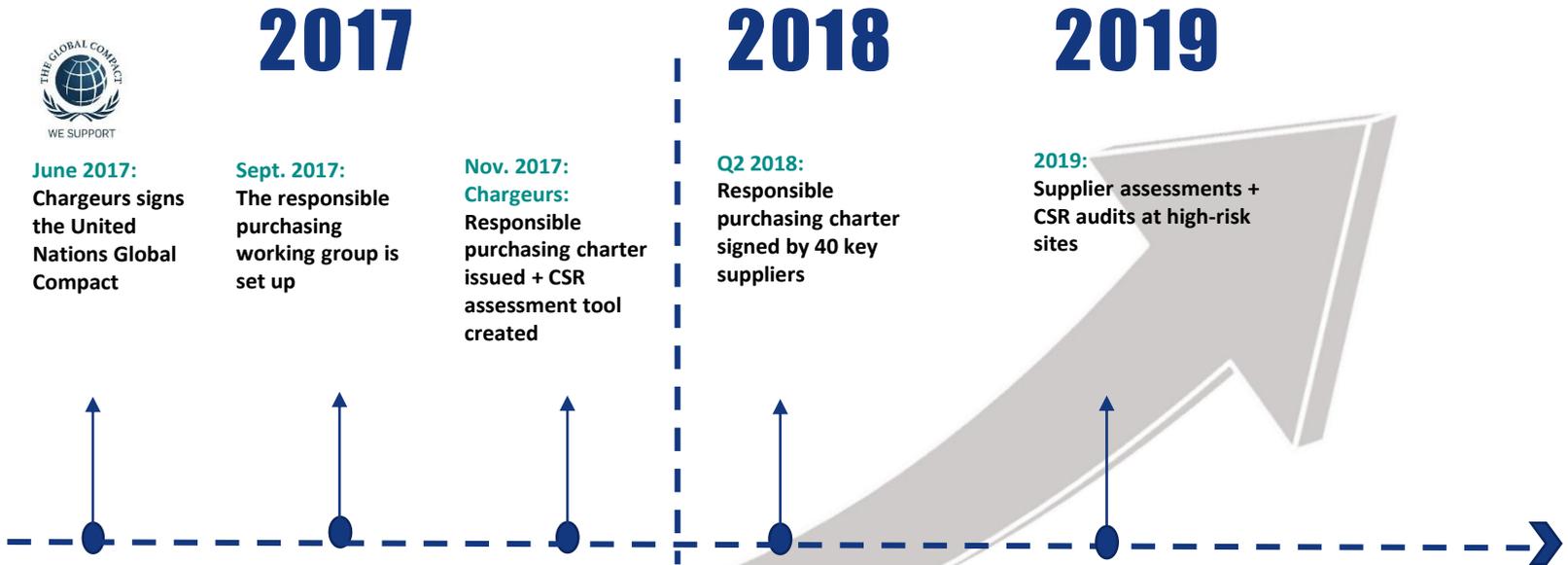
**Responsible purchasing – Building sustainable, long-term relationships with our suppliers.**

Supporting our suppliers in their own sustainable development process by sharing effective CSR management tools.

Sharing our values with all participants in the supply chain.

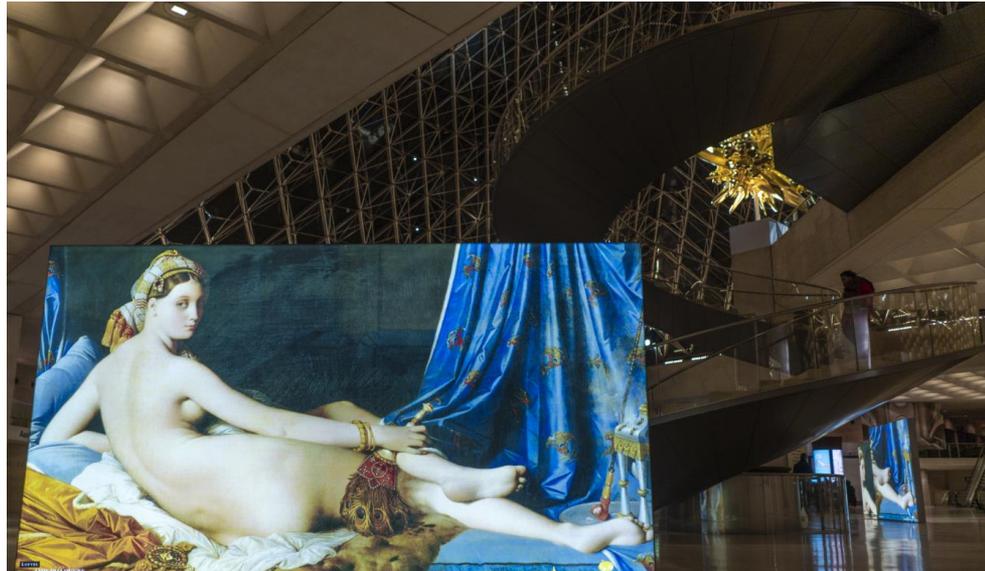
Integrating initiatives into our purchasing processes that support economic development, social progress and the environment.

Selecting suppliers based on CSR criteria.



## The Société des Amis du Louvre and Chargeurs Philanthropies forge a prestigious partnership

Chargeurs Philanthropies was the first and main sponsor of a prestigious event held at the Louvre museum on December 11 to showcase some of the museum’s masterpieces. In addition to financial support, the foundation also provided a spectacular and visually immersive experience by illuminating some of the most iconic paintings chosen for the event, which saw French actor Fabrice Luchini reading excerpts about the masterpieces from classic French texts under the Louvre’s famous pyramid. The paintings were displayed using lightboxes developed by Leach, providing an innovative visual backdrop for the actor’s performance. The event was open to students and enabled some 200 young people to immerse themselves in classical texts and the corresponding artworks on display.



## ■ Commitments and actions



### ● Global Compact network

- Regular participation in working groups on the UN Sustainable Development Goals. Sharing of best practices with other network members.

- INSTITUT -  
**CHOISEUL**

### ● Institut Choiseul

- Chargeurs supports Institut Choiseul, an independent think tank that creates opportunities for dialogue at the crossroads of the political and institutional spheres, economics and the world of ideas in order to foster debate on contemporary issues.

