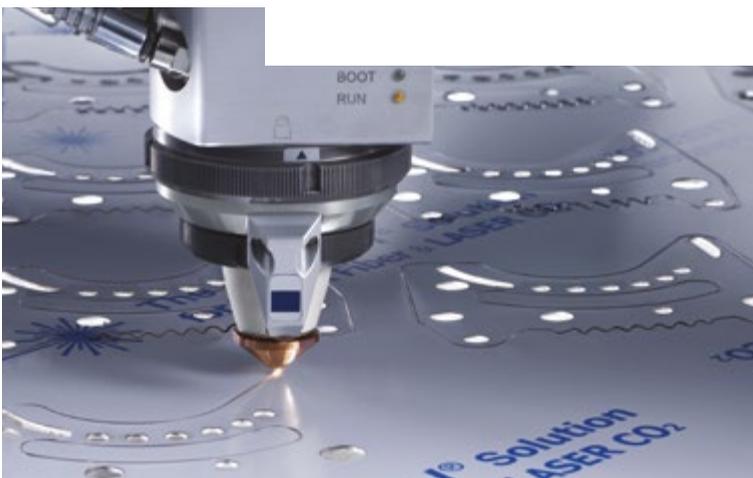




2018

**REGISTRATION
DOCUMENT**

including
the Integrated Report



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2018 REGISTRATION DOCUMENT

INTEGRATED REPORT
ANNUAL FINANCIAL REPORT

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

The French version of this Registration Document was filed with the French financial markets authority (*Autorité des Marchés Financiers* – AMF) under number R. 19-005 on April 12, 2019, pursuant to Article 212-13 of the AMF's General Regulations. It may only be used in connection with a corporate finance transaction when accompanied by a prospectus approved by the AMF. It was prepared by the issuer and is the responsibility of the persons whose signatures appear therein.

The English language version of this report is a free translation of the original, which was prepared in French. In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.

The filing, in accordance with the provisions of Article L. 621-8-1-I of the French Monetary and Financial Code (*Code monétaire et financier*), was carried out after verification by the AMF that the document is exhaustive and intelligible and that the information it contains is consistent. It does not imply that the AMF is authenticating the financial and accounting data presented.



Our first integrated report

This year, the Chargeurs Group is preparing its first integrated report, in a commitment to explaining how it creates long-term value for customers, shareholders, employees and other stakeholders, as well as for society as a whole.

The report is designed to give readers a holistic vision of the Group's challenges, while encouraging them to find out more as they read through the registration document.

It was prepared as a collaborative project involving the entire Executive Committee and led by the Financial Communications Department. By combining both financial and non-financial data, it presents a well-rounded picture of our initiatives and performance as we move forward to a sustainable future.

2018 INTEGRATED REPORT

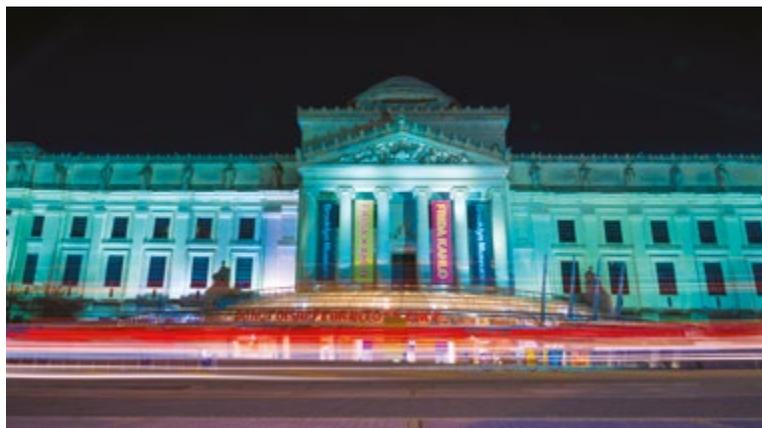
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“Making
our businesses
iconic champions
in high
value-added
niches.”

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MICHAËL FRIBOURG,**
Chairman and Chief
Executive Officer

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“Our global leadership positions give us a decisive competitive advantage, because we are the obvious go-to partners for our customers.”

Michaël Fribourg
Chairman and Chief Executive Officer

With the Game Changer Competitiveness Program initiated in 2017, we have instilled new operational discipline and marketing momentum, which together have further stepped up the pace of our profitable growth. In 2018, our revenue increased by 7.6% to €573.3 million, while our recurring operating profit rose by a solid 10.4%, in a demanding, highly volatile business environment.

Game Changer is also supporting our distinctive, targeted acquisition strategy, which is enhancing our potential for innovation, the premiumization of our products and services, and our penetration of new markets around the globe. Chargeurs now operates in 90 countries, with global leadership positions in each of its businesses. All this means that I can reaffirm my confidence in reaching our target of more than €1 billion in revenue by the end of 2021, one year ahead of our initial goal.

Staying one step ahead through premiumization

In our niche businesses, our brands are recognized for their exceptional innovation, reliability, quality and service. Our products already set the market standards of excellence, and our Game Changer program is taking them to the next level. Chargeurs products must not only create economic value for our customers, but also give them the means to

In October 2018, Chargeurs was included in the benchmark Gaïa sustainable development index



address their environmental and social challenges. This is why we have intensified our culture of innovation, while improving the efficiency of our manufacturing and supply chain.

**In every business,
we are designing increasingly
end-to-end solutions**

In 2018, we moved steadily up the value chain in each business. We successfully completed the acquisitions of Leach in the UK and PCC Interlining, based in Asia and the United States, as well as creating luxury online brand Amédée 1851 and ramping up the deployment of the Chargeurs Protective Specialty Machines division. Mid-2019, our Protective Films business will launch a new, extremely high-tech production line. The result of 20 months of engineering and fabrication work by a dedicated, multi-disciplinary team, the new line perfectly illustrates our manufacturing vision. It is disruptive, connected, resource-efficient and designed in close collaboration with customers, all with a focus on maintaining our competitive lead.

**Moving to the next level
with the “iconic” program**

Leveraging this deeply rooted high-tech culture, Chargeurs is strengthening the status of its products and services with “Iconic Ignition,” a new, high customer-impact marketing strategy that will enable our products and services to deliver even more value, while further cementing our reputation as the go-to partner for our customers. In the field, in direct contact with our customers, we are a source of results-oriented innovation and specification, in ways that meet their emerging needs further and further upstream. In every business and at corporate headquarters, our employees are committed to ensuring that our products and services are, more than ever, seen as absolute standards of excellence and must-have components in our customers’ value chains.



“We will pursue our profitable growth strategy by stepping up the premiumization of our product lines and leading our targeted acquisitions drive.”

Chargeurs is a global manufacturing and services Group that holds leading positions in high value-added niche businesses.

**Chargeurs,
an innovative
Group**

Present in
more than
90
countries

4
businesses

17
production
plants

16
R&D and quality
laboratories

More than
2,000
employees

REVENUE⁽¹⁾
(in € millions)



RECURRING EBITDA⁽²⁾
(in € millions and
% of revenue)



**RECURRING
OPERATING PROFIT⁽³⁾**
(in € millions
and % of revenue)



**ATTRIBUTABLE
NET PROFIT⁽⁴⁾**
(in € millions)



CASH FLOW⁽⁵⁾
(in € millions)

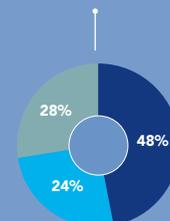


DIVIDEND PER SHARE
(in €)



€573.3m
in revenue in 2018

**2018 REVENUE
BY REGION**
(in € millions)



EUROPE 48%
€273.0m

ASIA 28%
€161.4m

AMERICAS 24%
€138.9m

(1) - See note 2.6 to the 2018 consolidated financial statements.

(2) - See note 2.7 to the 2018 consolidated financial statements and glossary of financial terms, page 234.

(3) - See note 2.8 to the 2018 consolidated financial statements and glossary of financial terms, page 234.

(4) - See note 2.10 to the 2018 consolidated financial statements.

(5) - See glossary of financial terms, page 234.

Innovation and heritage since 1872

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



1872 CREATION OF A GLOBAL GROUP

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



1945 1970 CHARGEURS RÉUNIS EXPANDS ACROSS THE WORLD

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



1980 1990 DIVERSIFICATION INTO TEXTILES, PLASTICS AND THE MEDIA

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

1996 FRANCE'S FIRST SPIN-OFF TRANSACTION

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

2000 2014 REFOCUSING ON SPECIALTY MATERIALS

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

Since
2015

TRANSITION IN OWNERSHIP AND CHANGE IN SCALE

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

Our outstanding achievements

The Game Changer operating performance acceleration plan has instilled discipline in our daily practices as we pursue our long-term vision. Since its launch in 2017, it has driven many outstanding achievements and initiated a number of highly promising new developments currently in the pipeline.

INNOVATION

Introducing new product lines to capture additional market share for CPF:

- Films dedicated to protecting structured surfaces and PVC-like products for stamping
- Low-noise technologies extended to new market segments, such as stainless steel, laminates and profiles

Disruptive innovations:

- Anti-moire effect interlinings at CFT
- Sublimis at CTS, voted "product of the year" at the SGIA Expo trade fair
- Anti-counterfeit protection for premium textile products at CTS, using RFID chips



MANUFACTURING

Optimizing supplier and customer logistics across every business:

- Re-engineering raw materials inputs and the supply chain
- Automating new production processes

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





SALES AND MARKETING

Developing bundled “products + services” solutions:

- “Films + Machines” at CPF thanks to the acquisition of Somerra, Omma and Walco
- “Textiles + Lightboxes” at CTS following the acquisition of Leach

Heightening visibility for our iconic B2B brands:

- Novacel at CPF
- Lainière de Picardie at CFT
- Leach at CTS
- Organica Precious Fiber at CLM

Opening new, close-to-the-customer sales offices and service centers:

- Mexico – CPF
- Algeria and Central America – CFT
- United States – CTS

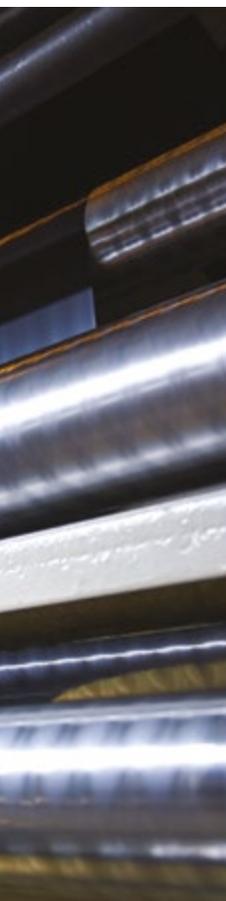
TALENT MANAGEMENT

Modernizing and globalizing our organizations:

- New organization by continent at CPF
- New Managing Director for CFT, based in the United States
- New Managing Director for CTS, to drive faster acquisitions-led growth

High-level, tailor-made training programs at Harvard University, ESMT Berlin and ESMT Berlin’s Hidden Champions Institute for an initial class of Chargeurs Executive Talents

Launch of innovative cross-business projects, some of which are led by our Young Talents



OUR BUSINESS: CREATING ICONIC CHAMPIONS IN OUR HIGH VALUE-ADDED NICHE MARKETS

Chargeurs manufactures outstanding, innovative, reliable and bespoke products and services in global high-tech niche markets. All of our products share the same purpose: to support our customers' success by improving their performance.

Chargeurs' four businesses leverage the synergies from engineers, marketers, textile specialists and chemists to deliver solutions seamlessly aligned with customer needs.

With their proud heritage of expertise and innovation-driven culture, Chargeurs employees are united in their commitment to shared values.

Protective Films

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

TO FIND OUT MORE, PLEASE TURN TO PAGE 12



PCC Fashion Technologies

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

TO FIND OUT MORE, PLEASE TURN TO PAGE 13



CHARGEURS

x



Technical Substrates

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

TO FIND OUT MORE, PLEASE TURN TO PAGE 14



Luxury Materials

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

TO FIND OUT MORE, PLEASE TURN TO PAGE 15



Chargeurs Protective Films

The world leader
in temporary
surface
protection

720
employees

more than
90%
of revenue
generated
in international
markets

4
production
plants

4
R&D
and quality
laboratories

10
market
leadership
positions

€283.3m

in revenue in 2018,
up 24.7% since 2015

€33.0m

in recurring operating profit in 2018,
up 51.4% since 2015

Chargeurs Protective Films had another record year in 2018, delivering further growth on an already exceptionally strong 2017.

The business continued to premiumize its products and expand its portfolio of bundled solutions, as well as preparing for the scheduled mid-2019 start-up of its new Techno-Smart 4.0 production line.

Chargeurs Protective Films manufactures self-adhesive films that protect fragile surfaces during production processes, handling, transportation and fitting. Any surface that must always look its best, such as sheets of plastic, stainless steel, aluminum or pre-coated metals, as well as PVC profiles, can be protected by a film engineered by Chargeurs Protective Films. The business serves a very wide range of industries, from construction and automobiles to electronics and appliances.

The protectable surfaces feature an infinite variety of physical and chemical characteristics, which are constantly changing as technology advances.

Key factors in creating competitive differentiation include the outcomes from the business unit's research and innovation laboratories and its in-depth understanding of customer needs. Coating a film with its specific adhesive and then applying it to the surface with a high-precision laminator machine demand high-tech expertise and seamless coordination between the R&D and marketing teams.

In 2017, Chargeurs Protective Films demonstrated its innovation capabilities and commitment to moving up the customer's needs chain by forming a new division, Chargeurs Protective Specialty Machines, to offer bundled solutions. The innovative, one-of-a-kind division has made the business the global specialist in protective film application solutions, while sustainably lengthening its lead over the competition.



Chargeurs PCC Fashion Technologies

The world leader
in technical
textiles
for the luxury
and fashion
industries

1,130
employees

more than
90%
of revenue
generated
in international
markets

8
production
plants

7
R&D
and quality
laboratories

4
market
leadership
positions

€161.1m

in revenue in 2018,
up 2.3% since 2015

€14.8m

in recurring operating profit in 2018,
up 170% since 2015

In 2018, Chargeurs PCC Fashion Technologies sustainably stepped up its profitable growth momentum, led by a strategy focused on the customer experience, and successfully integrated Asia- and US-based PCC Interlining. This transformative acquisition has strengthened the global market leadership of the new amalgamation, Chargeurs PCC Fashion Technologies, by combining the two businesses' robust, strategically related fundamentals.

Chargeurs PCC Fashion Technologies is the world's foremost expert in the production of interlinings for women's and men's clothing. The only technical fabric used in garments, interlinings are generally hot-fused between the outer fabric and lining in coats, jackets, shirts, blouses and other apparel to help them to retain their shape and stay sharp.

The increasingly technical nature of today's garments is driving demand from the world's leading luxury and fashion brands, from ready-to-wear to fast fashion. Chargeurs PCC Fashion Technologies' chemists and textile engineers are constantly enhancing the value added of their interlinings by developing increasingly higher performance innovations that offer customers opportunities to continuously push back the boundaries of their creativity.

Technological innovation and agile responses to the latest fashion market trends are key to standing out from the competition. Showrooms in Paris, Milan and New York position teams at the heart of global fashion and the latest collections. In this way, customers can try out the interlinings on their prototypes and fabric samples to ensure that they deliver flawless performance.

With PCC Interlining, Chargeurs PCC Fashion Technologies has broadened its footprint in the United States and Asia and is set to top €200 million in full-year revenue.

The new amalgamation's unprecedented marketing clout and comprehensive range of products and services are strengthening its position as a world leader and innovative champion in its markets.



Chargeurs Technical Substrates

The European
leader in
functionalized
textiles

175
employees

more than
90%
of revenue
generated
in international
markets

2
production plants:
in Alsace, France
(Senfa Technologies)
and in the United
Kingdom (Leach
Visual Solutions)

1
R&D
and quality
laboratories

4
market
leadership
positions

€30.7m

in revenue in 2018,
up 51.2% since 2015

€4.0m

in recurring operating profit in 2018,
up 11.1% since 2015

In 2018, Chargeurs Technical Substrates reached a new milestone by bringing on board its first acquisition, Leach, the UK leader in large format graphic display solutions for retailers and museums. This key step in the business' globalization and the premiumization of its product offering has bolstered its strategic ambition to exceed €100 million in revenue by 2021.

Senfa functionalizes technical textiles used in the advertising, decoration, interior design, home furnishings and building markets. Coating adds specific properties to a textile base, enabling it, for example, to shade or diffuse light, filter electromagnetic waves, dampen noise or fireproof a panel.

Leach is highly proficient in the art of creating disruptive and immersive visual experiences. Its lightboxes featuring printed and backlit technical textiles

offer an innovative, unrivaled experience for museum visitors and shoppers in the world's leading apparel chains.

Together, Senfa's technological expertise and Leach's exquisite sense of staging and design are enabling the new amalgamation to enter new segments of the global marketplace by offering new end-to-end solutions.



Chargeurs Luxury Materials

€98.2m

in revenue in 2018,
up 4.8% since 2015

€2.7m

in recurring operating profit in 2018,
up 8% since 2015

The world leader
in premium,
certified, traceable
wool fibers

25

employees

100%

of revenue
generated
in international
markets

4

partner
combing mills
in the United States,
Uruguay, Argentina
and China

4

R&D
and quality
laboratories

3

market
leadership
positions

In 2018, Chargeurs Luxury Materials pursued its strategy of premiumizing the product range and successfully demonstrated the effectiveness of its Organica Precious Fiber label, the world's leading label for certified, traceable premium-grade fibers designed for the most prestigious global luxury and sportswear brands. In December 2018, the launch of the online Amédée 1851 brand of scarves and squares made of premium-grade fibers strengthened the business' positioning in the luxury industry.

Chargeurs Luxury Materials' expertise consists in selecting the finest, softest, most resistant greasy wool tops from producers worldwide. An optimized business model based on firm contracts enables the unit to produce, deliver and track solutions for its customers, who rank among the world's most prestigious brands.

The only trader capable of offering customers wool from every producing region, Chargeurs Luxury Materials is increasingly engaged in the wool production process, working closely with ranchers and stakeholders across the value chain. The high point of this commitment is Organica Precious Fiber, the world's most demanding wool label, which

uses blockchain technology to ensure that the fibers are seamlessly traceable "from the sheep to the shop."

It provides the stand-out quality and sustainable supply required by the world's most prestigious luxury and sportswear brands, while addressing their deep concerns for animal welfare, resource management and land development.

This sustainable approach is now embodied in the online Amédée 1851 brand, the Group's first B-to-C brand, whose promising launch attests to the growing interest in high-quality, meaningful products.



Global challenges as new opportunities

Chargeurs' strategy reflects a complex, volatile world that is being reshaped by profound economic, technological, social and environmental change.

5 GLOBAL CHALLENGES

1

PREMIUMIZATION CONTINUES TO GAIN MOMENTUM

Premium markets are widening their gap with commodities. Purchasing behavior is increasingly determined by total cost of ownership analyses, which tend to heighten the appeal of branded products.



Chargeurs brands are recognized for their reliability and quality. They set the standard of excellence in their businesses. This premiumization strategy is helping to drive continuous improvement in our manufacturing capabilities. The new "iconic" marketing approach is further strengthening the positioning of our products and services.

2

MOVING UP THE VALUE CHAIN

The perceived utility value of a manufactured product is enhanced when it is supported by services. In this case, the supplier is no longer a manufacturer, but a provider of turnkey solutions.



Customers want products that inspire complete confidence and make their lives easier. To position itself further and further up the value chain, Chargeurs is targeting acquisitions capable of bringing it closer to end-customers. It is also developing solutions built alongside customers and asserting its commitment to being a top-level technical partner.

CHARGEURS' STRENGTHS



OUR MISSION

We develop high value-added niche products and services that improve our customers' performance and success. We are leveraging our four core values – Reliability, Passion, Commitment and Boldness – to act as a Game Changer in our ecosystem.

3

THE SUPPLY CHAIN IS BECOMING MORE COMPLEX

Globalization is causing fragmentation of manufacturing and supply chains. Managing deliveries is becoming more and more of an issue as customers opt for just-in-time systems to optimize inventory.



Chargeurs has deployed a global, regionally based manufacturing and marketing organization that not only supports highly responsive manufacturing but also positions teams on the front lines, listening carefully to customer needs and capturing emerging trends.

4

ALL BUSINESSES ARE GOING DIGITAL

The digital transformation and the emergence of connected products is leading companies to completely revamp their production processes and, more generally, all of their business processes.



Thanks to Chargeurs' culture of innovation, we can proactively respond to these emerging customer needs with bundled, end-to-end solutions. The launch of the new Techno-Smart 4.0 production line will position the Protective Films business on the leading edge of global industrial innovation.

5

CSR IS EMBEDDED IN CORPORATE STRATEGY

Changes in the environment and society are having short- and long-term impacts on businesses. Access to resources, climate change and the allocation of skills are all constant concerns, which are influencing how products and services are designed and the way they are marketed.



At Chargeurs, CSR is a deep reservoir of opportunities and innovations, as an integral part of our culture of excellence over the long term.



OUR STRATEGY

Since 2015, Chargeurs has pursued a strategy designed to drive long-term, structurally profitable growth, with the goal of delivering €1 billion in revenue in 2021 with an operating margin of more than 8%.

Operational excellence plans

- 2015:** Performance, Discipline, Ambition program
- 2016:** Chargeurs Business Standards
- 2017:** Game Changer program
- 2018:** Iconic brand strategy

Premiumizing our solutions

- Capital expenditure for very high value-added production capacity
- Game-changing innovations
- Bundled “films + machines” and “textile + lightbox” solutions
- CSR as a continuous improvement driver

Transforming our corporate culture

- A spirit of aggressive growth instilled in every business
- Globalizing executive teams and organizations
- Investing in distinctive talents

A targeted, accretive acquisition strategy

- €100 million in revenue and more than €10 million in recurring operating profit added since 2015
- Moving up the value chain
- Creating global champions in niche markets

International expansion

MORE THAN

94%

Chargeurs generates 94% of its revenue in the global marketplace, with 2,000 employees based in 45 countries on five continents.

NEW PLANTS IN THE UNITED STATES AND ASIA

Acquisition of PCC Interlining by Chargeurs PCC Fashion Technologies

NEW YORK

NEW PLANT IN THE UNITED KINGDOM

Acquisition of Leach by Chargeurs Technical Substrates

PARIS

EUROPE

48%

REVENUE
€273.0m

PRODUCTION PLANTS
7

DISTRIBUTION UNITS
14

OFFICES
9

EMPLOYEES
1,005

HONG KONG

AMERICAS

24%

REVENUE
€138.9m

PRODUCTION PLANTS
6

DISTRIBUTION UNITS
10

OFFICES
2

EMPLOYEES
303

ASIA

28%

REVENUE
€161.4m

PRODUCTION PLANTS
4

DISTRIBUTION UNITS
12

OFFICES
4

EMPLOYEES
764

Game Changer, our operational excellence program

Launched in September 2017, the Game Changer optimization program was designed in collaboration with all of Chargeurs' teams worldwide. Over the course of 24 months, it will leverage the Chargeurs Business Standards to make Chargeurs the "Game Changer" in its niche industrial markets.



4 DRIVERS FOR FASTER GROWTH AND HIGHER MARGINS

- optimizing production processes and cost structures, to continuously improve productivity in each business;
- enhancing the sophistication of our sales and marketing methods, to make them customer-focused and service-oriented;
- developing talents and skills, to support the premiumization of our products and services;
- developing innovation capabilities, in particular by identifying inter-business synergies to increase the number of game-changing innovations.

The ongoing success of the Chargeurs Business Standards

THE CHARGEURS BUSINESS STANDARDS

Chargeurs' management model is adapted to its global presence on international markets and decentralized by business.

The Group shares its clear vision and encourages the careful, continuous implementation of a strategy of excellence through the Chargeurs Business Standards. Thanks to meticulous management practices and efficient tools, the Group fosters operational discipline and employee engagement in every aspect of its businesses everywhere around the world.

SECURE THE GROUP'S LASTING SUCCESS

- A targeted, accretive acquisition and diversification strategy
- Low net debt and long-term financial resources
- A stable, methodical reference shareholder, committed to the very long term

SELL MORE & BETTER

- Micro-segment currently served markets and enter new niches
- Focus on large accounts and high-potential emerging customers
- Encourage customers to specify our products, gain market share

CONTINUOUSLY OPTIMIZE THE CHARGEURS BUSINESS STANDARDS

INNOVATE AND MAKE A DIFFERENCE IN EVERYTHING WE DO

- A unique culture of innovation for a new generation of products and services
- Continuous deployment of the Chargeurs Business Standards
- An unrivaled strategy of sustainable competitiveness

IMPROVE PRODUCTION & CUSTOMER SERVICE

- Extend our sales, manufacturing and logistics presence worldwide
- Re-engineer and premiumize our production plants and distribution units
- Systematically deploy productivity and cost reduction programs



Innovating to push back boundaries

Through its innovations, Chargeurs is driving the transformation of its markets and constantly redefining and pushing back its own boundaries.

Operating in global high-tech markets, Chargeurs ensures that innovation is deeply rooted in its strategy. Whether incremental, disruptive, embodied in a product or embedded in a production process, innovation is a culture that informs everything we do.

Rather than an end in itself, Chargeurs believes that innovation is a way to keep pace with changing times, respond proactively to the expectations of its ecosystems and boldly imagine tomorrow's solutions today. Because innovating also means knowing how to start with a blank slate, how to explore the road less traveled, while constantly capitalizing on our strengths.

That's why we consistently listen to our environment, with a clear focus on our customers. We nurture these relationships every day, eliminating the obstacles to thoroughly understanding how their products are made and used, so that we can design solutions that further improve their performance.

In this way, we can identify future bestsellers and Game Changers, because our businesses are so specific that innovation does not spring just from the lab bench, but from the passion and pioneering spirit that inspire every one of our teams.

(1) Organized by the Specialty Graphic Imagery Association, the annual SGIA Expo brings together all of the iconic champions of the graphic printing industry.

FOCUS ON INNOVATION

Chargeurs Technical Substrates/Sublimis

Voted "product of the year" at the SGIA Expo⁽¹⁾ printing technology trade show in Las Vegas.

Sublimis, which supports transfer sublimation digital printing using environmentally friendly aqueous inks, is setting the new standard for fabric advertising media.



Chargeurs Protective Films

The new Techno-Smart production line will come on stream by mid-2019. Thanks to its embedded intelligence, it offers a compelling example of the disruptive industrial management features being ushered in by Industry 4.0, including 3D modeling, process automation and big data management.

16
R&D centers
worldwide

Designer of Iconic Champions to create long-term value

A world leader in all its businesses, Chargeurs offers, in each one, high value-added B2B brands, with forefront positions in their manufacturing niches.

Each of the Group's brands – such as Novacel, Boston Tapes, Lainière de Picardie, PCC, DHJ, Bertero, Senfa, Leach, Organica Precious Fiber and Amédée 1851 – enjoys a strong reputation for innovation, reliability, quality, commitment and services.

In addition, all of our employees demonstrate a culture of technical sophistication, which makes all of our products and services absolute standards of excellence and must-have components in our customers' value chains.

In 2018, as part of the Game Changer program, Chargeurs undertook to consolidate its brand portfolio, in each business, by rolling out a new, enhanced "iconic brands" strategy. As it gains momentum in 2019, the new vision will enable each business to deepen its close customer relationships, improve its product mix and strengthen its profitability profile.

Lastly, the Group has stepped up the pace of new product launches delivering sustainable innovations, such as Deep Blue at CPF and Alterra at CTS, and introduced the eco-responsible Organica Precious Fiber label at CLM, as part of the continuous improvement in its sustainable footprint.

- A stronger, streamlined marketing offer
- An exceptional, constantly enriched experience
- Cross-selling among the businesses
- Digitizing every brand
- Exceptional products and services



A selective acquisition strategy

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



\$27m
in revenue

- Strengthened leadership in the United States
- Added production capacity in the dollar zone

€8m
in revenue

- Moved up the value chain
- Ability to offer bundled solutions

AN ADDITIONAL €100M IN REVENUE

Our criteria for acquisitions

Consolidate current businesses

Move vertically up the value chain

Add new businesses with high growth potential

Financial criteria

- Profitable company, no turnarounds
- Potential for improved performance
- Value accretive price
- Reasonable debt structure for the Group



£10m
in revenue

- Disruptive vertical integration
- Ability to offer end-to-end solutions



\$80m
in revenue

- Created an innovative global champion
- Strengthened service capabilities

A sustained acquisition strategy that creates value

Still to come:

- Game-changing & bolt-on acquisitions
- Acquisitions to move up the value chain
- Acquisition of a new operating segment

AND AN ADDITIONAL €10M IN RECURRING OPERATING PROFIT

Pioneer the sustainable transformation of our niche manufacturing businesses

Our CSR policies are designed to drive inclusive, transparent growth, based on the highest standards of environmental stewardship, working conditions, health, safety and social equality. They are an integral part of our Chargeurs Business Standards.



JUNE 2017

Chargeurs pledges to support the United Nations Global Compact

14

CSR correspondents in the business units

A CSR commitment built on 6 pillars

INNOVATION

Innovating to meet global challenges and add more value to our customers' products

DIGITAL TECHNOLOGY

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

TALENT MANAGEMENT

Investing in our people to sustain the Group's growth and support its future success

COMMUNITY ENGAGEMENT

Supporting community initiatives that have a sustainably positive impact on society

THE ENVIRONMENT

Protecting the environment means limiting our footprint by diligently managing our resources and supporting the circular economy

GOVERNANCE

Responsible corporate governance to ensure the consistency of Chargeurs' strategic vision over the long term



OUR PERFORMANCE INDICATORS IN 2018



**GENDER
EQUALITY**

34%

of women in the Chargeurs Top 50



SAFETY

11.72%

frequency rate (FR) for occupational accidents



WATER

-16%

water consumption in cubic meters compared to revenue



TRAINING

+31%

training hours per employee



**HAZARDOUS
WASTE**

-9%

hazardous waste produced



CO₂

-7%

CO₂ emissions in metric tons compared to revenue



**RESPONSIBLE
PROCUREMENT**

40

suppliers supported in the areas of environmental protection, working conditions, human rights and anti-corruption



ANTI-CORRUPTION

100%

of employees have signed the Code of Conduct



Recognized ESG performance

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

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

FOCUS ON TWO RESPONSIBLE SOLUTIONS



Novacel Deep Blue

A PVC-alternative surface protection film. PVC and phthalate-free, 100% recyclable



Alterra

1 s./Sqm of Alterra fabric = 2 recycled plastic bottles

Our model for creating shared value

Global leadership positions in B-to-B manufacturing niches, offering distinctive products and services designed to become Iconic Champions.

↓

OUR RESOURCES

PEOPLE

- 2,072 employees
- 30% women
- 45 nationalities

•

FINANCIAL AND MANUFACTURING RESOURCES

- €25m in capital expenditure
- €66.2m in acquisitions
- €341.5m in purchasing (suppliers and sub-contractors)

•

ENVIRONMENTAL PERFORMANCE

- 244,774 MWh of energy used
- 658,164 cu.m of water used

•

INTELLECTUAL CAPITAL

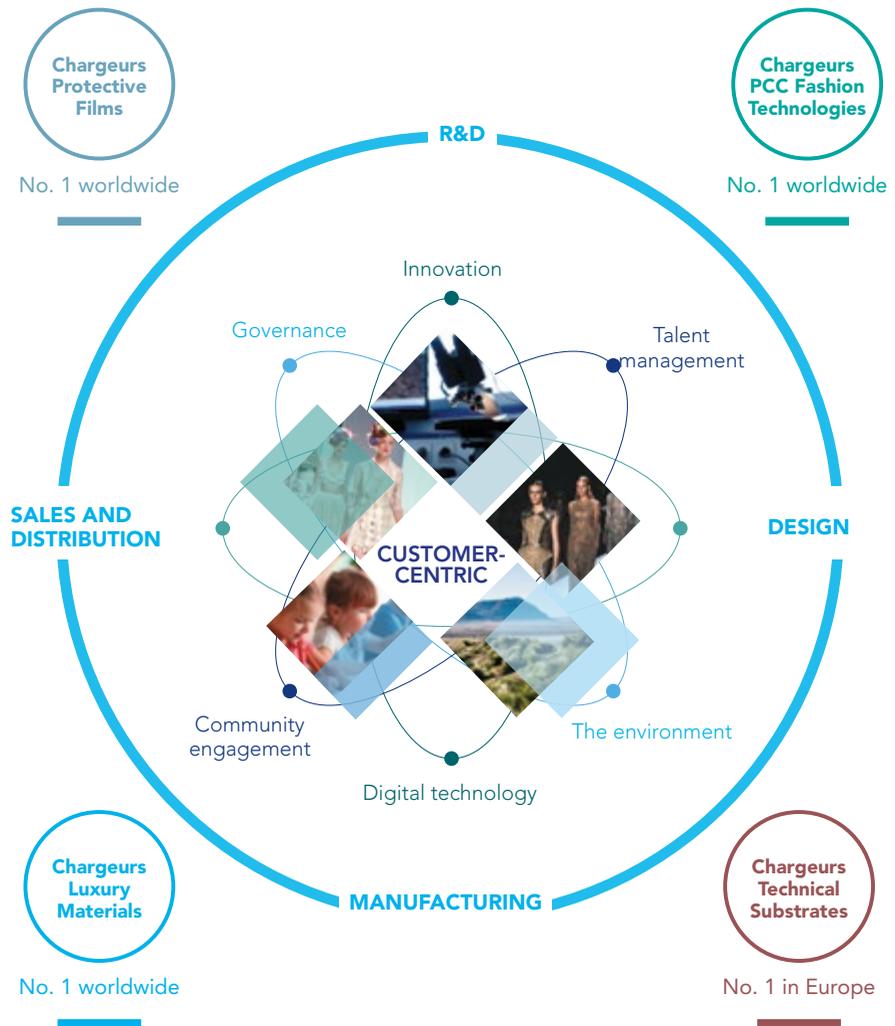
- 16 R&D laboratories
- €186,748 invested in training

•

SOCIAL RESPONSIBILITY

- A demonstrated, assertive CSR commitment
- An engaged foundation (Chargeurs Philanthropies)

NON-FINANCIAL DRIVERS OF OUR CORPORATE PERFORMANCE



STRATEGIC AMBITION:

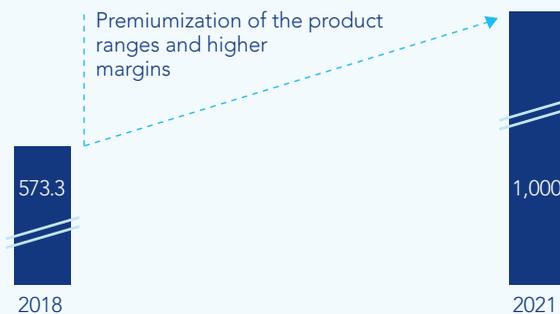
To pioneer a manufacturing model that supports the circular economy
€1 billion in revenue by 2021

OUR STRATEGIC AMBITION

On track towards €1 billion in revenue



Sustained improvement in margins, led by the product mix and economies of scale



FROM WORLD CHAMPIONS TO ICONIC CHAMPIONS

OUR CREATION OF VALUE

PEOPLE VALUE

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

FINANCIAL AND MANUFACTURING VALUE

€573.3m in revenue
€59.8m in EBITDA
94% of revenue generated outside France
1,000 million sq.m of film and interlinings produced

ENVIRONMENTAL VALUE IN 2018

CO₂ emissions per unit of production **down 7%**
Water use per unit of production **down 16%**

INTELLECTUAL VALUE

25 Executives trained in the Game Changer program in partnership with ESMT Berlin
Blockchain innovation in securing a textile label
17 hours of training per employee

SOCIAL RESPONSIBILITY VALUE

Partnership with the FIT in New York and the Louvre Museum
Launch of the **Organica Precious Fiber** consumer label

A robust, engaged governance structure, supporting a long-term strategy

Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2018

	Age	Audit Committee	Compensation Committee	Acquisitions Committee	Date first elected/appointed	Current term expires
Michaël Fribourg <i>Director Chairman and Chief Executive Officer</i>	36			Chairman	Oct. 30, 2015 Board meeting	2021 AGM Board meeting (Chairman) 2023 Board meeting (CEO)
Columbus Holding SAS, <i>represented by Nicolas Urbain Director</i>	58		Non-director member	Non-director member	2015 Board meeting	2019 AGM
Emmanuel Coquoin <i>Director</i>	58	Member		Member	2015 Board meeting	2020 AGM
Isabelle Guichot <i>Independent director</i>	54	Chairman			2016 AGM	2019 AGM
Cécilia Ragueneau <i>Independent director</i>	45		Chairman	Member	2017 AGM	2020 AGM
Georges Ralli <i>Non-voting director</i>	70	Non-voting director	Non-voting director		2016 AGM	2019 AGM

AUDIT COMMITTEE

The Audit Committee has two members and met twice in 2018. Meetings are also attended by the Board's non-voting director.

COMPENSATION COMMITTEE

The Compensation Committee has two members and met four times in 2018. Meetings are also attended by the Board's non-voting director.

ACQUISITIONS COMMITTEE

The Acquisitions Committee has four members and met twice in 2018.

Committee deliberations are described in section 4, "Corporate Governance."

(1) Subject to the approval of the appointment of Maria Varcui by the Annual General Meeting of May 6, 2019.

PERCENTAGE OF WOMEN ON THE BOARD

40%

at 12/31/2018

50%

at 05/06/2019⁽¹⁾

PERCENTAGE OF INDEPENDENT DIRECTORS

40%

at 12/31/2018

50%

at 05/06/2019⁽¹⁾

NON-VOTING DIRECTOR

1

MEETINGS

6

ATTENDANCE RATE

97%



© Louvre Pyramid. Architect: I.M. Pei. Louvre museum in Paris

Executive Committee

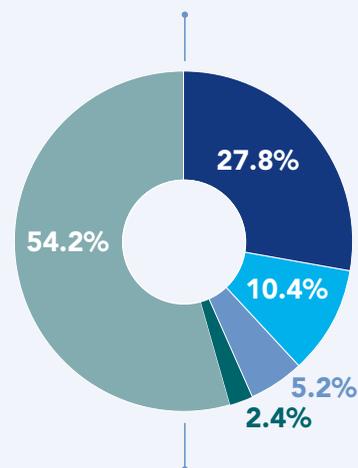
EXECUTIVE COMMITTEE MEMBERS

<p>MICHAËL FRIBOURG Chairman and Chief Executive Officer</p>		
<p>OLIVIER BUQUEN Chief Financial Officer</p>	<p>JOËLLE FABRE-HOFFMEISTER Group Secretary General and Group Chief Compliance Officer</p>	<p>MATTHIEU BALESCUT Executive Vice President, Group Business Development and Strategy</p>
<p>LAURENT DEROLEZ Managing Director, Chargeurs Protective Films</p>	<p>ANGELA CHAN Managing Director, Chargeurs PCC Fashion Technologies</p>	<p>SAMPIERO LANFRANCHI Managing Director, Chargeurs Technical Substrates, and adviser to the Chairman and Chief Executive Officer</p>
<p>FEDERICO PAULLIER Managing Director, Chargeurs Luxury Materials</p>	<p>DÉBORAH BERGER Deputy Managing Director, Chargeurs Luxury Materials, in charge of business development</p>	

The membership of the Executive Committee reflects Chargeurs' decentralized operational structure, with the presence of a separate Managing Director for each of the four business units.

OWNERSHIP STRUCTURE

(% of shares outstanding at January 31, 2019)



COLOMBUS HOLDING SAS
27.8%

SYCOMORE ASSET MANAGEMENT
10.4%

AMUNDI
5.2%

TREASURY STOCK
2.4%

OTHER SHAREHOLDERS
54.2%



1

BUSINESS OVERVIEW

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1.2. CHARGEURS PCC FASHION TECHNOLOGIES	38	1.5. ANALYSIS OF 2018 CONSOLIDATED RESULTS	50
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Chargeurs Protective Films

Chargeurs Protective Films is the global leader in its niche market, offering highly technical films that protect the quality of fragile surfaces at every stage in the manufacturing process (bending, stamping, profiling, etc.), as well as during handling, transportation and fitting.

The films are particularly used to protect surfaces that must always look perfect regardless of how they have been handled, such as glass, stainless steel, aluminum, pre-coated metals and PVC profiles, etc.



Chargeurs Protective Films offers a comprehensive range of products and services that impeccably protect even the most fragile surfaces from smudging and scratching, while improving their heat and stress resistance during production and surface priming before final painting.



Laurent Derolez
Managing Director,
Chargeurs
Protective Films

“After a record 2018, launching our new techno-smart production line in Italy in 2019 will allow us to cement our global leadership.”

By preserving a product’s surface appearance throughout the manufacturing process, Chargeurs Protective Films also helps customers significantly lower their production costs.

The surface protection market

The surface quality protection market is structurally growing, in step with world economic development.

Protective solutions are in demand for an extremely broad range of surfaces in a wide variety of sectors, from construction to electronics and appliances. They are also needed for an increasingly diverse array of materials, including glass, copper, zinc and rough or irregular surfaces that require a very high level of expertise. Leveraging its expertise in bespoke surface protection solutions and customer support services, Chargeurs Protective Films is demonstrating its powerful ability to drive continuous innovation by deploying a differentiation strategy to push back the boundaries of the business. Today, its markets are being broadened to include new uses, new types of

Chargeurs Protective Specialty Machines

A precursor in its business, in 2017 Chargeurs Protective Films became the world’s leading expert in laminators by acquiring three companies, Somerra, Walco and Omma, and folding their capabilities into a new division, Chargeurs Protective Specialty Machines. Today, the new unit offers the world’s first range of bundled solutions combining films, machines and services, enabling customers to apply protective films to their products directly on-site.



protectable surfaces and new and unique features (low-noise unwinding, compatibility with laser cutting and deep drawing manufacturing processes and recyclability). While the commodity end of the market is very crowded, very few producers can match Chargeurs Protective Films' technical expertise, which guarantees incomparable reliability.

Chargeurs protective films' competitive strengths

As the global market leader, Chargeurs offers a **comprehensive range** of highly engineered **self-adhesive films**, whose efficient adhesion to each material plays a critical role in preserving the quality of the finished product. The adhesive must be deposited in a very thin, even layer, ensuring that the film is absolutely flat and distortion free, so as not to damage the protected surface. In addition, Chargeurs Protective Films is constantly improving its industrial competitiveness by opening up new horizons, led by embedded intelligence systems. Recent examples include the introduction in 2018 of its Chargeurs

Protective Specialty Machines line of laminators and the start-up in 2019 of the new techno-smart coating line, which represents a truly game-changing innovation at the cutting edge of Industry 4.0.

Chargeurs Protective Films' global production and distribution network

is a strategic asset for the business, positioning it close to customers in each region and enabling it to meet their needs with fast local service. This proximity gives the business a competitive headstart and unprecedented flexibility, not only to innovate with customers, but also to proactively adapt to new requirements. Lastly, its successful **strategy of disruptive innovations** gives Chargeurs Protective Films an unrivaled technological lead in the surface quality protection market, making it the go-to partner for its customers. Novacel's best-selling fiber laser cutting film, for example, was developed thanks to the unwavering dedication of the marketing and R&D teams to meeting the technical challenges of a new laser steel-cutting process.

**No. 1 worldwide
in temporary
surface protection**

720
employees

€283.3

million
in revenue
in 2018
up 24.7%
since 2015

€33.0

million
in recurring
operating profit in 2018
up 51.4%
since 2015



“Beyond-state-of-the-art” manufacturing facilities

Cutting-edge technology.



1 • SURFACE ANALYSIS

Working with the sales teams, the marketing department identifies and analyzes the needs of the various temporary surface protection markets (stainless steel, pre-coated metals, plastics, glass, etc.). After defining the critical issues, the related technical and financial data are sent to the technical department.

2 • FORMULA DEVELOPMENT

Drawing on the specifications, the R&D department defines the exclusive formula for each film and adhesive, carefully aligned with market expectations, the features of each surface and the specific uses of the resulting self-adhesive film.



3 • PROCESS ENGINEERING

Chargeurs Protective Films is highly proficient in coating and extrusion technologies. Coating consists of depositing a calibrated layer of adhesive on plastic film produced by partners on dedicated machines. Extrusion consists of producing multi-layer films from thermo-plastic polymers, including one layer that is self-adhesive.



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 REACH Regulation and other applicable standards. All of the production machinery is inspected regularly, in particular to ensure compliance with environmental standards.

6 • WAREHOUSING AND SUPPLY CHAIN

The rolls of plastic film are inspected, labeled and wrapped before being shipped all over the world.





2018 Business review and Outlook

Chargeurs Protective Films had another solid year in 2018, with a record €283.3 million in revenue representing a 0.8% gain on an exceptionally strong 2017 despite a highly unfavorable US dollar-euro exchange rate. Since 2016, revenue has increased by a very robust 13.2%. After a brisk first six months, the second half of the year saw large account inventories return to more routine levels, as expected, as customers continued to draw down stand-by inventories in a persistently volatile environment.

During the year, the business unit successfully pursued its strategy of premiumizing its solutions, its selective marketing policies and the development of innovative bundled solutions via Chargeurs Protective Specialty Machines, in order to enhance its product mix and strengthen its pricing power. It also prepared for the start-up of its new techno-smart production line at its plant in Sessa Italy, which is scheduled for mid-2019 and which will increase its production capacity for premium, high value-added products in order to consolidate its global market leadership.

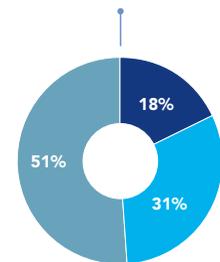
Recurring operating profit⁽¹⁾ amounted to €33.0 million, reflecting the factors described above, as well as changes in the scope of consolidation following the creation of bundled solutions provider Chargeurs Protective Specialty Machines and the productivity gains from the annual productivity plan. Recurring operating margin exceeded 11.5% despite an adverse currency

effect (mainly stemming from the US dollar) and the continued outlay of growth opex. Excluding the currency effect, recurring operating margin would have been over 12.5%. Driven by this operational and industrial momentum, the business is now armed to cement its global leadership in the surface protection market in 2019 with an increasing focus on premiumization.

FOCUS ON THE CONTINUING SUCCESS OF INNOVATIVE, SUSTAINABLE PRODUCT LINES

By constantly listening to its customers, Chargeurs Protective Films brings disruptive new innovations to market every year, to ensure consistently flawless quality of service and anticipate and address their needs and expectations. In 2018, the success of the Low Noise range, which considerably dampens production line noise levels, has led to a significant improvement in employee well-being. In addition, in a further milestone in its commitment to sustainable growth, the business unit has developed products and solutions with smaller environmental footprints. One example is Deep Blue technology, which offers a more environmentally friendly alternative to conventional PVC for protecting surfaces during deep drawing processes. New innovations using biosourced, compostable and recyclable materials are also being tested.

Breakdown of revenue by region



18%
Asia

31%
Americas

51%
Europe

7
plants

(1) Recurring operating profit before amortization of intangible assets linked to acquisitions: see financial glossary on page 234.

Chargeurs PCC Fashion Technologies

Chargeurs PCC Fashion Technologies is the global leader in technical textiles for the luxury and fashion industries and offers comprehensive solutions to best-selling menswear and womenswear brands around the world. Known as interlinings, these technical textiles are generally hot-fused between the outer fabric and lining in coats, jackets, shirts and blouses to help them to retain their shape and stay sharp.

This niche business, which demands a combination of speed, technical aptitude, differentiation and expertise, leverages the capabilities of experts in textiles (for knit interlinings) and chemicals (for the coatings) to create interlinings suitable for the constantly changing array of fabrics used by the world's leading luxury and fashion brands. Chargeurs PCC Fashion Technologies' light, supple interlinings ensure that the future garments will perfectly retain their shape and flexibility.

In this type of luxury business, close relationships with customers are a game-changing competitive opportunity to recommend informed and bespoke solutions and optimize quality and speed of service in a market where collections are rolled out at an increasingly faster pace. Relationships with customers are also a source of market intelligence, which is why the business is present in the global luxury nerve centers of Paris, New York and Milan, but also in the emerging international trendsetting capitals of Asia.

The interlinings market

Chargeurs PCC Fashion Technologies serves customers in the luxury, ready-to-wear and fast-fashion industries, where market growth is driven by increasingly sophisticated clothing and global supply chains. Leading fashion brands work in "nomination" mode whereby a given product is "nominated" for use in making their garments, so that their (mainly Asian) apparel-makers and other stakeholders then source that product from the nominated supplier.

Chargeurs PCC Fashion Technologies' competitive strengths

Chargeurs PCC Fashion Technologies markets a **comprehensive range of highly engineered** interlinings that is constantly renewed by the development of new fabrics. The business has acquired or developed tools and technologies that enable it to knit the thinnest interlinings on the market, in particular thanks to the recently developed 40-gauge machine. All of the product and service lines are capable of technically

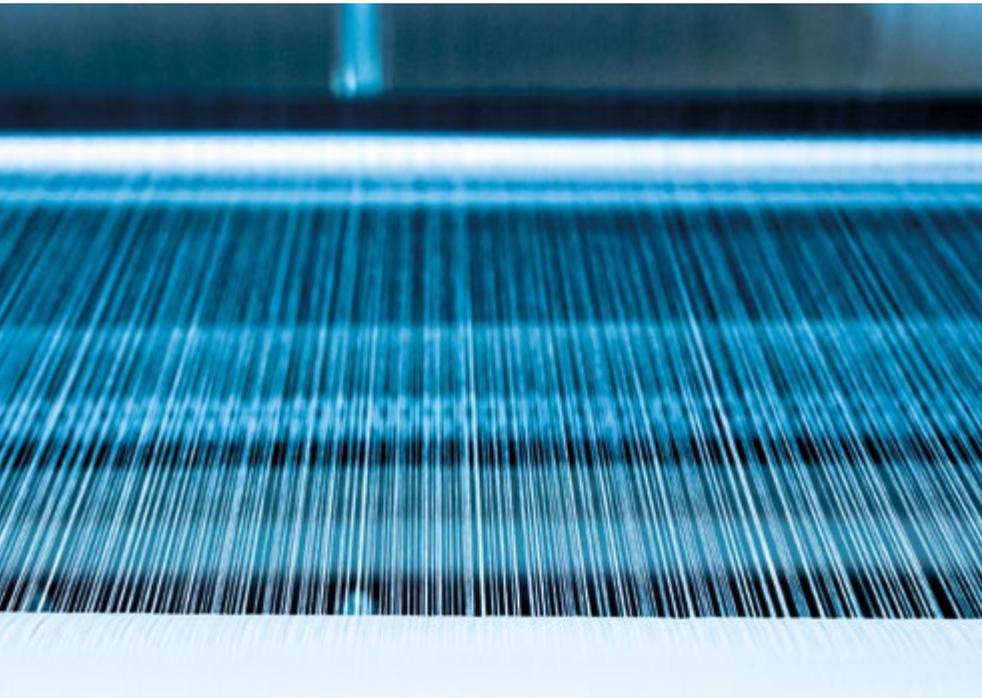
outperforming the competition.

This movement towards greater operating efficiency and innovation gained momentum in 2018.

The division's **customer service culture** is what sets it apart from its peers, driving it towards increasingly upscale niches in the interlinings market. The showrooms in Paris, New York and Milan enable customers, guided by inhouse experts, to test selected new interlining solutions and save valuable time through more flexible production methods and supply chain optimization.

With the acquisition of PCC Interlining in August 2018, this commitment to customer service was taken to the next level.

In addition to broadening the global geographical footprint in the United States and Asia, the alliance has driven the emergence of extensive sales and marketing synergies. PCC has a leading position in the areas of technical interlinings for fashion brands and emerging global fashion retailers, areas in which flexibility and responsiveness are major assets.



1

The world leader
in technical
textiles for
the luxury and
fashion industries

1,130
employees

€161.1

million in revenue
in 2018
up 2.3%
since 2015

€14.8

million in recurring
operating profit
in 2018
up 170%
since 2015

2018 Business review and Outlook

Revenue generated by Chargeurs PCC Fashion Technologies **surged 22.8%**, led by both the smooth integration of PCC Interlining in the United States and Asia, and the business unit's customer-centric strategy, which helped to drive robust organic growth, excluding the exchange rate effect, of 6.9%.

The business delivered an excellent operating performance, with a 300-bp increase in recurring operating margin to 9.2%. Capitalizing on Angela Chan's in-depth experience in working with major apparel makers in the United States and Asia, Chargeurs PCC Fashion Technologies assertively pursued its sales strategy of premiumizing its product and service solutions and leveraged extensive new synergies from PCC Interlining's expertise. It also stepped up the pace of geographic expansion and significantly increased the proportion of nomination-based sales, which create long-term, profitable customer relationships.

Buoyed by its new position as a global leader in technical textiles for the luxury and fashion industries, Chargeurs PCC Fashion Technologies has the solid fundamentals it needs to drive faster growth in value creation.



Angela Chan
Managing Director,
Chargeurs PCC
Fashion Technologies

"New synergies have been generated through PCC Interlining's expertise. In 2019, we are continuing our sales strategy of premiumizing our product and service solutions."



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

Each knitting machine is connected to a computer that checks production and quality in real time. 40 gauge means that the weft comprises 40 stitches per inch.



3 • FINISHING AND DYEING

The substrates are stabilized using a chemical or thermal process, retaining the degree of suppleness needed for its application to the most difficult fabrics. The dyeing unit is used to produce the interlining in the most on-trend colors. More than 60% of our 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. The one-of-a-kind Global Molecular Point (GMP) coating process, which was developed and patented by Chargeurs PCC Fashion Technologies, 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 CONTROL

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

6. SYSTEMATIC INSPECTION

Each meter of fabric on the roll is inspected as it leaves the production line. The cutting and packaging/labeling processes are fully computerized. All of the interlining rolls are inspected meter by meter.



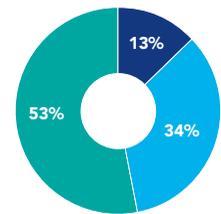
7. GLOBAL SUPPLY CHAIN OPERATIONS AND PERFORMANCE

Once the interlining rolls have been inspected, labeled and packaged, they are cataloged by stock-keeping unit in the warehouse before being shipped around the world.





Breakdown of revenue by region



13%
Americas

34%
Europe

53%
Asia

8
plants

FOCUS ON

INNOVATION IN INTERLININGS, TO PUSH BACK THE BOUNDARIES OF THE BUSINESS

Chargeurs PCC Fashion Technologies supports the creative vision of the global fashion industry with technological exploits that are increasingly setting it apart from the competition. The anti-moire effect interlinings, which prevent this undesirable effect in light and thin womenswear fabrics, have been hugely popular since their introduction in 2017.

In addition, the business has pushed innovation towards new features, such as moisture management, seamless fabrics and elasticity. Lastly, in 2018, the business stepped up the development of sustainable and environmentally friendly products, by extending the "Eco In" range of interlinings made from recycled polyester yarn. Social and environmental responsibility concerns are spurring both technical performance and the creativity of the R&D teams.

Chargeurs Technical Substrates

Chargeurs Technical Substrates is the European leader in the niche market for technical textiles used in specialty and visual communication applications. For 40 years, Senfa Technologies, based in Sélestat, in the Alsace region of France, has been producing printed and functionalized textiles for the advertising, decoration, home improvement and building markets.

In 2018, the business portfolio was expanded by the acquisition of Leach, the UK leader in large format graphic displays, based near Leeds.



Coating technology, which is a core competency shared by three of Chargeurs' four business units, 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.

Manufacturing functionalized textiles demands state-of-the-art expertise in fabrics, chemistry and precision engineering. In particular, in manufacturing superior quality fabrics, the key factor in creating competitive differentiation is flawless proficiency in the latest coating technologies. These capabilities and advanced production facilities mean that Chargeurs Technical Substrates can handle fabric widths of up to 5.20 meters – a major technical achievement.

The acquisition of UK-based Leach in 2018 has expanded Chargeurs Technical Substrates' skills base

and enabled it to deliver a new consumer experience. Led by Leach's differentiated solutions, which span artistic design, printing, production and installation, Chargeurs Technical Substrates today offers integrated large format visual communication solutions, melding a culture of extraordinary staging and the feeling of luxury.

The market for functionalized textiles and lightboxes

In the textile business, two-thirds of revenue comes from visual communication markets, such as large display advertising in airports or shopping malls, and one-third from decorative displays for hotels, offices and public and private spaces. Backlit lightboxes are marketed to retail chains and museums. In this fragmented market, Leach is positioned as a forefront partner, widely recognized for its distinctive, very high quality capabilities. Market growth is being driven by visual marketing, premium interior decoration, high-impact events and disruptive exhibition design. By assertively positioning itself in high-end solutions and bespoke services, Chargeurs Technical



Sampiero Lanfranchi
Managing Director,
Chargeurs Technical
Substrates and
Advisor to the
Group Chairman
and CEO

"Leach's successful integration is enabling us today to offer integrated visual communications solutions to further strengthen our premiumization strategy."



Substrates stands out in markets that are difficult for smaller companies to enter.

Chargeurs Technical Substrates' competitive strengths

Chargeurs Technical Substrates offers a **comprehensive range** of functionalized fabrics aligned with today's expectations, such as sound-absorbing interior decoration fabrics or the new possibilities offered by curved, two-sided or four-sided **lightboxes**. Chargeurs believes that its technical substrates business is a real asset and, to deploy its global market footprint, has strengthened its **sales network** in recent years. The new services portfolio acquired with Leach has opened up new markets for the business and extends its sales possibilities, in particular by responding to carefully selected tenders.

By leveraging its **continuous innovation strategy**, Chargeurs Technical Substrates is able to deliver exceptional, increasingly high-quality services and offer ever more innovative, holistic solutions, while eliminating agents

and go-betweens. This enhances market visibility, and transforms Chargeurs Technical Substrates into a source of solutions co-built with customers.

2018 Business review and Outlook

Chargeurs Technical Substrates reported €30.7 million in revenue for 2018, a **19.0% year-on-year gain** that was led by the strategic acquisition of Leach, a leading UK-based specialist in large-format graphic displays, which enabled the business to broaden its offering of unrivaled solutions and access new niche markets. During the year, it also stepped up its launches of new ground-breaking innovations, such as Sublimis, which was voted "product of the year" at the SGIA Expo printing technology trade show in Las Vegas. Additionally, Chargeurs Technical Substrates pursued its strategy of forging strategic partnerships with key customers, which are expected to add up to 10% to full-year revenue growth, and signed its first industrial partnership in innovation-intensive textiles.

The European leader in functionalized textiles

175 employees

€30.7 million in revenue in 2018 up 51.2% since 2015

€4.0 million in recurring operating profit in 2018 up 11.1% since 2015



Continuous optimization of core processes

An integrated, carefully managed production process.



1 • TEXTILES
The fabrics have clear characteristics and innovative materials have been developed.



2 • FORMULA DEVELOPMENT AND PASTE COATING FORMULATION
The R&D teams develop and engineer coating formulations, in compliance with the technical specifications and quality standards of our markets.

3 • COATING
The fabric is coated with a resin-based foam. Thanks to its distinctive production resources, the business can coat 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's performance is in line with the customer's specifications.



5 • CONTINUOUS QUALITY CONTROLS
Tests are conducted at each stage in the production process to ensure that the textiles' technical characteristics comply with the highest health and safety standards.

6 • BUILDING LIGHTBOXES
Teams of craftsmen, electronics engineers and optics specialists build the frame on which the printed fabrics are stitched.



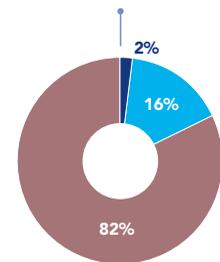


Focused on applying its profitable growth strategy centered on high value-added end-to-end solutions, Chargeurs Technical Substrates carried out growth opex projects in 2018 to help drive its future business development, while maintaining its recurring operating profit⁽¹⁾ at €4.0 million. Thanks to these forward-looking investments and the mid-January 2019 appointment of Sampiero Lanfranchi as Managing Director to intensify its acquisitions drive, Chargeurs Technical Substrates is well-equipped to achieve its target of topping €100 million in profitable revenue by 2021.

FOCUS ON AN INDUSTRIAL ASSET THAT NURTURES INNOVATION

Outstanding examples of Chargeurs Technical Substrates' ability to drive continuous innovation include the Pearl coated substrate, which ideally diffuses light thanks to a micro-bubble process, the Estompe range of electromagnetic wave filtering substrates, and the eco-designed Alterra fabric. Today, research is moving forward to improve the products' environmental performance. For example, Sublimis, which was voted "Product of the Year" at the SGIA trade fair in Las Vegas, can be printed with aqueous inks, which are more environmentally friendly than UV inks. The depth of color rendered by the sublimation printing process makes it the new go-to standard for visual communication.

Breakdown of revenue by region



2%
Americas

16%
Asia

82%
Europe

2
plants

(1) Recurring operating profit before amortization of intangible assets linked to acquisitions: see financial glossary on page 234.

Chargeurs Luxury Materials

Chargeurs Luxury Materials supplies the world's finest, softest wool fibers to the most prestigious global brands. The world leader in premium combed wool trading, the business unit is strategically focused on outstanding, extremely high value-added products.



Federico Paullier
Managing Director,
Chargeurs Luxury
Materials

"We delivered a robust sales performance in 2018 and we deepened our commitment to the luxury industry by launching our online brand, Amédée 1851."

Chargeurs Luxury Materials is specialized in the procurement of the finest greasy wool from carefully vetted producers worldwide. The business model is optimized, with contracts hedged with forward sale contracts. The greasy wool is washed, carded and combed in partner combing mills to form the tops – broad ribbons of fine, pure wool marketed to spinning mills. The Chargeurs Luxury Materials sales teams then track and deliver the right solution to each customer, taking care to match supply and demand. Blockchain technology ensures that the wool is seamlessly traceable "from the sheep to the shop." As part of its constant commitment to sustainable sheep farming, Chargeurs Luxury Materials developed Organica Precious Fiber, the world's most demanding eco-responsible quality label. Today, it is the leading label for certified, traceable premium-grade fibers designed for the most prestigious global luxury and sportswear brands. In 2018, Organica excellence was demonstrated with the launch of

Amédée 1851, the first digital B-to-C luxury brand of premium scarves and squares sold exclusively online.

The premium wool market

In the luxury wool market, procurement cycles are long and stable, with two or three-year contracts guaranteeing customer loyalty as long as quality remains the same. Commodity wool, on the other hand, is purchased from traders, leaving customers with little visibility across the production chain. Demand is steadily rising for exceptionally high-quality, game-changing fibers with processes that respect the entire chain of stakeholders involved in their production. Obviously, these features are becoming an important buying criterion for a large number of global brands and shoppers. A number of global labels, such as ZQ Merino, the Responsible Wool Standard (RWS) and the Global Organic Textile Standard (GOTS), have been created to certify compliance with these very high quality and sustainability standards.



The Organica label meets all their criteria, but extends compliance by including every stakeholder across the entire value chain, from buyers to sheep farmers.

Chargeurs Luxury Materials' competitive strengths

Chargeurs Luxury Materials is positioned in highly distinctive **premium wool markets**, served by a small number of suppliers and growing faster than commodity wool markets. A key source of differentiation are the **very long-term relationships** nurtured with sheep ranchers and combing mills, sometimes over decades. These close partnerships were what made it possible for a label as distinguished as Organica Precious Fiber to be created and guarantee customer loyalty.

Being positioned both globally and locally enables the business to offer a broad range of wool fibers, sourced from six countries with a proud heritage of sheep raising and wool production.

At the same time, its deep local roots enable it to carefully monitor conditions on sheep farms and in its partner combing mills, as part of a holistic value chain approach.

The Organica Precious Fiber label is designed to become a **"must have" that triggers the end customer's decision to buy**. Its guarantees could become an effective source of differentiation for leading mass-market brands and later, by extension, for premium brands.

2018 Business review and Outlook

Chargeurs Luxury Materials – whose business involves trades of premium fibers that are hedged by forward sale contracts – delivered a robust sales performance in 2018, with revenue advancing 3.4% to €98.2 million, led by the signature of a strategic sales contract in Europe.

The world leader in premium, certified, traceable wool fibers

25 employees

€98.2

million in revenue in 2018 up 4.8% since 2015

€2.7

million in recurring operating profit in 2018 up 8.0% since 2015



"From the sheep to the shop" Blockchain technology

Global and local expertise with a strict policy
of transparent communication with suppliers and customers.



1 • RESPONSIBLE WOOL STANDARD (RWS) CERTIFICATION

Traceability is a core component in the Chargeurs model. In recognition of its exceptional traceability and sustainability performance, Chargeurs Luxury Materials' premium wool label, Organica Precious Fiber, has been certified RWS since 2018.

RWS is an independent, voluntary standard that certifies that sheep are treated with respect to their Five Freedoms (Freedom from Hunger and Thirst, Freedom from Pain, Injury or Disease, Freedom to Express Normal Behavior, Freedom from Fear and Distress). It also ensures that sheep farmers comply with best practices in managing and protecting their land. Today, Chargeurs Luxury Materials is stepping up its strategic focus on premium, high value-added products. By combining unrivaled expertise and discernment, it offers a compelling response to growing demand from leading global brands for certified, traceable fibers.

2 • ORGANIC WOOL CERTIFIED TO GLOBAL ORGANIC TEXTILE STANDARDS (GOTS)

Recognized as the world's leading processing standard for textiles made from organic fibers, GOTS is based on stringent environmental criteria throughout the entire organic textiles supply chain, as well as requiring compliance with social criteria.



3 • PARTNERING WITH NEW ZEALAND MERINO TO OFFER ZQ WOOL, AN EXCEPTIONALLY HIGH QUALITY, TRACEABLE FIBER

ZQ Wool is a line of exceptionally high quality, traceable wool launched by The New Zealand Merino Company to guide consumers in their clothing choices with the slogan "you are what you wear".



4 • USE OF NON-MULESING PRACTICES

Chargeurs Luxury Materials is committed to using non-mulesing practices both in Latin America and in Australia and New Zealand.



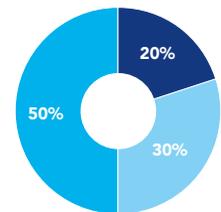


In 2018, this business stepped up the premiumization of its product range by launching Amédée 1851 (www.amedee1851.com), a digital luxury brand specialized in scarves and squares made of premium-grade fibers. It also bolstered its marketing clout by earning Responsible Wool Standard (RWS) certification for its Organica Precious Fiber label, the world's leading label for certified and traceable premium-grade fibers designed for the most prestigious global luxury and sportswear brands. Chargeurs Luxury Materials' recurring operating profit⁽¹⁾ came in **2.1% higher** than in 2017, directly reflecting its strategy of premiumizing its offering of premium-grade fibers.

FOCUS ON AMÉDÉE 1851, AN INNOVATIVE AND DISTINCTIVE BRAND IN THE PREMIUM SQUARES MARKET

The Amédée 1851 brand vividly illustrates Chargeurs' ability to position itself in an iconic way. It demonstrates both exceptional expertise and a commitment to revitalizing luxury design with a collection of scarves and squares made from premium Organica Precious Fiber certified Merino wool. The accessories are marketed entirely online, to both consumers and prestigious B to B partners. In this way, Chargeurs Luxury Materials is moving up the wool value chain by offering products to end customers. Building on a strong start in 2018, the business plans to step up its marketing drive with prestigious new partners in leading hotels, museums and other exclusive venues.

Breakdown of revenue by region



20 %
Asia

30 %
Americas

50 %
Europe

4
partner
combing mills

(1) Recurring operating profit before amortization of intangible assets linked to acquisitions: see financial glossary on page 234.

Analysis of 2018 consolidated results

1.5.1. REVIEW OF THE CONSOLIDATED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2018

CONSOLIDATED FINANCIAL STATEMENTS 2018

(in euro millions)	Twelve months			Change 18/17		Change 18/16
	2018	2017	2016	gross	like-for-like ⁽²⁾	
Revenue	573.3	533.0	506.4	+7.6% ⁽³⁾	+2.6%	+13.2%
EBITDA	59.8	54.6	48.8	+9.5%		+22.5%
as a % of revenue	10.4%	10.2%	9.6%			
Amortization	(10.8)	(10.2)	(9.9)			
Recurring operating profit ⁽¹⁾	49.0	44.4	38.9	+10.4%		+26.0%
as a % of revenue	8.5%	8.3%	7.7%			
ATTRIBUTABLE NET PROFIT	26.6	25.2	25.0	+5.6%		+6.4%

(1) Recurring operating profit before amortization of intangible assets linked to acquisitions: see financial glossary on page 234.

(2) Based on a comparable scope of consolidation and at constant exchange rates, see financial glossary on page 234.

(3) including a change in scope of 8.5% and a negative currency effect of 3.6%.

Robust revenue growth in 2018 despite a demanding and volatile operating context

Revenue for 2018 was up by a solid 7.6% compared with 2017 and by 13.2% versus 2016. Like-for-like growth was 2.6%, against a volatile economic backdrop and with a high basis of comparison for 2017. Integrating the full-year effect of 2018 acquisitions, revenue in 2018 amounted to €619 million.

In 2018, the Group's operations were affected by inventory shedding at Chargeurs Protective Films' customers, a further acceleration of the selective sales strategy to step up the premiumization of our solutions offering across all of our businesses, and technological upgrades at several strategic manufacturing sites. The Group was also impacted by a 3.6% negative currency effect, mainly arising from the Argentine peso, US dollar and New Zealand dollar.

Lastly, the Group's revenue leapt 8.5% thanks to the integration, in the fourth quarter of 2018, of PCC Interlining in Chargeurs PCC Fashion Technologies, and the integration, in the second quarter of 2018, of Leach in Chargeurs Technical Substrates.

Excellent operating performance accompanying a further acceleration in profitable growth

Chargeurs recorded a further acceleration in profitable growth with another solid double-digit increase in recurring operating profit⁽¹⁾ (up 10.4%) to €49 million, and a 20-bp increase in operating margin to 8.5%. The stellar performance is further proof of the success of the Game Changer performance acceleration plan launched in 2017, which was further bolstered in 2018 by the new, high value-added, iconic brands strategy. This strategy has enabled each Group business to strengthen its special relationship, therefore improving their product mix and ultimately accelerating profitable growth.

This performance comes despite a high basis of comparison in 2017, an unfavorable currency effect, the ramping-up in operating expenses for profitable growth - in particular, to step up the premiumization of the solutions offering - and changes in exchange rates.

(1) Recurring operating profit before amortization of intangible assets linked to acquisitions: see financial glossary on page 234.

1.5.2. FINANCIAL STRUCTURE

INCREASINGLY ROBUST BALANCE SHEET AND STRONGER FINANCIAL RESOURCES

Chargeurs' robust financial position was further strengthened during the year, with equity attributable to owners of the parent rising to €237.2 million at December 31, 2018, from €229.9 million at the previous year-end.

At December 31, 2018, Chargeurs showed net debt of €92.2 million, compared with a €8.9 million net cash position at December 31, 2017. The change is mainly attributable to the acquisitions of Leach

and PCC Interlining in 2018, financing of the new techno-smart coating line in Italy at Chargeurs Protective Films, and an increase in operating working capital requirement.

Moreover, to increase its financial clout, Chargeurs secured a game-changing €230 million bank loan in December 2018 with a consortium of seven banks - BPCE including Natixis, CE IdF, Bred and Palatine, as well as CIC, HSBC, Saar LB, BNP Paribas, Bank of China and Commerzbank. This new loan, which has drawdown flexibility and no leverage covenant, will enable the Group to pursue its strategy of optimizing its balance sheet and very long-term financial resources.

The table below presents net cash from operating activities (see note 18 to the consolidated financial statements at December 31, 2018):

<i>(in euro millions)</i>	2018	2017
EBITDA	59.8	54.6
<i>Non-recurring – cash</i>	(7.7)	(5.1)
<i>Finance costs – cash</i>	(8.9)	(7.5)
<i>Income tax – cash</i>	(6.0)	(7.0)
<i>Other</i>	(0.3)	1.6
CASH GENERATED BY OPERATIONS	36.9	36.6
Dividends from equity-accounted investees	0.0	0.8
Change in working capital (excl. currency effect)	(22.5)	(6.7)
NET CASH FROM OPERATING ACTIVITIES	14.4	30.7
Purchases of PPE and intangible assets	(24.3)	(13.6)
Cash dividend	(10.8)	(6.6)
Impact of changes in scope of consolidation	(65.3)	(5.5)
Currency	(3.5)	0.3
Other	(11.6)	0.4
TOTAL	(101.1)	5.7
OPENING NET CASH (12/31/Y-1)	8.9	3.2
DEBT (-)/CASH (+) AT CLOSING (12/31/Y)	(92.2)	8.9

1.5.3. CAPITAL EXPENDITURE IN 2016-2018

The Group makes investments to encourage growth.

The tables below present the capital expenditure committed in 2016, 2017 and 2018 (see details in note 4.1.2 to the 2018 consolidated financial statements):

<i>(in euro millions)</i>	2018	2017	2016
Property, plant and equipment	23.1	13.4	11.4
Intangible assets	1.5	0.6	0.5
TOTAL	24.6	14.0	11.9

<i>(in euro millions)</i>	2018	2017	2016
Western Europe	22.0	10.8	10.5
Central and Eastern Europe and Africa	0.1	-	-
North America	1.3	1.6	0.4
South America	0.1	0.9	0.3
Asia	1.2	0.7	0.7
TOTAL	24.6	14.0	11.9

In 2018, Chargeurs made a disruptive investment in the Chargeurs Protective Films business, with the expected launch in mid-2019 of the world's first techno-smart production line in Italy. This structural internal investment represents over €20 million.

1.5.4. OUTLOOK

Backed by solid fundamentals, new financial clout, a very long-term shareholder vision and its new iconic brands and marketing strategy underpinning its Game Changer plan, and barring any changes in the geopolitical, macroeconomic climate, Chargeurs is aiming to generate **growth in revenue and in its recurring operating profit⁽¹⁾ in 2019, as well as robust cash generation.**

Drawing on the success of its strategy in recent years, 2019 should see, with the target of consolidated growth, an **ever more balanced contribution from the Group's different businesses segments to Chargeurs overall profitability contribution.**

As it continues with the consolidation of its acquisitions over the years and integration of new capacity, **Chargeurs Protective Films** will also continue to focus on its strategy of premiumization. The upbeat market environment in the first half of 2018 led to a record performance. Given the very high basis for comparison, the operational priorities and choices linked to the arrival of new strategic capacity in the second half of 2019, and to a persistently volatile climate in certain regions, notably in Germany and China,

the business, which still has satisfactory backlog, is not expecting to deliver the same record results in the first half of 2019 but will nonetheless be looking to post some of its best performances, and is aiming for strong performance over the year, demonstrating its **market strength.**

Chargeurs PCC Fashion Technologies and Chargeurs Technical Substrates, for their part, will benefit from the integration of their most recent acquisitions over a full year and their competitive market strategies. These businesses will increase their geographical presence, target additional market segments and introduce to their markets long-term, high-growth potential innovations. Chargeurs Technical Substrates is also aiming to continue its consolidation strategy and exceed the threshold of €100 million in profitable revenue by 2021.

The Group, which has been able to develop **highly competitive and differentiating strengths**, is confidently pursuing its strategic objective of reaching the threshold of **€1 billion in profitable revenue by 2021.**

(1) Recurring operating profit before amortization of intangible assets linked to acquisitions: see financial glossary on page 234.

A culture of manufacturing excellence serving high-end, distinctive markets

	THE CHARGEURS MODEL	CHARGEURS PROTECTIVE FILMS	CHARGEURS PCC FASHION TECHNOLOGIES
A CULTURE OF EXCELLENCE ACROSS ALL CORE PROCESSES	Use of cutting-edge technologies	◆◆◆	◆◆◆
	A commitment to continuous technological innovation	30% of products less than 5 years old	Creation of the world's thinnest interlining
	Leading-edge equipment in key plants	Launch of a techno-smart 4.0 production line in Italy in 2019	Creation of the world's first ultra-thin (40-gauge) technical knitting machine
	A globally balanced manufacturing footprint	7 sites in Europe and North America	8 plants in Europe, Asia-Pacific, North America, South America and Africa
	Green innovation and production policy	Development of innovations that are recyclable, compostable or made from recycled materials + waste treatment	Launch of a recycled plastics production line
	Number of R&D and Quality laboratories	4	7
OVERVIEW	Key niche market	Surface quality protection films	Technical substrates for fashion and luxury goods
	Number of market segments served	10 Construction, automobile, household appliances, electronics (metals, glass, plastics, etc.)	4 Luxury goods, apparel, fast-fashion, sportswear
	Position worldwide ⁽¹⁾	No. 1 worldwide	No. 1 worldwide
GLOBAL INTEGRATION	% of revenue generated in international markets	> 90%	> 90%
	Number of countries covered	> 70 countries	> 75 countries
	Number of countries where Chargeurs has marketing operations	> 50 countries	> 30 countries
HIGH BARRIERS TO ENTRY	High-quality customer solutions	Industrial materials and surface protection	Garment interlinings and technical reinforcements
	A dense pre-sale and after-sale service network	> 10 service centers around the world	> 20 marketing subsidiaries
	Degree of product specificity	◆◆◆	◆◆◆
	High level of quality	◆◆◆	◆◆◆
	Level of customer loyalty	◆◆◆	◆◆◆
	Degree of customer portfolio diversification	◆◆◆	◆◆◆◆

(1) Source: this Registration Document contains information about the Group's markets and competitive positions. All of the assumptions and statements related to such information are based on Group estimates.

In serving its global high-tech niche markets, Chargeurs is supported by a robust and distinctive business model that nurtures a pioneering spirit:

- The model is robust thanks to a combination of powerful innovation capabilities, a selective marketing strategy and a very long-term core shareholder;
- Distinctive because, leveraging all the benefits of operating across diverse global economic cycles, Chargeurs deploys standards of excellence that enable it to constantly co-develop solutions with customers.

The following table summarizes, for each business unit, the features that make it distinctive and how it has demonstrated the Group’s culture of manufacturing excellence.

CHARGEURS TECHNICAL SUBSTRATES	CHARGEURS LUXURY MATERIALS	 CHARGEURS
◆◆◆	◆◆◆	◆◆◆
Development of innovative recognized by their peers	Total traceability of wool sold	A policy of continuous technological innovation embraced by all 4 business units
Creation in 2015 of a 5-meter width coating line	Pioneering development with the launch of a blockchain system involving all stakeholders	Disruptive innovations in every business unit
2 plants in Europe	4 industrial partnerships North America, South America, Asia	17 manufacturing units, 4 industrial partnerships, 5 continents
Development of integrated visual communication solutions made from recycled and recyclable raw materials	Launch of the Organica Precious Fiber label for high-quality, certified, traceable fibers	A Corporate Social Responsibility culture instilled into customer solutions
1	4	16 R&D centers
Functionalized textiles and visual communication	High-quality combed wool	4 Global niche markets
4 Digital printing, architecture, home furnishings, individual protection	3 Luxury goods, apparel, sportswear	More than 20 global niche market segments
European leader	No. 1 worldwide	A global leader in high value-added niche markets
> 90%	100%	> 90%
> 30 countries	> 20 countries	90 countries covered in the four corners of the globe
> 30 countries	5 countries	Extensive global footprint
Functionalized technical textiles	High-quality wool for apparel	Providing not just products but integrated solutions to all customers
Around 100 distributors on 5 continents	7 marketing subsidiaries	A 100% customer-centric service culture
◆◆◆	◆◆◆	◆◆◆
◆◆◆	◆◆◆	◆◆◆
◆◆◆	◆◆◆	◆◆◆
◆◆◆ to ◆◆◆◆	◆◆◆	> 7,000 industrial clients served worldwide



2

RISK FACTORS AND THE CONTROL ENVIRONMENT

2.1. THE MAIN RISKS TO WHICH THE GROUP BELIEVES IT IS EXPOSED	58	2.3. INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT	67
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The Group operates in a constantly changing environment. It is therefore exposed to risks which, if they were to occur, could negatively impact its business, results of operations, financial position, image and/or outlook.

This chapter describes the main risks to which Chargeurs believes it is exposed, namely operational, environmental and industrial, financial and legal risks. It also sets out the Group's insurance programs and the internal control system in place for identifying

and assessing risks and reducing their probability and potential impact on the Group.

However, Chargeurs cannot provide absolute assurance that all of its risk management objectives will be met and that it will be able to totally eliminate the risks described below. Moreover, other risks and uncertainties of which the Group is unaware or which it does not consider to be material at the date of this Registration Document, could negatively impact its business, results of operations, financial position, image and/or outlook in the future.

2.1. THE MAIN RISKS TO WHICH THE GROUP BELIEVES IT IS EXPOSED

In accordance with AMF recommendation 2014-14:

- The Company reviewed the risks it believed to have a significant adverse effect on its operations, its financial situation or its results (including its ability to achieve its results). Aside from the risks presented, Chargeurs does not believe there to be any other significant risks;
- The Company carried out a specific review of its liquidity, based on which it considers that it is in a position to meet its upcoming repayment obligations.

RISKS TO WHICH THE GROUP MAY BE EXPOSED:

Operational risks	Geographic, economic and political risks
	Technology risks
	Competition risks
	Customer dependence risks
	Supplier and partner dependence risks
	Commodity price risks
	Information systems failure risks
	Acquisition risks
Environmental and industrial risks	Human resources risks
	Environmental risks
Financial risks	Industrial risks
	Market risk
	Foreign exchange risk
	Interest rate risk
	Price risk
	Credit risk
Legal risks	Liquidity risk
	Regulatory change risks
	Dispute risks
	Intellectual and industrial property risks
	Tax and customs risk
Ethical risks	

2.1.1. OPERATIONAL RISKS

GEOGRAPHIC, ECONOMIC AND POLITICAL RISKS

Risk management

Chargeurs has subsidiaries in 29 countries and 52.4% of its revenue is generated outside Europe. It is mainly present in Europe, the United States and Asia (where it extended its footprint to new countries in 2018), but it also has operations in South America and Africa. A breakdown of the Group's revenue by geographic region is provided in the integrated report of this Registration Document.

In addition to the foreign exchange risks described in section 2.1.3 below, political and economic tensions in the Group's host countries can adversely impact its business. Operations in emerging countries give rise to a certain number of risks that differ from those in more developed economies, including greater volatility in exchange rates, interest rates and GDP, as well as debt collection difficulties.

Although the Group endeavors to anticipate and offset the impact of an economic slowdown in any of its host countries, there is no guarantee that it will always be able to adapt quickly enough.

Risk management

The Group's global geographic footprint gives it natural protection against geographic, economic and political risks as it enables it to spread the risk of an economic slowdown between its various host countries and continents and to mitigate the effects of such risk. Consequently, if any adverse events or circumstances were to occur in any of these countries they should only have a limited adverse effect on the Group's financial position, results of operations and/or outlook.

In order to anticipate and effectively protect itself against measures that could unfavorably impact its operations, the Group draws on the advice of local consultants and local managers (who report to a regional director), who have an in-depth understanding of the specific characteristics of their respective countries.

TECHNOLOGY RISKS

Risk management

The Group operates in markets where technology changes rapidly and plays an essential role in its business development. Its businesses utilize a number of technologies whose industrial property rights the Group either owns or is licensed to use. In some cases, these technologies require specific skills. The Group is also exposed to the risk of confidential information being disclosed or a process or technology being copied, either of which could adversely affect its competitiveness.

Risk management

Chargeurs has a policy of constant technological innovation, which it applies in each of its businesses in order to meet changing market needs. All of the Group's business lines continually hone their technical and technological expertise, notably to ensure that they have the requisite in-house skills to manage the technologies they use, as well as to improve productivity and sharpen their competitive edge. For several years, therefore, research and development (R&D) for both products and processes has been a priority and a critical success factor for the Group.

Similarly, the Group has embarked on a digital transformation process with a view to delivering innovative solutions to its customers and meeting their needs, as well as those of end-consumers. One example of a digital transformation project undertaken in 2018 is the rollout of a collaborative platform dedicated to Chargeurs Luxury Materials, which uses blockchain technology to guarantee the traceability of products across the whole manufacturing and processing chain. This new platform is described in further detail in Chapter 3, section 3.5 of this Registration Document.

The Group has also put in place a talent management policy aimed at fostering employee loyalty and retaining the skills it needs to conduct its business. As part of this policy, it ensures that it has a sufficient number of employees who have the skills required to use and manage business-critical technologies.

In addition, the Group has strengthened its policy for protecting sensitive data by enhancing its internal procedures and relaying best practice guides worldwide. In the same vein, the Information Technology Charter, which each employee is required to sign, is designed to create a framework for using information systems effectively and to raise staff awareness about information systems risks and the issues of security and confidentiality.

COMPETITION RISKS

Risk management

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.

Risk management

In order to effectively manage competition risks, the Group applies an operational excellence policy, focused on the following areas:

- continuous cost management;
- continuous optimization of customer services;
- product quality, technical content and innovation.

In recent years the Group has stepped up its spending on R&D and equipment quality in order to meet customer needs while guaranteeing product and service quality and performance. In parallel, the Group's businesses have set up customer and competitor watch systems in their markets.

CUSTOMER DEPENDENCE RISKS

Risk management

Certain customers represent significant revenue streams for the Group. Consequently, if the Group were to lose one of those customers or if one of those customers were to significantly reduce their orders or default on any payments, this could have a material adverse effect on the Group's business.

Risk management

The Group has a very broad customer base spread throughout the world. In 2018, its top 10 customers accounted for 11% of its total sales.

This diversification attenuates the potential impact of customer default or a change in customer behavior. The Group also strives to forge solid and lasting commercial partnerships with its customers. Lastly, the Group is careful to ensure that its customers respect their undertakings and uses credit insurance to secure its customer receivables where appropriate.

SUPPLIER AND PARTNER DEPENDENCE RISKS

Risk management

Thanks to its diversified business base, the Group was not exposed to any overall risk of supplier dependence in 2018. However, some Group companies may depend on a limited number of suppliers for some of their activities.

Risk management

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

In several countries – mainly emerging markets – the Group's operations rely on a local partner to manufacture products, seek out new customers and manage relations with the local authorities. These partnerships enable the Group to benefit from the support of experienced teams with deep local roots.

When such 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. In this case, a long-term contractual framework is put in place to reduce the unfavorable impact of any potential dispute with a partner.

COMMODITY PRICE RISKS

Risk management

The Group's businesses could be affected by a sharp increase in commodity prices. Its ability to pass on price increases to its customers partly depends on market conditions and practices. If the Group is unable to immediately and/or fully pass on commodity price increases this could have a material adverse effect on its business, financial position and/or results of operations.

Risk management

The Group endeavors to limit the impact that commodity price increases may have on each of its businesses (notably polyethylene, polyester, polyamide and wool), by:

- passing on the price rise to its customers; and/or
 - depending on the situation and market conditions, frequently carrying out invitations to tender for suppliers.
-

INFORMATION SYSTEM FAILURE RISKS

Risk management

The day-to-day running of the Group's business depends on the proper operation of its technical infrastructure and IT applications utilized for its commercial, industrial, financial and accounting processes.

A single reporting and consolidation application has been deployed that is used by all entities. In addition to this, each business line has its own technical infrastructure and IT systems which are operated under its direct responsibility.

The risk of a systems malfunction or failure cannot be eliminated, particularly as there may be a range of internal or external causes (e.g. viruses, hacking, a power outage or network failure, supplier default, natural disaster, malicious damage or human error).

Risk management

In order to safeguard against the risks related to an information systems failure, the Group has introduced strict rules on systems governance and security, applicable to all of its business lines. It also has an IT risk prevention policy aimed at continuously adapting safeguard processes.

In 2017, a Group-wide map of each business line's information systems was drawn up. Following this mapping process, the security standards within the Group were harmonized with a set of Group-wide measures put in place based on industry best practices and adapted to the specific characteristics of each business line. The Group has an Information Technology Charter, to which each employee signs up in writing, that sets out the rules for using the Group's information systems as well as the security best practices that must be followed worldwide.

During 2018, a new organizational structure was put in place with the appointment of a Group Data Protection Officer, who is assisted by local correspondents in each business line. These correspondents make sure that information systems are protected, particularly personal data, and that the Group is in compliance with the applicable laws and regulations.

The Group's data is protected by regular automatic back-up processes, with the back-ups stored on site and/or in secure external data hosting centers. Software (antivirus, encrypted connections, etc.) and hardware (such as firewalls) are used to secure data access. Preventive action aimed at mitigating information systems risks is also regularly taken, such as penetration tests and software and hardware updates. Finally, the Group uses the services of experts and market-leading tech firms to ensure that its information systems meet the highest security standards.

ACQUISITION RISKS

Risk management

Over the past few years, one of the focuses of Chargeurs' corporate strategy has been external growth. The Group acquires companies, assets, and/or equity interests in its existing business domains, complementary domains, or completely new domains, as well as in geographic areas where it is seeking to either enter the market or extend its footprint.

Since 2016, Chargeurs has carried out numerous acquisitions and it intends to pursue its assertive external growth strategy in order to meet its revenue and upscaling objectives.

However, in order to implement this strategy, Chargeurs has to be able to find the right opportunities at the right cost and under the right terms and conditions. Moreover, acquisitions may expose the Group to various risks, notably relating to liabilities or responsibilities associated with the businesses concerned. The ability to generate the expected benefits from each acquisition partly depends on generating synergies and effectively integrating the business operations, employees, products and technology of the acquired companies. If actual circumstances differ from the assumptions used as the basis for an acquisition, this could adversely affect the value of the Group's goodwill as well as its business, financial position and/or results of operations.

Risk management

Chargeurs' external growth strategy is centered on bolt-on acquisitions with high added value. In order to successfully carry out this strategy, Chargeurs takes care to follow strict methods and procedures for each acquisition, whether large or small. To this end, the Group works upstream to take all necessary precautions at every stage of the acquisition process, from identifying the target right through to its integration. This includes:

- carrying out a survey of the markets concerned;
- performing due diligences on identified targets and negotiating attractive valuation conditions and obtaining appropriate sellers' warranties;
- setting in place an increasingly international management team.

Chargeurs has also set up an acquisitions control process which includes:

- multidisciplinary teams made up of qualified experts and leading external consultants, overseen by the Group Executive Vice-President for International Business Development and Acquisitions;
- the review by the Acquisitions Committee and subsequently the Board of Directors of acquisition opportunities that represent a significant financial amount or are of strategic importance to the Group;
- dedicated integration teams, with the Board of Directors also regularly reviewing the integration and performance of acquired companies.

At the same time, Chargeurs actively seeks out acquisition opportunities.

HUMAN RESOURCES RISKS

Risk management

The Group operates in a competitive environment that is fast-changing and fast-growing. It therefore needs to increase its human resources suitably and ensure that its people have the range of skills required to support the transformation of the Group and its business lines. One of the keys to Chargeurs' success lies in its ability to attract and retain talent, adapt and integrate new skills, and develop its managerial structure and teams in order to help drive the Group's growth and transformation.

Risk management

In light of Chargeurs' strong growth and deep-seated transformation, the Group has made talent management one of its priorities and therefore one of the pillars of its Game Changer plan.

Chargeurs invests in talent at all stages of the employee collaboration process by:

- developing its HR processes so that they match the needs of its business lines and markets;
- enhancing employees' working environment, from production line workers to managers (through working time agreements, internal and international mobility, etc.);
- encouraging in-house discussion (e.g., through training programs, seminars and workshops), so that the Group's people fully understand its corporate mission and future developments;
- widely communicating its vision and strategy, to make the Group attractive to potential hires and the employees of recently integrated companies.

The Group's talent management policy is described in further detail in the non-financial information statement, Chapter 3, section 3.8 of this Registration Document.

2.1.2. ENVIRONMENTAL AND INDUSTRIAL RISKS

ENVIRONMENTAL RISKS

Risk management

The Group does not directly suffer from the effects of climate change in its current operations. However, Chargeurs could be held liable for environmental damage in relation to the industrial sites it operates, has operated in the past or will operate in the future, and these sites could be the cause of pollution or an accident leading to bodily injury. The financial consequences of any bodily injury or third-party property damage that may be caused as a result of its operation of its industrial sites are covered by the Group's liability insurance program.

The Group is also exposed to the risk of chronic pollution and may be required to incur expenses for industrial site clean-ups or environmental decontamination, especially when it ceases operations at a site.

The Group's businesses are subject to various environmental regulations in their host countries. These regulations are constantly evolving and require compliance with increasingly strict standards on environmental protection and workplace health and safety. The Group is therefore exposed to the risk of non-compliance. Any breach of these regulations could result in fines or other civil, administrative or criminal sanctions, notably the confiscation of the permits and licenses required to operate the activities concerned.

Risk management

The Group's policy has always been to maintain the highest level of protection of its sites against environmental risks, technological risks and natural hazards. Additionally, it closely monitors changes in international, European and national environmental regulations.

As part of its adherence in 2017 to the principles of the Global Compact, the Group's production facilities have set objectives to improve their environmental footprint over the next three years. Chargeurs is particularly focused on continuously improving its environmental performance in critical domains, such as energy, greenhouse gas emissions, water, waste, VOCs, personal safety, responsible procurement and training, and has set itself progress objectives to be achieved by 2021. The Group's environmental policy, the risks related to the effects of climate change (article L. 225-37-6 of the French Commercial Code (*Code de commerce*)), and the environmental performance and certifications of its businesses are described in dans the Non-Financial Information Statement in Chapter 3 of this Registration Document.

INDUSTRIAL RISKS

Risk management

The Group's production facilities are exposed to industrial risks resulting from their operations, such as fire, explosion and/or machinery breakdown risks. Any accident at a production facility or during the transportation of manufactured goods could lead to production delays or compensation claims for contractual or general liability.

Furthermore, the Group cannot provide assurance that it will not experience any unplanned production stoppages, due notably to raw material or energy supply problems, equipment failure, natural disasters, or strikes. Production could also be halted as a result of malicious damage, sabotage or an act of terrorism committed at any of the Group's sites.

If these risks were to occur, above and beyond any issues of the Group's liability, they could negatively impact the Group's results of operations and business.

Risk management

The Group has put in place an assertive strategy for preventing and managing industrial risks in order to minimize their potential occurrence and impact. This strategy is underpinned by the following:

- identifying and anticipating risks: the Group and its business lines regularly update their legal and industrial risk maps, which consist of identifying and assessing risks and prioritizing the corrective actions to be implemented. In addition, on-site security audits are carried out by specialized external companies when a potential risk is identified;
- an ongoing risk prevention system and suitable insurance coverage: the Group takes action in terms of both technical issues (improving production units and investing in personal safety) and the human aspects of its business by creating a real safety culture (safety training, a Safety Day organized for each business line, and the distribution of a strengthened safety policy factoring in the principles of the Bradley Curve). It has also taken out property and casualty coverage with leading insurance companies (see section 2.2.2 below);
- a strict control system: the Group uses a three-tier control system (described in section 2.3 below) to ensure that its safety standards and requirements are met at all of its production facilities, while taking into account the specific characteristics of each site. It has also set up a managerial structure specifically adapted to its safety structure, with delegations of power aimed at increasing the accountability of each person concerned.

2.1.3. FINANCIAL RISKS

FINANCIAL RISKS

Risk management

Chargeurs is exposed to varying types of financial risks: market risk, foreign exchange risk, interest rate risk, price risk, credit risk and liquidity risk.

Risk management

Financial risks and the way the Group manages them are described in Notes 16, 18 and 22 to the 2018 consolidated financial statements in Chapter 5 of this Registration Document. An assessment of the Group's main financial risk management processes has been carried out in order to draw up a more formal map of (i) the risks relating to the Group's financial statements, (ii) the financial impacts these risks could have, and (iii) the controls implemented to eliminate those risks. As part of this exercise, each business line identified the three or four processes it deemed most sensitive and reviewed the highest-risk transactions within each one. The procedures in place to manage and control such transactions were then identified. These analyses serve to prioritize future action plans, representing the starting point for the Group's drive to strengthen control over its processes.

2.1.4. LEGAL RISKS

REGULATORY CHANGE RISKS

Risk management

Chargeurs is subject to a wide range of laws and regulations that are applicable to all of its companies in a large number of domains (including safety, the environment, competition law, corporate law, commercial law, intellectual property, patents, labor law, personal data protection, taxation and customs). Due to the fact that the Group operates in different countries with differing local laws and regulations, which can be complex and fast-changing, it is exposed to the risk of non-compliance or an increase in compliance costs.

Risk management

The Group's corporate support functions and subsidiaries have regulatory watch systems in place in each of their spheres of competence in order to anticipate upcoming regulatory changes and ensure compliance with the applicable laws and regulations. For regulatory watch purposes, the Group also uses the services of a network of external attorneys and specialists who provide alerts and advice about the regulations in force and upcoming regulatory changes.

RISKS RELATED TO DISPUTES

Risk management

In the ordinary course of their business, Group companies can be involved in a wide range of disputes and be subject to tax, customs and administrative audits.

The Group's exposure to significant legal disputes is described in note 20 of the 2018 consolidated financial statements in Chapter 5 of this Registration Document.

To the best of the Company's and Group's knowledge, there are no other governmental, legal or arbitration proceedings in process or pending that may have, or have had in the past 12 months, a material adverse effect on the results of operations or the financial position of the Company and/or the Group.

For each dispute of which the Group is aware, the associated risks are assessed at each financial reporting date, and after obtaining legal advice, provisions are set aside to cover the estimated exposure, if deemed necessary (see note 20 of the 2018 consolidated financial statements). If these provisions prove to be insufficient this could negatively impact the Group's business, financial position, results of operations and/or outlook. Moreover, it cannot be excluded that further legal claims will be made against a Group company in the future.

Risk management

Chargeurs has put in place a pro-active and prudent policy of effectively anticipating, preventing and managing its legal risks in order to support the Group's growth. In recent years, it has followed a highly assertive prevention strategy, for which the starting point was the update to its legal risk map carried out in 2017. In-depth training and awareness-raising about legal risks is given to all of the Group's employees. This involves providing employees with rules of conduct, templates for contractual documentation approved by the Group Legal Department and written guidance related to specific areas (Code of Conduct, information technology charter, general and specific rules for contracts and the laws relating to competition, intellectual property and personal data protection). Major legal disputes are overseen by the Group Legal Department in close collaboration with the other corporate support functions and the subsidiaries or business lines involved, assisted by specialist attorneys.

For each known dispute in which the Company or a Group entity is involved, the associated risks are assessed at each financial reporting date and, after obtaining legal advice, provisions are set aside to cover the estimated exposure, if deemed necessary.

Although the outcome of the proceedings currently in process is not known, Chargeurs believes – at the date of this Registration Document – that they will not have any material adverse effect on its financial position.

INTELLECTUAL AND INDUSTRIAL PROPERTY RISKS

Risk management

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

Innovating and developing new products and processes are essential for the Group's business, and one of the key ways to ensure that its R&D innovations can be used to create value is to protect their underlying intellectual property rights.

The Group's business development is therefore dependent on protecting its proprietary manufacturing processes, patents and trademarks. Any infringement of the Group's patents or trademarks by a third party could have an immediate adverse effect on the Group's revenue and earnings and could also damage its image and the perceived quality of its products.

The Group cannot guarantee the level of protection accorded to its patent and trademark portfolio in countries where the protection of intellectual property rights is not as developed as in Western Europe or North America.

Risk management

In order to obtain and guarantee the protection of its innovations, the Group has built up a portfolio of registered patents, trademarks and models. It also uses confidentiality agreements, copyright and specific procedures for trade secrets as well as other measures to protect its rights. Since 2017, the Group has strengthened its intellectual property protection policy, particularly for products with the greatest international exposure (filing patent applications and registering new trademarks). This vigilance is especially important in view of the iconic brand strategy it has recently launched. The Group also pays close attention to any infringement of its patent and trademark rights and takes any measures it considers necessary to protect those rights. Risk management in this area is overseen by the R&D Department for patents and the Legal Department for trademarks, assisted by an international network of industrial and intellectual property experts.

TAX AND CUSTOMS RISK

Risk management

Group policy is to strictly comply with local tax and customs laws and regulations in each of its host countries, as well as with international tax rules. However, certain laws or regulations could create risk exposure, because they are ambiguous or give rise to differing or changing interpretations by local authorities. This could have an adverse effect on the Group's business, financial position and/or results of operations.

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

Risk management

In order to effectively anticipate changes in tax laws and regulations, the Group uses the services of a leading network of tax experts and advisers. For customs matters, the Group's operating companies use external customs experts.

ETHICAL RISKS

Risk management

The Group places great importance on observing the highest ethical standards.

In the ordinary course of its business, the Group – which had an headcount of more than 2,000 people in 45 countries at December 31, 2018 – may be exposed to the risk of isolated acts by Group employees that contradict its fundamental values.

Such breaches of conduct could expose the Group and/or its employees to criminal or administrative sanctions and could adversely affect its reputation and results of operations. They could also give rise to legal action brought by customers or other third parties.

Risk management

In order to effectively manage ethical risks based on the information available, the Group monitors legal and regulatory changes in this area. In line with this, since 2017, the Company has taken the measures required to comply with France's "Sapin 2" Act, which included:

- appointing a Group Chief Compliance Officer;
- implementing a Code of Conduct, as described in Chapter 4, section 4.6 of this Registration Document;
- setting up an ad hoc Ethics Committee, whose roles and responsibilities are described in Chapter 4, section 4.6 of this Registration Document.

Group managers have been required to give a signed commitment to apply fair and honest business practices. This commitment was updated in 2017 as part of the compliance programs described above.

The Group has also updated its code of conduct related to stock market transactions and the prevention of insider trading. The updated code now complies with the European Union's market abuse regulation ("MAR regulation" 596/2014) that came into force on July 3, 2016.

2.2. INSURANCE

2.2.1. INSURANCE STRATEGY

In order to effectively protect its people, assets and revenues, Chargeurs has implemented a Group-wide insurance strategy and has set up global insurance programs for its main risks related to

- (i) bodily injury;
- (ii) property damage and consequential business interruption; and
- (iii) third-party liability concerning its operations and the products it sells.

These programs are underwritten by leading insurers and are managed by the Group's holding company in coordination with the Insurance Manager of each business line and insurance officers within the subsidiaries.

The overriding aim of the Group' insurance strategy is to optimally manage its risks by putting in place consistent and complementary coverage for all of its subsidiaries in each business line. It enables the Group to have a good understanding of its insurable risks and overall coverage while continuously optimizing the total cost of these risks. If an entity takes out a local policy that does not form part of the master program – notably for cost-efficiency reasons – the entity concerned is required to inform the Group of the policy content and coverage conditions so that the Group can continue to have a comprehensive view of the coverage in place and ensure that this coverage is adequate in relation to the identified risks.

The Group makes sure that all newly-acquired companies are included in its insurance programs so that their coverage is appropriate and in line with the Group's insurance strategy.

2.2.2. INFORMATION ABOUT THE MAIN INSURANCE PROGRAMS

The information below is given at the date of this Registration Document and may change depending on market conditions and other circumstances. It only concerns the Group's main insurance programs and is therefore not exhaustive.

Chargeurs has set up several global insurance programs covering all of its subsidiaries. Local policies are also taken out alongside the "master" group policy whenever required in order to comply with the regulations of a particular country. In such cases, the master policy can be triggered if the local policy does not provide sufficient coverage.

- Third-party liability: this program covers Group subsidiaries for the financial consequences of any third-party liability that could arise in connection with their activities concerning bodily injury or property damage caused to a third party;
- Property damage and business interruption: for Chargeurs Protective Films this program covers any accidental property damage (on an all-risks with specific exclusions basis) as well as the costs of any business interruption caused by such damage. During 2018, a process was launched to incorporate Chargeurs PCC Fashion Technologies and Chargeurs Technical Substrates subsidiaries into the Group's master policy. This process should be completed in 2019 and forms part of the Group's strategy of using global insurance programs in the aim of having consistent and centrally managed coverage for all of its subsidiaries worldwide, except when this is not possible due to local laws and regulations.

The above policies include:

- coverage caps and exclusions, in line with market practices;
- excess loss amounts that are proportionate to the size of the subsidiary's sites and operations.

Chargeurs considers that its insurance coverage is sufficient for the typical risks of its business operations.

Other insurance policies have also been entered into by the Group, notably for the vehicle fleet, transport, personal insurance (particularly employee travel insurance) and cyber insurance.

2.3. INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

2.3.1. DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

Due to the nature of its business, Chargeurs is exposed to various types of risks.

In order to counter these potential risks, the Group has set up an internal control system adapted to its size and operations.

This system is particularly aimed at ensuring:

- 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.

2.3.2. SCOPE OF INTERNAL CONTROL

The Group is made up of a head office – which groups together its corporate support functions – and the following four business lines:

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

The internal control system covers the Group's full scope of consolidation.

2.3.4. INTERNAL CONTROL STRUCTURE

LEVEL

1

Upheld by each employee and their hierarchy in daily operations

LEVEL

2

Upheld by the Executive Committee, the Group Chief Compliance Officer, the Data Protection Officer and the Support Departments in their relevant areas of specialty: defining the guidelines and assisting operatives to implement them

LEVEL

3

Upheld by the Audit Committee and the Board of Directors: reviewing and subsequently improving the operating procedures of the risk

The internal control and risk management system is based on a three-tier structure aimed at relaying Chargeurs' risk management culture at all levels of the Group.

2.3.3. INTERNAL CONTROL PARTICIPANTS

The **Board of Directors**, which is responsible for verifying the efficiency of the internal control and risk management systems, assisted by the **Audit Committee** which, among other tasks, monitors the preparation and control of accounting and financial information.

The **Chairman and Chief Executive Officer**, who puts in place the organizational structure that he considers to be the most effective for continuously improving the internal control and risk management systems.

The **Executive Committee** – the Group's central risk management body – whose members discuss and review each decision and transaction that is of strategic importance to the Group.

Corporate support functions, which comprise several Group-level specialist departments (Finance, Business Development and Strategy, Human Resources, CSR, Information Systems, Legal, and Tax) that provide their expertise and support to the Group's divisions, subsidiaries and employees. Each department has its own area of specialty and is responsible for drawing up its own specific policies and relaying them Group-wide.

The **Group Chief Compliance Officer**, whose main role is to verify that the Group's rules of professional ethics and conduct are respected.

The **Data Protection Officer**, backed by local correspondents in each business line, who are responsible for verifying that the Group's information systems are appropriately protected, particularly with regard to personal data, and that the Group complies with the related laws and regulations.

Group employees, who are responsible for continuously verifying that the internal control procedures and processes within their scope of activity are up to date and suggesting changes where appropriate.

2.3.5. OPERATIONAL STRUCTURE

The Group has a decentralized operational structure, but it has information systems in place that enable its head office teams to:

- ensure that they produce high quality financial information;
- have an in-depth understanding of how the different business lines operate and their contribution to the Group's earnings and cash flows;
- rapidly 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 implemented 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 the Managing Directors of the subsidiaries have full responsibility for managing their units;
- short lines of communication;
- regular reporting on strategic issues;
- group insurance programs systematically covering all insurable risks;
- an Insurance Manager for each business line and at corporate level;
- strengthened CSR teams at both corporate level and in each business line.

2.3.6. INFORMATION AND INTERNAL CONTROL SYSTEMS RELATING TO ACCOUNTING AND FINANCIAL REPORTING

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

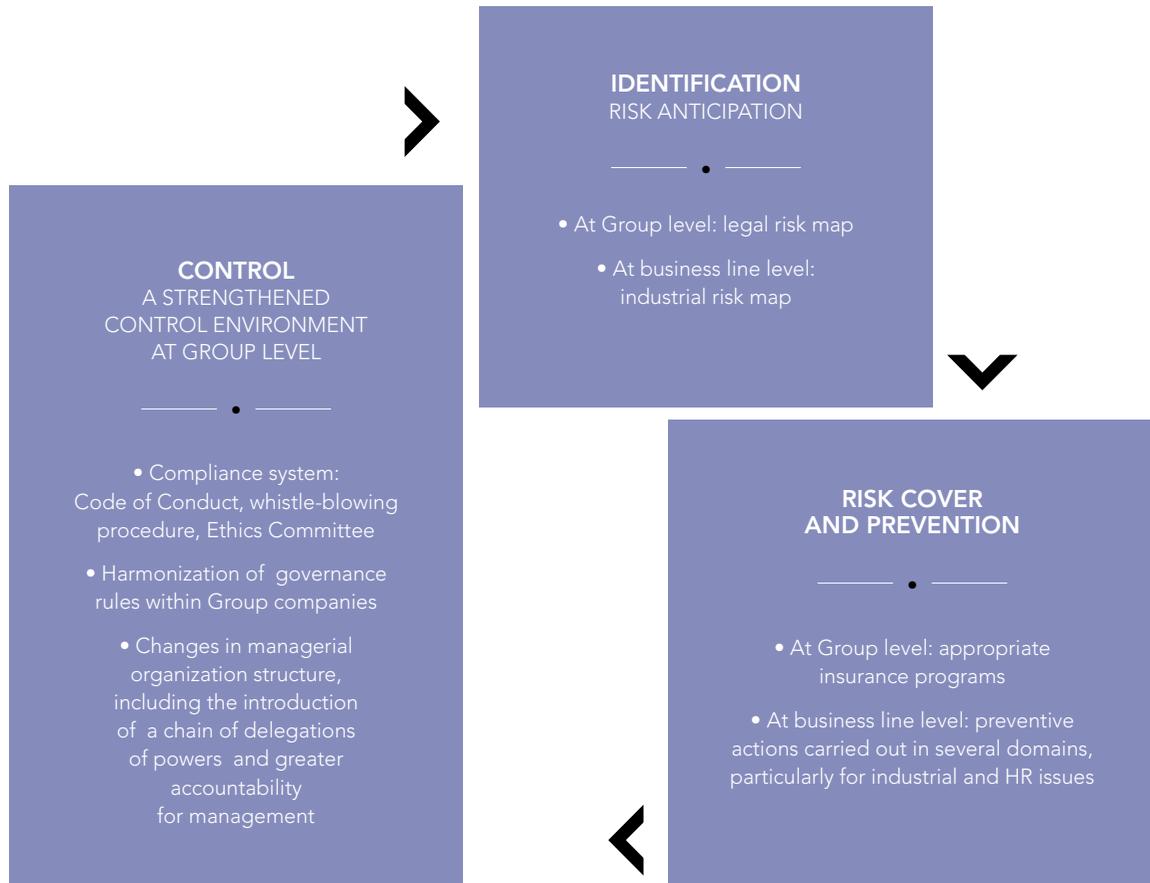
The Chargeurs' financial information system is based on the monthly income statements and key balance sheet indicators reported by each of the Group's fully consolidated companies (76 companies at December 31, 2018).

Each subsidiary's Managing Director 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 Managing Directors of the business lines.

2.3.7. A SYSTEM TO MAP, ANALYZE AND ADDRESS THE MAIN IDENTIFIABLE RISKS

The Group has put in place a risk map, which it regularly updates, in order to identify the risks that could have a material adverse effect on its business, financial position, results of operations and/or ability to achieve its objectives.



The Executive Committee pinpoints mission-critical issues and designates the most appropriate manager to oversee each one. A specific reporting system is in place so that senior management is informed directly, at regular intervals, of the status of these managers' work. There is regular dialog based on the reporting schedules produced monthly by the departments.

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.

The Group uses outside consulting firms specialized in economic forecasting to help evaluate macro-economic risks specific to each of its host countries.

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.

2.3.8. CONTINUOUS IMPROVEMENT

The Group applies a continuous improvement approach in order to enhance the quality of its internal control and risk management system, and has launched several projects to help achieve this objective since the change in governance that took place in October 2015.

Stronger corporate teams to partner business growth

An internal consulting team, set up in 2016, provided support for the major changes that took place in the Group in 2018, giving back-up to the CSR, information systems and business development teams, and playing a direct role in the integration process for recently acquired companies.

Also during 2018, a new Business Development and Strategy Department was created in order to drive the Group's acceleration strategy in high value-added niche markets. This department is in charge of developing the Group's global marketing strategy, seeking out strategic business development opportunities, forging key partnerships, and communicating information outside the Group. It is also responsible for incorporating digital and innovation capabilities into the major transformation process under way in the business lines and for setting up an international network within the Group.

Legal risk map

In 2016 the Group commissioned a law firm to update its legal risk map. The work carried out by the law firm was closely monitored by the Company and the Audit Committee, which gave a status report to the Board of Directors in mid-2017.

The overriding aims of the project were to identify, analyze and assess the legal risks to which the Group is or could be exposed to in relation to its operations. The project findings – which were presented to the Audit Committee and the Board of Directors on June 2, 2017 – did not identify any material risks other than those described in this section of the Registration Document.

Industrial risk map

During 2018, the business lines each updated their industrial risk maps.

Corrective measures

Even before the work was completed, the Company started implementing corrective measures to manage or reduce the identified risks. In addition, a tighter risk control and management system has been put in place, notably by designating "risk bearers" at both corporate and business-line level.

Compliance measures and procedures

The same law firm also assisted the Company with setting up the compliance programs provided for under French Act 2016-1691 dated December 9, 2016 related to transparency, anticorruption measures and the modernization of the economy (the "Sapin 2" Act).

As part of this process, Joëlle Fabre-Hoffmeister, the Group Secretary General, was appointed Group Chief Compliance Officer Group. In this role, her main responsibility is to ensure that the Group's rules of professional ethics and conduct are respected.

In addition, the Company has set up a new ethics and conduct system with two cornerstones:

- a Code of Conduct formally setting out the Group's values and principles, as well as the new preventive and repressive measures in place, notably including a whistle-blower process;
- an ad hoc Ethics Committee.

The ethics and conduct system is described in Chapter 4, section 4.6 of this Registration Document.

CSR risk monitoring

Chargeurs' subsidiaries use CSR reporting guidelines that were drawn up in 2013, which

- set out the Group's CSR commitments;
- list the CSR indicators used for operations; and
- describe the CSR reporting processes in place within the Group.

In 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 in 2018 and the progress achieved to date under the direction of the Group Secretary General are described in detail in the Non-Financial Information Statement in Chapter 3 of this Registration Document.



3

NON-FINANCIAL PERFORMANCE STATEMENT

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This chapter reports on the work carried out and progress made in establishing a formal and proactive non-financial performance strategy for Chargeurs, which began in early 2016. It also provides a framework for the Group's Non-Financial Performance Statement (NFPS). The Chargeurs Group business model is presented on pages 28 and 29 of the Integrated Report.

This year, Chargeurs has gone even further to ensure clear reporting by using indicators that have been carefully chosen based on one key principle: relevance.

It has also asked its stakeholders, observers and partners in this approach to share their input. This is the first step in laying new foundations for dialogue that the Group can work on and develop over the long term.

Chargeurs is constantly evolving to adapt to the international environment in which it has grown since 1872. Diversity is embedded in its DNA. The Group's long-term success in developing new and/or complementary businesses while also contributing to industrial development at every stage reflects its ability to respond to major social, environmental and societal challenges.

3.1. CSR STRATEGY

Since the day it was founded, Chargeurs' business strategy and initiatives bear the hallmarks of a responsible company with a long-term vision, a commitment to clients and stakeholders, a passion for excellence and respect for the working environment.

An early adopter of CSR, Chargeurs has constantly sought to a continuous improvement approach across all of its businesses. Introduced in 2017, the Chargeurs Business Standards are just one of the most recent examples of the continuous improvement standards the Group has worked hard to establish at each stage of its development.

The Group's CSR policy is based on a few simple, deeply held beliefs:

- the foundation of our worldwide success lies in our long tradition of manufacturing excellence and our ability to export it to other locations so that our production meets the highest standards in the business, no matter where we operate. For example, our factory in Wujiang, China, is a replica of our interlining factory in Buire-Courcelles, Picardie, France;

- Chargeurs values excellence and aims to act as a pioneering leader in each industry in which it operates. The Game Changer strategy in place since 2017 reflects this determination to constantly innovate;
- Chargeurs' clients are its products' most valuable ambassadors. As a result, Chargeurs works closely with its stakeholders to jointly develop products and services that will give clients a clear competitive advantage, thereby ensuring their longevity.

Chargeurs Group's CSR strategy has been implemented based on an approach that:

- is selective, to focus our efforts on big issues with big impacts;
- uses multiple frames of reference, to resonate with all our markets worldwide and take advantage of all the resources in this area;
- is grounded in best practices, to accelerate change at the grassroots level;
- bridges differences to consider the specific features of each market and act in a spirit of cooperation and consensus; and
- focuses on people.

3.2. MANAGING THE CSR APPROACH

Since 2017, Chargeurs Group has taken a more structured approach to steering CSR.

CSR management involves:

- an overarching philosophy that answers these questions: Why should we strengthen, justify and perfect our CSR approach? What strategic benefits would that offer?
- coordinating the CSR approach itself;
- defining operating procedures for the whole Group, followed by procedures for the individual businesses;
- defining reporting procedures for the whole Group, followed by procedures for the individual businesses;
- contributing to the CSR communications strategy.

The goal is to create both non-financial value and a "CSR family," i.e., a network of active, highly motivated representatives. The Group's entire governance structure is involved in this approach, as shown when the Global Compact was signed in front of the

Group's employees in 2017. Ever since this foundational event, the Group has anchored its approach in its operational processes, while explaining the reasons behind its approach so its teams buy into it.

A dedicated project manager was hired to help guide this shift, which also led to the creation of a network of representatives and the implementation of regular reporting and a responsible purchasing policy. Our inclusion in the Gaïa index at the end of 2018 was the first achievement honoring our investment and efforts in this area.



"CSR is the key to the concept of sustainable competitiveness that guides the Group and directs its growth strategy at every level. The teams have enthusiastically adopted this concept, and we now work with a highly motivated internal network that understands the issues," says Joëlle Fabre-Hoffmeister, the Group Secretary General, who launched the project to structure our approach.

3.3. NON-FINANCIAL PERFORMANCE: GAÏA INDEX

The Gaïa Index was launched 10 years ago by independent non-financial rating agency Ethifinance, which provides investors with corporate social responsibility ratings for listed and unlisted SMEs. It is a sustainable development index of midcap companies.



The results of its 2018 ranking were revealed at a ceremony held on Monday, October 15 at the Palais Brongniart in Paris. Of the 230 Paris stock exchange-listed companies that were assessed for the index ("the Gaïa panel"), 70 French companies were recognized for

their environmental, social and governance performance. Chargeurs was included among their ranks for the first time.

The Gaïa Index rates companies against more than 130 criteria to assess the transparency and maturity of their CSR policies, practices and performance.

In 2018, Chargeurs boosted its rating to 71/100, versus an average score of 59/100 for the 230 companies in the Gaïa panel. In just two years, the Group's rating rose considerably (+34%).

Chargeurs received its highest score (100/100) for transparency regarding its labor characteristics and policy.

3.4. INTERVIEW WITH MICHAËL FRIBOURG



**Interview with
Michaël Fribourg
Chairman and
Chief Executive
Officer**

"BUSINESS DRIVES THE SOLUTION"

How is Chargeurs tackling the challenges of non-financial performance?

We understood very early, before we had even formally established an approach, that CSR is a driver for progress and global leadership. We first approached the issue as a manufacturer well-versed in continuous improvement. CSR is now fully integrated into our Chargeurs Business Standards and our DNA.

How is the integration of sustainable development issues compatible with the Group's operations and strategy?

It is not only compatible, it is aligned with the Group's culture, where having a long-term vision is a given. Chargeurs has historically relied on local teams in each of the countries where it operates, and has forged longstanding relationships with stakeholders everywhere in its environment. These interlocking ecosystems are perfectly adapted for innovative approaches that, in our businesses, can only be truly effective when applied throughout each industry.

This is why the concept of "stakeholder" is so important to us. In this respect, our responsible purchasing policy is a particularly good example of what we have been able to immediately implement at our level.

How are you rolling out the CSR policy within the Group?

We are concerned by all three kinds of challenges—human resources, societal and environmental—and are committed to minimizing our impact in these areas. We have defined standards at the corporate

level and are rolling them out in each business in ways that are adapted to their specific characteristics. But even though management provided the initial impetus, we make sure our teams contribute to the action plans since they understand these issues at the most local level. The idea is to make our initiatives part of a continuous improvement approach that is practical, pragmatic and business-focused, while ensuring our CSR approach does not turn into just another layer of red tape. CSR is also a wellspring of opportunity that has driven some of our developments. Our Eco'In range in the interlining business, the Organica label we just established and our Deep Blue technology for protective films and radiation-proof fabrics are all examples of our contribution to broader societal progress, whether to help preserve the environment or cut down on pollutants. In other words, our circular economy-based CSR approach drives innovation, which is a key Chargeurs characteristic that reflects our determination to anticipate future needs so we can better serve our clients.

Above all, the success of this process depends on the commitment of our employees, who ensure we deliver on our values in our day-to-day actions.

Aside from all this, you established Chargeurs Philanthropies earlier this year. What is its purpose?

Chargeurs Philanthropies represents our commitment to society while also advancing our strategy of iconic brands. As a sponsor of the Fashion Institute of Technology in New York, the foundation helped showcase some of the museum's masterpieces, thanks to expertise provided by Leach, a subsidiary of Chargeurs Technical Substrates. Our social responsibility commitment was also extended into 2019 by the establishment of Pink Day, which promotes breast cancer prevention through screening campaigns.

3.5. THE GROUP'S MAJOR RISKS AND OPPORTUNITIES

In 2018, Chargeurs Group began identifying, analyzing and defining non-financial risks by consulting with the Group's stakeholders (the Chargeurs Group business model is presented on pages 28 and 29 of the Integrated Report). The 2018 analysis also takes into account any risks related to corruption and serious abuses of human rights and the fundamental freedoms, health and safety of people and the environment.

Here are the Group's major risks and opportunities:

- ensuring director independence;
- ensuring director attendance;

- ensuring proper representation of women in executive bodies;
- ensuring respect for human rights through the strength and effectiveness of our supply chain;
- ensuring animal welfare;
- ensuring proper management of our energy resources and gas emissions;
- ensuring the environmental efficiency of our processes;
- combating corruption and tax evasion;
- ensuring the best possible working conditions for our employees;
- ensuring effective training.

3.6. GOVERNANCE CHALLENGES

RISKS AND OPPORTUNITIES

- Ensuring director independence.
- Ensuring proper representation of women in executive bodies.
- Ensuring director attendance.

STRUCTURAL INITIATIVES

The Group has committed to increasing the number of independent directors. If approved at the next Board of Directors meeting, the appointment of a new independent woman director will be submitted to the shareholders at the next Annual General Meeting on May 6, 2019. If the resolution is passed by the shareholders, 50% of Board members will be independent directors, 50% of whom will be women. This is above the legal requirement.

The Group is committed to pursuing measures that promote women in positions of responsibility in the years ahead. There is also an increasing number of women in Group management's inner circle, since they represent 34% of its TOP 50 executives. A direct correlation between the percentage of women in management and improved business competitiveness, growth and job creation has been proven.

The Group is committed to ensuring that attendance rates for Board of Director meetings are exemplary, and the attendance rate of 97% for 2018 clearly reflects its members' commitment to their respective projects and work. Furthermore, to ensure its members fully understand the different issues at hand and to be tackled, the Chairman of the Board of Directors involves them in visits to the Group's different sites and strategy seminars to ensure that all of the Board's decisions are informed decisions. Members of the Board of Directors must attend meetings so that quorum is achieved and the decisions they make are deemed valid. Directors' fees, which will be increased in 2019 to factor in the arrival of a new member subject to the approval of the Shareholders' Meeting compensate the regular time, effort and work of the Board members throughout the year.

INDICATORS



Given the risks described in section 2 and the major role that purchasing plays in our value-creation chain, one of the Group's priorities is ensuring the strength, efficiency and agility of its supply chain. In response to this risk, the Group also considers the fight against child labor to be the most important principle in its Code of Conduct.

It has established a responsible purchasing process to protect its environment over the long term. With this process, the Group commits to enhancing the reliability of its supply chain and carefully selecting suppliers that, like the Group, have made a long-term commitment to all of the principles set out in its responsible purchasing charter.

RISK AND OPPORTUNITY

- Ensuring respect for human rights through the strength and effectiveness of our supply chain.

STRUCTURAL INITIATIVES

Responsible purchasing: making progress through partnership

The way we view our responsibility and our belief that purchasing policies are critical for CSR performance have led Chargeurs Group to actively promote CSR practices throughout its supply chain.

This means playing a leadership role and spreading environmentally and socially responsible practices. In keeping with the Group's own internal oversight mechanism, which is the Code of Conduct,

the areas highlighted in this respect (training, advisory and skills improvement) are based on relationship monitoring, dialog and cooperation in a close partnership. This goes further than the defensive approach required if we were simply managing risks. Building these partnerships, which help controls function smoothly; overseeing improvement plans and sharing best practices are all important performance prerequisites that ensure supplier relationships are responsibly managed.

Formally implementing this policy is a gradual, ongoing process.

- June 2017: Chargeurs signs the United Nations Global Compact.
- September 2017: the responsible purchasing working group is set up.
- November 2017: the Chargeurs responsible purchasing charter is drawn up (freely available on the Group website) and the CSR evaluation tool is developed.
- Q2 2018: the Responsible purchasing charter is signed and CSR evaluation questionnaire completed by 40 key suppliers.
- 2018/ 2019: the Group's responsible purchasing strategy is rolled out for all suppliers.
- 2019: first supplier audits.

INDICATOR

40+

suppliers assisted with CSR criteria compared to 2017

RISKS AND OPPORTUNITIES

- Ensuring animal welfare.

STRUCTURAL INITIATIVES

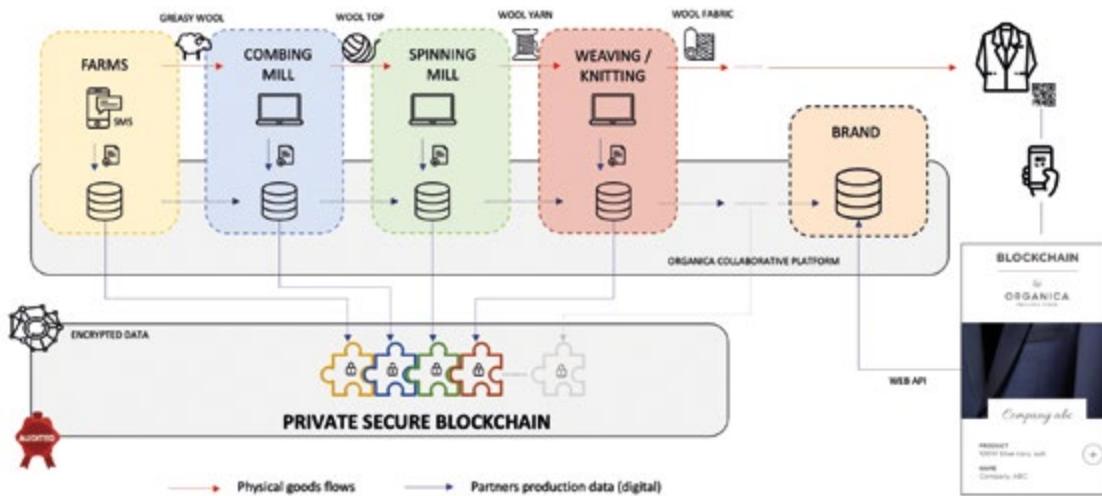
Chargeurs Group is committed to the safety and wellbeing of animals in its operational processes. The implementation of an international label guarantees that the wool it uses derives from a responsible approach to animal welfare, suppliers across the production chain and the environmental impact of its operations. It is a unique standard of excellence that promotes traditional expertise while relying on blockchain technology to guarantee traceability.



Blockchain technology used for an environmentally responsible wool label.

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, which symbolizes a responsible supply chain strategy, is used by all Organica-certified partners throughout wool processing.



INDICATOR

Number of Organica Precious Fiber-certified farms:

36+

in 2018

3.7. ENVIRONMENTAL CHALLENGES

RISKS AND OPPORTUNITIES

- Ensuring proper management of our energy resources and gas emissions.
- Ensuring the environmental efficiency of our processes.

STRUCTURAL INITIATIVES

All Group businesses want to improve the environmental efficiency of their manufacturing processes and are committed to minimizing their consumption of resources.

Consequently, to offset the water-intensive nature of CLM's wool processing operations, the Lanas Trinidad wool combing factory in Uruguay built a rainwater catchment system capable of holding one million cubic meters. Waste water is treated by means of a completely natural process and used for purposes such as irrigating local crops. The system also captures the resulting biogas, which is then combusted to produce a quarter of the electricity used by the site.

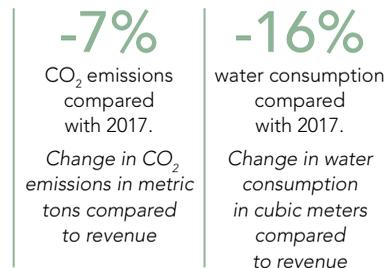
Furthermore, all Chargeurs entities work hard to fight resource waste. CTS managed to reduce waste by 40% in 2018.

The Group's R&D teams are all determined to develop cleaner solutions and substantially reduce the overall environmental impact

of their operations. Recycled raw materials have already been worked into their innovative products. With its deep commitment to eco-design, Senfa developed Alterra, a product that uses the equivalent of two recycled plastic bottles in each square meter of fabric. The Eco'In range from Chargeurs PCC also uses fibers made from recycled plastic bottles.

Meanwhile, CFP won praise for inventing Deep Blue, a recyclable protective film with no PVC. By monitoring the environmental efficiency of its processes, Chargeurs is committed to ensuring the proper management of its energy resources and gas emissions and the development of a circular economy.

INDICATORS



3.8. SOCIETAL CHALLENGES

The risks identified in section 2 show that the Chargeurs Group operates within an ecosystem of close relationships with stakeholders, who act as a mirror for the activities of the Group's different businesses. With respect to the major societal risks that manifest as gender imbalance in the industry, consumer/user perception of its products, and corruption or fraud, Chargeurs has chosen positions that are clear to all its internal and external partners. Its commitments are grounded in its Code of Conduct to defend human rights and promote women's representation in its executive bodies and workforce.

RISKS AND OPPORTUNITIES

- Combating corruption and tax evasion.

STRUCTURAL INITIATIVES

Chargeurs strives to operate ethically and transparently and to comply with all national and international laws in force regarding bribery and influence peddling. It takes a zero-tolerance approach to such matters in all of its host countries. Chargeurs also requires that its customers, suppliers and subcontractors to implement a suitable policy to combat bribery and influence peddling.

In 2017, Chargeurs grouped together and enshrined in its Code of Conduct all of the values, rules and principles it wants applied within the Group, with the goal of raising awareness and encouraging everyone to apply them in full.

The Code covers all aspects of the Group's existence. It provides rigorous guidance on maintaining occupational health and safety and promoting respect for equality, especially in terms of the wage gap between men and women. The Code of Conduct also works to prevent forced and child labor and fights all forms of harassment and discrimination. In this document, the Group commits to ensuring freedom of association, respecting the environment and acting scrupulously in terms of transparency and the fight against bribery and influence peddling.

All employees, subcontractors and temporary staff can report violations of the Code of Conduct to the Group's ethics authorities. A Chief Compliance Officer works to ensure the Code is properly understood and applied. Meanwhile, an ethics committee helps expand the circle of references and provides advice on changes that must be undertaken.

INDICATOR



3.9. HUMAN RESOURCES CHALLENGES

At Chargeurs, managing talent is guided by the diversity of its teams. Ensuring the best possible working conditions for the organization's employees and offering them effective training at every stage of their career are its key commitments.

RISKS AND OPPORTUNITIES

- Ensuring the best possible working conditions for our employees.

STRUCTURAL INITIATIVES

First held on November 13, 2017, Safety Day highlights Chargeurs' efforts to strengthen its risk prevention policy. The health and safety of our employees, partners and subcontractors are an absolute priority across the organization. The aim of this day is to raise awareness and to encourage all of the Group's entities to review the mandatory notices displayed in their premises as well as their safety instructions, and also to update their staff training.

In keeping with its zero-accident target, Chargeurs has committed to advancing safety culture in all its production plants. It plans to hold this event repeatedly with the goal of capitalizing on all opportunities for improvement in this area. The ultimate aim? Change the way people think!

A communications campaign was developed to heighten awareness and sharpen reactions at every stage of operations, while further developing a genuine safety culture that goes beyond mere compliance with regulations and standards. The campaign included site visits and training, and ran throughout the year.

The second Safety Day was held on June 16, 2018, and proved to be a global success. In 2019, Safety Day will once again expand on the procedures adopted by the teams to improve safety for all Group employees.

INDICATOR

Frequency rate (FR)
for occupational
accidents:

11.72%

RISK AND OPPORTUNITY

- Ensuring effective training

STRUCTURAL INITIATIVES

Developing the Group means focusing on the talented individuals who make it what it is today. Most of the people who work for Chargeurs' businesses are passionate about their work. Their commitment is needed to ensure that the quality of Group products and services remains high. "Passion" is one of the Group's values, as are "Commitment," "Boldness," and "Reliability." These values, which are shared by everyone in the Group, must be imparted to new employees as soon as they join.

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

The "Young Talents" and "Executive Talents" programs spread a Group culture of high standards by exploring concrete operational problems with program participants.

For example, Chargeurs worked with ESMT Berlin and its Hidden Champions Institute to develop an exclusive training program that would help its TOP 100 executives roll out the Game Changer plan. The program gave these managers certain challenges so that they could propose solutions for problems faced by the Group. The proposals were presented to the Executive Committee, which then decided whether to approve them. For the five challenges set in 2018, one solution has already been rolled out (Amédée 1851), two have already been approved and two are still under consideration.

The program was launched in 2018 and its inaugural session had 26 participants from four Chargeurs businesses around the world.

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

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

Chargeurs has chosen to invest in its talented employees so that they can develop within the Group over the long term, and has specifically tasked its HR departments with ensuring they are given the means and resources to enrich their expertise. The Group stepped up its training efforts for all employees in 2018. These efforts were the direct result of the Group's determination to support the changes taking place by providing more resources for its employees.

Similarly, the ability to integrate new employees is critical during a stage of external growth. Chargeurs therefore places a special focus on its onboarding programs for people joining the Group, and is committed to tailoring these programs to individual needs. New employees are presented with an overview of the entire Group, which sometimes includes site visits. These are then followed up with specific programs for their business. The Group's governance is directly involved in these programs, along with the managers of projects in the acquisition stage who are there to ensure that the handover and integration of entire teams is seamless.

Programs like these are also implemented to accompany changes in the Group's organization and the increasingly international profiles of the Group's management teams.

Our stakeholders are the best advocates of our practices. Chargeurs has made a long-term commitment to developing its practices and policies by listening to what they have to say.

In keeping with this commitment, we have asked the Chief Executive Officers and Managing Directors of each business to describe the challenges that CSR poses for their operations. We also asked external stakeholders to tell us about their partnership with Chargeurs.

The following observations illustrate the above-mentioned commitments and will serve as the building blocks for our continuous improvement process.

INDICATOR

Change in the number of training hours per employee:

+31%
17 hours of training in 2018*

3.10. CHARGEURS PROTECTIVE FILMS



Interview with Laurent Derolez, Managing Director of Chargeurs Protective Films

What does CSR mean for you?

CSR is a megatrend that we have fully prepared for and that will fundamentally impact our products and services. Aside from its regulatory aspects, which have been known for a long time, CSR offers us an opportunity to develop a forward-thinking vision and align ourselves with the expectations of our clients and of society in general. Several innovative initiatives have developed in this area. In addition, we have made a commitment to our region. When we signed the Rouen climate agreement, we accepted additional constraints to protect the environment, and agreed to help local businesses implement best practices in this area.

What are the main challenges and what concrete responses do you have for them?

In terms of environmental challenges, we not only meet manufacturing standards but surpass them in some cases. As for materials, those challenges arise upstream and downstream from our stage of the product life cycle. Upstream, we aim to use more materials that are recyclable, renewable or have

a smaller carbon footprint. This means continuing our work on product design and on an innovative “green label” that would add to our product range. These issues form the foundation of our circular economy-based approach. Downstream, we focus on recycling, regardless of production region, and its effectiveness. Our products are already recyclable, but recycling programs must be arranged with all stakeholders.

How much progress has been made?

There have been improvements in all areas. As a market leader, our responsibility is significant. The best way to make the most of these improvements is to combine them in a comprehensive industrial project, such as the launch of a new, one-of-a-kind coating line in Italy midway through 2019. The new line will speed up production of highly engineered, high value-added films, and broaden our industrial and marketing footprint while minimizing our environmental footprint. We need to implement advances in CSR in all areas of the coating line project.

* PCC and Leach, the two companies acquired in 2018 are not included in the scope.

STAKEHOLDER TESTIMONIAL

Agnès Grandou, head of the COP 21 project at the Energy and Environment Division for the Rouen metropolitan area

SOCIETAL CHALLENGE

- Building lasting relationships with our stakeholders.

INITIATIVE

- Developing ties with local stakeholders and committing to protecting the environment.

Novacel signs the Rouen climate agreement

Agnès Grandou is the head of the COP 21 project at the Energy and Environment division for the Rouen metropolitan area. She coordinates all aspects of developing and implementing the Climate Plan at the local level. By 2050, the region aims to reduce greenhouse gases by 80% and energy consumption by 50%. It also hopes to increase its renewable energy production by 150%.

These targets can only be achieved if industry, government and consumers all play their part. With respect to industry, the region has more than 5,000 businesses. It began by targeting the 100 biggest companies *“which also use the most energy and create the most pollution,”* according to Agnès Grandou. At the end of 2017, it asked them to take action, guided by an engagement form that summarized the initiatives already in place and identified areas for improvement. The main themes were “clean” or “green” buildings, renewable energy and recyclable waste.

At its Novacel plant in Déville-les-Rouen, Chargeurs Protective Films implemented a positive response to the region's strategy. In just a few months, the site installed gas and electric meters for each activity, along with closed cooling towers to replace older models. The Rouen metropolitan area paid particularly close attention to the company's manufacturing processes and its vigilance in terms of minimizing water consumption. As it turned out, making the site's loading platforms more waterproof offered the side benefit of cutting costs.

“Novacel has what it takes to move further in this direction. It can get other economic stakeholders involved and serve as an example for the region,” says Agnès Grandou. The region hopes that business coalitions will develop in industrial areas to build collective intelligence, and is counting on Novacel to take part. For now, the commitment it signed on December 14, 2018 still has to be evaluated by a review committee. The region plans to set up a data reporting system and will make its first progress report in 2020.

STAKEHOLDER TESTIMONIAL

Arnaud Degremont, site manager for Comat Metal Industrie, a branch of Comat Group

HUMAN RESOURCES CHALLENGE

- Helping to provide good working conditions for the employees of client companies.

INITIATIVE

Marketing Low Noise technology, which helps cut down on noise pollution in the workplace, thereby minimizing work-related stressors

Comat: a client that appreciates Novacel's innovative products

Launched in 2017, Low Noise technology means that rolls of high-adhesive protective film can now be unwound at a noise level of less than 85 dB, which is well below current international and European standards. In addition to helping create a quiet working environment, Low Noise film rolls are also easier to install and unwind. This saves time when changing rolls, thus improving the productivity and wellbeing of production line operators.

Sales of Low Noise products, which are primarily distributed in Western Europe and the United States, grew threefold in 2018 alone.

For nearly 15 years, Novacel (a division of Chargeurs Protective Films) has supplied Comat Métal Industrie, a SME based in Anjou, with temporary films to protect the surface of prepainted steel when rolls are unwound. The Comat Group subsidiary, which specializes in metal cladding for buildings, sources 90% of its protective film from Novacel. Arnaud Degremont, site manager for Comat Metal Industrie, is happy with the strong relationship he has with Novacel, and is particularly impressed by the professionalism and listening skills of its sales team. *“Novacel fulfills the three criteria I look for in a partner: price, quality and service,”* he says, adding that *“Being able to trust your supplier is a major commercial advantage.”*

Furthermore, Comat Métal Industrie is aware of the value Novacel places on the health and safety of its own employees and those of its partners. Comat's own focus on health and safety is why it opted for one of Novacel's latest breakthroughs: Low Noise technology. This innovative product has significantly reduced noise pollution throughout the year, dramatically improving employee comfort. Arnaud Degremont, whose office is close to a workshop with a six-person production line, shared his own satisfaction at being able to work in a much quieter environment. *“This is an amazing innovation. We can't hear a thing. It's really wonderful,”* he says.

Deep Blue offers an alternative to PVC

ENVIRONMENTAL CHALLENGE

- Controlling and minimizing the direct and indirect impacts of our operations.

INITIATIVE

- Innovating and offering a range of cutting-edge, recyclable products. “Deep drawing” is the term for a process that turns a thin, flat metal sheet into a three-dimensional object by exerting extremely high pressure to punch the metal into a shaped die. This manufacturing technique is what gave Deep Blue its name.

Novacel is a leader in several markets, but for this process, which is extremely common in the automotive and appliance industries, it had been overshadowed by a Japanese group whose flagship product was PVC. Although this material offers the advantage of not retaining shape memory, its composition also brings a major downside: it generates considerable pollution.

In 2013, Novacel's R&D team began to look for a solution that offered the plasticity and resilience of PVC – so that it could follow the shape of the metal – while being recyclable and posing no risk to employees' health. This led to the development of Deep Blue. The film is made entirely of polyolefins and elastic additives that all comply with the REACH regulation on the authorization of chemicals, and is therefore free of toxic materials.

Deep Blue is used to protect stainless steel, along with other bare metal surfaces that can be damaged by a single scratch, throughout the production process – from parts manufacturing to installation at the end client's location. The film was launched in Hanover in October 2018 at the EuroBLECH international trade show, the leading sheet metal working exhibition, and has already been adopted by a significant number of clients. Deep Blue is in the process of industrial approval for other markets.

Once used, Deep Blue can be easily recycled at a special center. This reliable alternative to flexible PVC, the only one of its kind of the market, responds to a major challenge for environmental responsibility.



“How do we help our clients' customers to handle their waste better?” asked Brice Lequette, Novacel's stainless steel market manager, “We think about the entire life cycle of our products, including after they leave our factories.”

3.11. CHARGEURS PCC FASHION TECHNOLOGIES



Interview with Angela Chan, Managing Director of Chargeurs PCC Fashion Technologies

What are the major CSR challenges in your business?

CFT has production facilities in sensitive countries, where human rights and the protection of employee health and safety can't always be taken for granted. So, first of all, I'd like to insist that, for us, these issues are business-critical. Safety is our number one priority at every plant! Next comes the well-being of our employees, even if, much like fair and respectful governance, it is harder to quantify. Our solid reputation in these different areas is a decisive factor for our customers, as well it should be.

In the textile industry, a company's environmental footprint is also a core concern. How are you addressing this issue?

I believe that there is a great deal of room for improvement in existing logistics and supply chains. By pooling more of our purchases, streamlining our processes and shortening channels wherever possible, we can reduce both our carbon footprint and our production costs. This is one of the issues that concern me the most these days. CSR is what steers our sourcing strategy, encouraging us to implement best practices in response to our customers' increasingly strict traceability standards. In this way, we can also ensure that our products are totally harmless when in contact with the skin.

Looking at the resources that are essential to our business, we have already estimated that

we could cut our water consumption by 30%. Having said that, rationalizing our raw materials procurement can be a complex endeavor. With our Eco'In line, we've already begun selling interlinings manufactured using polyester fibers made from recycled plastic bottles. They've been highly successful: they have just been approved for purchase by a longstanding client of ours whose business model is based on CSR. We've also found a plant in China that recycles cotton yarn. But how can we ensure that these new practices don't impact on the total cost? We have to keep in mind that we operate in a global marketplace, where business and legal costs and constraints are constantly changing. It goes without saying that we have to remain competitive.

Would you say that CSR is an opportunity in your business?

Absolutely. We feel that it's a fundamental driver of innovation and performance. For example, it was behind the development of Eco'In. And more generally, it enables us to take a more proactive approach. Based on the strategy defined and driven by the Group, we are deploying CSR processes in all of the market segments we address. What's more, CSR issues are now systematically raised during job interviews with potential employees. We were also lucky enough to benefit from the experience of another branch of the group that is highly advanced in this area. Our partnership with Chargeurs Luxury Materials is a big plus.

STAKEHOLDER TESTIMONIAL

- Taking stakeholders into account.

CHALLENGE

- Helping a stakeholder move forward with its sustainable development policy – Kering Group.

INITIATIVE

- Promoting a circular economy and designing products made from recycled materials.

Chargeurs and Kering have a longstanding relationship. More than 20 years ago, the Fashion Technologies branch (CFT) began offering its diverse selection of products, made with proven technical expertise, to the prestigious brands owned by the luxury group. Starting in 2016, the Eco Interlining range, manufactured using polyesters made from recycled materials, has accounted for a growing share of interlinings used for men's, women's and children's fashion. In 2018, 100 kilometers of these new interlinings were used as "front linings" or to make certain small clothing items. Furthermore, CFT maintains strict standards on the use of chemical components in its thermo-adhesives.

CFT's R&D center and its European manufacturing units helped Kering – especially its Materials Innovation Lab in Italy – with projects aimed at meeting the ambitious sustainable procurement targets that the global fashion leader has set.

Kering and Chargeurs are therefore united by a powerful shared goal: integrating sustainable development into their own development models. Chargeurs is already strongly motivated in this respect and is structured to meet its client's needs.

HUMAN RESOURCES CHALLENGE

- Raising employee awareness of sustainable development.

INITIATIVE

- Creating CSR steering committees in its manufacturing units.

When CSR is embraced at the grassroots level

In October 2018, the plant at Lainière de Picardie de Buire-Courcelles asked RSE Développement, a company specializing in CSR expertise, to help its teams roll out a CSR strategy in the field. But even before then, the interlinings business had begun launching highly effective initiatives in this area. In 2013, it carried out some major projects to improve working conditions and safety at the plant, raise the height of its 80 chimneys and reduce emissions. Since 2015, it has also taken measures to cut down on noise pollution that might disturb its neighbors. Furthermore, the site now recycles 85% of its non-hazardous industrial waste (NHIW).

In 2018, in keeping with Group strategy, Chargeurs Group's fashion business included CSR in its performance criteria, but went even further by establishing a CSR steering committee at its French manufacturing unit. The diversity of its businesses and services is represented by the committee's 11 members, made up of supervisors, executives, technicians, staff and operators, who took part in analyzing the issues at hand. Based on the results of the analysis, the committee defined six areas of focus with concrete measures on December 14, 2018. These include doing more to raise employee awareness by launching an annual CSR Day, emphasizing comprehensive industrial expertise that links

performance and ethics, taking action to reduce environmental impact by improving the supply chain and minimizing the use of air transport, and focusing R&D on implementing an eco-designed product range while including alternative natural materials. Working groups that involve the division's various subsidiaries all over the world are currently being created to study each of these topics. The French and Chinese businesses will work together to draw up best practices in terms of ethics and manufacturing expertise before sharing them with the rest of the network.

SOCIETAL CHALLENGE

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

INITIATIVE

- Supporting young designers and promoting apprenticeship programs.

Lainière de Picardie continues to nurture young designers

CFT's Young Designers Club has been working alongside tomorrow's fashion leaders for two years now. In France, a variety of initiatives have been set in place to give students and apprentices a better understanding of interlinings and how they work. As a Technical Sales Manager for the Luxury Goods division working in CFT's Paris showroom, Élisabeth Fabry is regularly invited to lead training modules in many of France's top fashion schools, such as Esmod, Chambre syndicale de haute couture, La Fabrique, ENSAD, ISAA and Atelier Chardon Savard. "I talk about the technical aspects with the students," she explains. "In addition to a presentation on the highly engineered technical content of our products, I bring along visual aids to show students how to use these materials to best advantage. I pass around glued and unglued fabric sample displays and even front pieces for them to touch. This gives them an idea of the importance of interlinings, which are often disregarded or under-estimated." The Young Designers Club offers small group courses and one-on-one follow-up sessions at the showroom on Rue de la Pierre Levée in Paris, where the CFT team actively engages with the selected young artists. The number of participants has risen sharply, from 23 in 2017 to 74 last year, attesting both to the Group's commitment to supporting new talent and to the enthusiastic response from aspiring designers. Regardless of what they are making – a shirt, a leather garment or a men's suit – every participant receives "tailored" recommendations and help to make sure the results fit perfectly.

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

3.12. CHARGEURS TECHNICAL SUBSTRATES



**Interview with
Sampiero Lanfranchi,
Managing Director,
Chargeurs Technical
Substrates and
Advisor to the
Group Chairman
and CEO**

What were the key CSR events at CTS in 2018?

In keeping with the Group's priorities, CTS focused on employee safety in 2018. Considerable effort was also spent on managing waste, which we reduced by 40% from the year before. We worked on these major themes while carrying out initiatives on responsible purchasing and eco-design that were already underway. Both of those areas also offered plenty to be satisfied about in 2018. For example, there's Alterra fabric, which is manufactured from recycled bottles. It is the culmination of four years of research and development, and perfectly illustrates the correlation between CSR advances and commercial success. In addition, to our great pride and satisfaction, it is entirely "made in France."

What concrete initiatives were carried out to improve safety?

Since 2017, the Group's efforts in this area have focused on pursuing a zero-accident target and supporting any initiative that will help us achieve it. In 2018, it made a big push to replace its machines to further increase operator safety. The project tripled the budget for improving safety, resulting in an investment of €600,000 versus €200,000 the previous year. The funds were spent on equipping all roll-to-roll coating lines and production lines, the automatic packaging machine and three winding and packaging inspection machines with wire mesh guarding, emergency stop systems and sensors. Wire mesh enclosures were built around several of them. These measures go well beyond mere compliance.

Does the CTS safety policy apply throughout the business line?

In August 2018, we acquired Leach, a UK company that is now part of CTS. It shows the same concern for safety that we do. As it does before any acquisition, the Group took a close look at how the target company handles safety, which is an important evaluation criterion. We then held discussions to harmonize safety procedures and to ensure that the Group's standards, which are stricter than national standards, are showcased on the English-language website. Leach's clients include large retail chains that pay close attention to the sustainability of their suppliers, which they select for their environmentally friendly products.

What opportunities for progress do you see in 2019?

The CSR approach has been a key part of our vision for many years. Our commitment to eco-design is evident in the breakthrough products that our R&D teams often develop. One example is Sublimis, a patented digital printing fabric that uses water-based rather than UV inks for maximum user comfort and image rendering that sets a new standard of excellence. Since these inks are odorless, the product will do a lot to improve the client's working conditions. From a broader perspective, we work with major brands that share our vision. We firmly believe that CSR creates value. Our enthusiasm for eco-design and our concern for environmental, human resources and societal issues set us apart from the competition and encourage our clients to maintain our relationship over the long term.

STAKEHOLDER TESTIMONIAL

Bernard de Mulatier, Chairman and CEO of Diatex

SOCIETAL CHALLENGE

- Supporting our suppliers' growth and securing procurement.

INITIATIVE

- Developing relationships with partners that value sustainability.

A responsible partner

Senfa has transformed its relationship with Diatex, a longstanding supplier, by establishing a comprehensive partnership that has helped both parties grow.

Based in Saint-Genis-Laval, near Lyon, Diatex manufactures specialized technical fabrics for agriculture, light aviation and the event business. For the last 10 years, it has supplied Senfa with fabrics for coating. Chairman and CEO Bernard de Mulatier, who turned "made in France" into a key component of the company's strategy, believes that sales to Senfa currently represent 5% to 10% of its business.

"We have a long-term partnership based on trust," he says. That trusting relationship is why the Rhône-based SME had no qualms about investing €500,000 in equipment three years ago when Senfa encouraged it to *"think big"*. The company's investment in massive Dornier machines that can weave 5.5-meter-wide fabrics considerably diversified its production capacity.

Chargeurs holds its partners to a high standard, which also has an impact on CSR. For example, since Diatex works under very strict specifications, it has stepped up its efforts to minimize waste and the loss of time, materials and energy such waste represents. In spring 2019, Diatex will equip its machines with cameras that can spot imperfections. Artificial intelligence will report these imperfections as early as possible in the manufacturing process. This means issues can be dealt with immediately, thereby maximizing waste reduction. Fabric quality will be assessed based on a "defect library" using criteria provided by Senfa. This will help the automated system distinguish acceptable imperfections from inadmissible defects in real time.

For Diatex, minimizing waste also means reducing the company's carbon footprint. Weaving is an energy-intensive industry. Aware of this aspect of its business, the company installed a compressor heat recovery system in its 30-person Drôme workshop. The system does away with the need for gas and fuel oil, thereby cutting the company's energy expenditures in half over the last seven years. Diatex also hopes to get EDF approval to install roof-top solar panels, which it will use to supply power to the French energy conglomerate. Furthermore, because the company sources all of its material from OEKO-TEX®-certified clean fiber suppliers based in Europe, the large volumes of waste water produced in its manufacturing process are easy to treat.

Alterra

CHALLENGES

- Helping to preserve the environment.

INITIATIVES

- Promoting industrial waste recycling.

Product manufactured from recycled raw materials

Alterra was launched in fall 2017, immediately winning SGI's "Product of the Year 2017" award in the media/textile/framing system category. It is a fabric woven from recycled materials. This product is a great example of the relationship between eco-design goals and commercial success. A finalized version of the product was released in 2018. Since October, its polyester backing has been made entirely of recycled materials. Two plastic bottles are recycled for every square meter of Alterra fabric produced.

Alterra's development reflects CTS' ability to listen to its clients, its R&D department's focus on considering market needs, and the company's growing awareness of specifically environmental issues.

Three years ago, a brand that wanted to offer a sustainable product to its clients asked Senfa for help. Senfa seized the opportunity to take a greener approach to developing the product. It then began to search for a trusted partner to source high-quality recycled material.

Alterra boasts technical features similar to those of Pearl, Senfa's flagship product, with the added advantage of minimizing plastic pollution. When it was first released, the market's response came much more quickly than anticipated. Once Senfa got an idea of Alterra's enormous potential, it immediately deployed a significant amount of resources to meet demand.

3.13. CHARGEURS LUXURY MATERIALS



Interview with Federico Paullier, Managing Director of Chargeurs Luxury Materials

Where does Chargeurs Luxury Materials stand in terms of its CSR commitments?

Chargeurs Luxury Materials has always had very high standards across the board when it comes to corporate social responsibility. In fact, I think I can safely say that CSR is deeply embedded in our corporate culture. Respect for animals and the environment (in terms of effluents and soil contamination), as well as respect for our employees and our stakeholders, are part of our core values.

What is your priority?

We are committed to fostering and nurturing the contribution and engagement of everyone who works for us (combing mill operators and ranchers included!). We're mainly based in Latin America, where a person's word seems to carry more weight and convey more commitment than elsewhere, so we are well aware of the importance of building mutual trust. I like to say that we're like a rugby team. Fair play and respect are a priority for us and we pay very close attention to the risk of bribery. These standards are restrictive and diligently applied, especially in the supply chain.

Tell us about your latest CSR initiatives.

We're the market leader, so obviously we have to set the example! That's why we're working hard to steer the entire industry towards better practices. This is what inspired us to create the Organica label. It comprises a major CSR commitment, backed by a strict protocol, unmatched by anyone else in the industry, and expressed in ambitious guidelines that cover fundamental aspects such as the health and safety of everyone involved across the value chain. But establishing a label doesn't mean that the process is now set in stone. It's based on criteria that are designed to evolve in ways that drive continuous improvement – criteria that set us apart from the competition. This is especially important because we're positioned in the premium end of the market and we have to nurture a brand image projected, since December 2018, by our new B to C brand, Amédée 1851.

STAKEHOLDER TESTIMONIAL

Pedro Otegui, Managing Director of the Lanás Trinidad combing mill in Uruguay

SOCIETAL CHALLENGE

- Supporting our suppliers' growth and securing procurement.

INITIATIVE

- Maintaining relationships with partners that value sustainability.

Working in harmony with suppliers

Pedro Otegui, Managing Director of the Lanás Trinidad combing mill, has been working since 1972 in the family-owned group founded in the 1910s by his grandparents. Today, 28 years after it was formed in 1991, the joint venture between the Otegui family and the Chargeurs Group continues to govern the relationship between the two partners. *"The Chargeurs Group helped us enter the international market, especially the markets that are most important for wool, whether in terms of supply, processes and consumption,"* says Mr. Otegui. But, even as they globalized, the Otegui family consistently maintained the environmental awareness shown since the business began. *"Wherever we work and whatever we do, we all have a part to play in ensuring that future generations have brighter prospects than when we began."*

Managing natural resources

"Wool is a unique natural fiber," says Mr. Otegui, adding that it is biodegradable, renewable and recyclable. *"The purpose of the entire wool manufacturing process is to improve its natural qualities."* This is especially true when the resource – a living animal – is raised respectfully in an ideal environment. Uruguay's rainfall, climate and topography make it an excellent place to raise sheep. The animals don't need to be protected against snow or strong winds and the ranchers have plenty of space to let them graze where they want. *"Consumers should be told that overgrazing is never an issue in the Uruguayan pampas,"* says Mr. Otegui.

The processing of raw wool also uses another natural resource – water – in huge quantities since there are no limits set by local legislation. The Lanás Trinidad mill, for example, uses 800 cubic meters a day, drawn from a large rainwater catchment system built by Lanás Trinidad and capable of holding one million cubic meters. All of this process water is then returned after use. *"We are fully compliant with wastewater treatment standards,"* says Mr. Otegui. Not far from the manufacturing unit, a 140-hectare farm has a completely natural water treatment system that uses bacteria to purify water, collecting the resulting hydrocarbons. Once treated, this water is used to irrigate local crops. The treatment process also captures biogas that is then combusted to generate a quarter of the electricity used in the combing operations.

Guaranteeing authentic practices

Today's consumers are sensitive to a product's traceability across the entire wool production chain, from shearing to dyeing. They also want more information not just about the process itself, but also about the working conditions. *"Consumers need to be informed that working conditions here are the same as in Europe,"* says Mr. Otegui, emphasizing that this was a requirement for the partnership with Chargeurs.

Consumers are looking for authenticity and are increasingly wary of supposedly sustainable processes. They want to know whether the standards advertised as "fair" and "responsible" were actually followed at the manufacturing stage. Because of this, Mr. Otegui is pleased with the new Organica label, which guarantees quality,

wool fiber traceability and CSR best practices across the value chain, until the finished product reaches the distribution channel. He especially appreciates the related protocol's ability to seamlessly manage the data collection and tracking process. *"The label's blockchain system makes it possible to store and transmit data that cannot be tampered with at any stage,"* he explains, adding that, *"the label has a great deal of potential for communications and differentiation,"* which are both critical assets in a tight global textile market where *"wool has an advantage."*

For further information, go to www.lanastrinidad.com

STAKEHOLDER TESTIMONIAL

Thomas Millet, Sustainable Development Project Manager,
Galeries Lafayette Group

SOCIETAL CHALLENGE

- Promoting responsible fashion.

INITIATIVE

- Supporting our customers engaged in sustainable development initiatives.

The Galeries Lafayette Group is committed to being a showcase for responsible fashion

In 2012, the Galeries Lafayette department store set up a Responsible Development Department. Responsible fashion is a core commitment for the store, which plans to introduce collections that comply with sustainability criteria.

In 2014, some 500 innovative ideas were submitted to an employee contest, which was won by a "100% traceability" project designed to promote the development of responsible, traceable sourcing channels.

In 2016, the "clean brands" teams rolled out their first responsible collection comprising apparel made from organic, fair-trade cotton. As the various avenues explored by the Galeries Lafayette teams gradually came together, other more sustainable materials were added to the store's merchandise, including responsible wool in the formal wear department.

When the Fashion Integrity line was launched, the store asked all its suppliers if they could accurately identify the origin of the raw materials used in the manufacture of their garments. One of the few brands that was able to tick the box was Dormeuil, the prestigious French menswear house, which referred Galeries Lafayette to Chargeurs. After hearing about the Organica label's high traceability standards, the retailer immediately commissioned a social audit of the Peinaduria Rio Chubut plant in Patagonia, whose positive findings led to the introduction of a new men's suit. *"Agreeing to the audit was risky. But luckily Chargeurs was willing to do it, since that's what made our product partnership possible,"* says Thomas Millet, Sustainable Development Project Manager at Galeries Lafayette Group.

In September 2018, Argentine audit firm UL conducted a one-day inspection of the plant, which has 104 employees who collect the fleece, wash it, comb it and card it to produce wool tops that are then delivered to Dormeuil. The audit revealed that the site is fully compliant with *Initiative for Compliance and Sustainability* (ICS) standards.

Of the nine chapters in the ICS questionnaire, the plant scored highest on the eighth, concerning employee health and safety. *"They were in compliance for all 85 questions on the form,"* says Mr. Millet.

"It's extraordinary at every level. That's a remarkable outcome, which demonstrates a highly disciplined commitment to managing and tracking our CSR targets."



Organica Precious Fiber

HUMAN RESOURCES, SOCIETAL AND ENVIRONMENTAL CHALLENGE

- Respecting animal welfare, guaranteeing good working conditions and protecting the environment.

INITIATIVE

- Creating a label with the highest standards for the wool production industry.

To reassure their customers, luxury brands now want to be able to inform them of the origin of the clothing materials they wear.

In 2017, CLM launched Organica Precious Fiber with the goal of providing the sector's participants with an industry-standard label whose certification criteria exceed those of the Responsible Wool Standard (RWS). Organica seeks to make responsible purchasing an indispensable process by guaranteeing the quality and traceability of merino wool fibers across the value chain, from the farms where sheep are raised and shorn to the stores where the end-products are sold.

As a dedicated defender of the environment, human rights and animal welfare, CLM defined a comprehensive, detailed protocol for applicants requesting Organica certification. The label combines a wide array of criteria, ranging from the quality of grazing land soils to the treatment of sheep on the farm, with highly detailed descriptions of recommended best practices to meet their needs and protect their physical health at every stage of their lives. There are also guidelines covering employee relations and social issues, in line with CLM's emphasis on ensuring decent working conditions for farmers and ranchers.

To qualify for the Organica label, partners must agree to be assessed by an independent third party that audits their facilities and management annually.

Organica will now be supported by blockchain technology, which is being finalized after a successful trial in a market segment. It collects data validated by a third-party organization throughout the production process so as to make the entire system as reliable as possible. This makes it possible to trace the origin of each finished product – a revolution in the textile industry.

CONCLUSION

After analyzing the risks related to the Group's operations and businesses, Chargeurs believes the indicators listed at the end of this section give us the best picture of its long-term performance model. The sustainability challenges that pertain to its business models primarily revolve around the Group's ability to innovate and adapt to its international environment.

To meet these challenges, Chargeurs has identified clear priorities such as employee participation, skills development, supply chain management and commitment to a circular economy, which drive the Group's management and governance. The Chargeurs Group will constantly adapt its strategy to boost group performance and maintain its leading position in various markets over the long term.

The following information is not considered to be related to major risks for the Group:

- *Information on societal commitments to:*
 - *fight against food waste,*
 - *fight against food insecurity,*
 - *promote responsible, fair and sustainable nutrition;*
- *Information on collective agreements entered into within the company and their impacts on its financial performance and its employees' working conditions;*
- *Information on arrangements for people with disabilities.*

Other areas of the Non-Financial Performance Statement not presented here have no bearing for our stakeholders in light of our business model and detailed risk analysis.

Methodology for calculating CO₂ emissions

The Chargeurs Group's CO₂ emissions fall within scopes 1 and 2. A conversion factor is applied to each energy source (natural gas, fuel oil, electricity) and in relation to the energy mix for the country in which the production facility is located (source: ADEME).

The Group's carbon footprint is calculated based on a comparable scope and the new production sites integrated over the course of 2018 should be included.

Water consumption figures are based on the invoices issued by water companies.

Waste production figures are based on the invoices of waste removal companies.

NON-FINANCIAL PERFORMANCE STATEMENT: CROSS-REFERENCE TABLE

The Group's major risks/opportunities	Structural initiatives	Indicators	2018 Results	KPIs
Guaranteeing the independence of the members of the Board of Directors is a strong governance criteria that ensures decisions are taken in the interests of the Group and its stakeholders.	New independent director	Ratio of independent directors	2 independent directors	40%
Ensuring director attendance Ensuring that the members of the Board of Directors attend meetings means the quorum can be achieved and decisions taken are valid. The Board of Directors makes strategic decisions that are essential for the Group's long-term success.	Increase in Directors' fees	Director attendance	6 meetings, with only one director absent at one meeting	97%
Ensuring proper representation of women in executive bodies A direct correlation between the percentage of women in management and improved business competitiveness, growth and job creation has been proven. <i>84% of companies with a strong percentage of women in executive positions have delivered significantly higher sales and earnings, 60% of companies with a strong percentage of women in executive positions have delivered higher investment returns and 46% of companies with a strong percentage of women in executive positions have delivered higher returns on capital. Source: economiematin.fr</i>	Women in management	Percentage of women in the Group's TOP 50 executives	17 of the Group's TOP 50 executives are women	34%
Ensuring respect for human rights through a strong and effective supply chain and the implementation of responsible practices at each stage in the process is a permanent challenge for the Group.	Responsible purchasing	Change in the number of responsible purchasing charters signed by suppliers	40	+40
Ensuring effective training Increasing the Group's employees and integrating new staff are also challenges for the Group, particularly in terms of training, skills development and management.	Young Talents, Executive Talents program	Change in the number of training hours per employee	17 hours	+31%, unchanged from 2017
Ensuring the best possible working conditions for our employees Chargeurs Group's commitment to permanently improving working conditions and safety for greater productivity goes beyond its legal obligations.	Safety Day	Frequency rate (FR) for occupational accidents	11.72%	11.72%
Ensuring proper management of our energy resources and gas emissions Limiting our impact on climate change primarily means managing our energy use and our air emissions.	Novacel signs the Rouen climate agreement Promoting a circular economy and designing products made from recycled materials	Change in CO ₂ emissions in metric tons compared to revenue	17 tCO ₂ /revenue	-7% compared to 2017

The Group's major risks/opportunities	Structural initiatives	Indicators	2018 Results	KPIs
Ensuring the environmental efficiency of our processes By calling into question the efficiency of certain processes, the circular economy produces similar results using less energy, less water, less raw materials and generating less waste and less pollution. It also encourages more innovation and the development of eco-responsible products that places the Group ahead of the competition on tomorrow's markets.	Managing natural resources Organica Precious Fiber Lanas Trinidad	Change in water consumption in cubic meters compared to revenue	658,413m ³	-16%
Combating corruption and tax evasion by ensuring all employees have clearly understood and apply the Group's Code of Conduct	Code of Conduct	% of Group employees have signed the Code of Conduct		100%
Ensuring animal welfare	Implement the first label guaranteeing the traceability of wool throughout the value chain, from producer to end-customer	Number of Organica Precious Fiber-certified farms		+36%

3.14. 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 December 31, 2018

To the Shareholders
Chargeurs SA – 112 avenue Kléber – 75116 Paris

In our capacity as Statutory Auditors of Chargeurs (hereinafter the “entity”), appointed as an independent third party and certified by COFRAC under number 3-1060 rév.2 (whose scope is available at www.cofrac.fr), we hereby report to you on the consolidated non-financial information statement for the year ended December 31, 2018 (hereinafter the “Statement”), included in the Group management report pursuant to the legal and regulatory provisions of articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, which must include a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the “Guidelines”), the main elements of which are presented in the Statement.

Independence and quality control

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

Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the consistency of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225225,105 I, 3 and II of the French Commercial Code, i.e., the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the “Information”).

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the consistency of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional standards applicable in France to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the consistency of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the labor and environmental risks associated with their activities, and the impact of those risks on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of labor and environmental information set out in article L. 225 102 1 III, as well as information regarding compliance with human rights and anti corruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2;

- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative results that we considered to be the most important, and the list of which is given in the annexes, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, namely LP Wuijiang (China), Boston Tapes (Italy) and Leach (UK), and covers approximately 20% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important (see the list provided in the appendix);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is 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.

Means and resources

Our work involved 5 persons and was conducted between mid-October 2018 and mid-March 2019 during a five week period.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some 10 interviews with the people responsible for preparing the Statement, representing executive management, human resources, health and safety, environmental and purchasing.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Neuilly-sur-Seine, March 21, 2019

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Eric Bertier
Partner

Pascal Baranger
Corporate Social Responsibility Department Director

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

Key performance indicators and other quantitative information:

- Percentage of independent Board members in 2018
- Director attendance
- Percentage of women in the TOP 50 executives
- Change in the number of suppliers assisted with CSR criteria compared to 2017
- Percentage of Organica Precious Fiber-certified farms
- Change in CO₂ emissions in metric tons compared to revenue in Y/Y-1
- Change in water consumption in cubic meters compared to revenue in Y/Y-1
- Change in waste production compared to revenue in Y/Y-1
- Reduction in waste at CTS in Y/Y-1
- % of Group employees who signed the Code of Conduct in 2018
- Frequency rate (FR) for occupational accidents
- Change in the number of training hours per employee in Y/Y-1
- Number of training hours per employee
- Total number of training hours

Qualitative information (measures and outcomes):

- Design and creation of the training program to help with the roll-out of the Game Changer plan;
- Number of managers enrolled for the Game Changer program;
- Number of challenges of the Game Changer program that have already been rolled out, have been approved and are still under consideration;
- Proposed appointment of a new director at the next meeting of the Board of Directors;
- Proposed increase in directors' fees at the next meeting of the Board of Directors;
- Responsible purchasing charter issued in 2017;
- Signing of the Responsible purchasing charter and completion of the CSR evaluation questionnaire by 40 key suppliers;
- Rolling out of the "responsible purchasing" for all suppliers;
- Launch of the Organica Precious Fiber label;
- Installation of a rainwater catchment system capable of holding one million cubic meters at the Lanas Trinidad factory in Argentina;
- Development of the Alterra fabric by the Senfa production unit in 2017;
- Development of the Eco'In line;
- Creation of the Deepblue technology;
- Definition and formalization of a Code of Conduct in 2017;
- Implementation of Safety Days since 2017;
- "Young Talents" & "Executive Talents" training programs;
- Specialized training from first-rate institutions such as the Harvard Business School;
- Implementation of onboarding programs for new employees joining the Group.



4

CORPORATE GOVERNANCE

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The report on corporate governance required pursuant to articles L. 225-37 and L. 225-68 of the French Commercial Code (*Code de Commerce*) is included in this Chapter 4 and in Chapter 6, sections 6.4.3 and 6.4.4 (see cross-reference table in Chapter 8, section 8.6.3).

4.1. CORPORATE GOVERNANCE FRAMEWORK

REFERENCE FRAMEWORK

Chargeurs' Board of Directors has chosen to use the Corporate Governance Code for Small- and Mid-caps published by MiddleNext in September 2016 and available on the MiddleNext website as its reference framework for corporate governance practices and procedures, and particularly for the preparation of this report.

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.

The Registration Document 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.

4.2. MIDDLENEXT CORPORATE GOVERNANCE CODE RECOMMENDATIONS THAT WERE NOT APPLICABLE OR WERE NOT APPLIED AT DECEMBER 31, 2018

Recommendation	Chargeurs' position
<p>R3: Composition of the Board – Independent directors</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>	<p>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. In practice, the independent members of the Board meet all of the criteria set out in the MiddleNext Code.</p> <p>However, the Board has decided not to apply the timeframes recommended in the September 2016 revised version of the MiddleNext Code for criteria (i) and (ii) in its Rules of Procedure. 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 was 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 extension of the timeframes for these two criteria would not have affected the terms of office of the Group's directors. 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.</p>
<p>R15: Corporate officers and employment contracts</p> <p>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.</p>	<p>This recommendation does not apply to Chargeurs as the Chairman and Chief Executive Officer does not have an employment contract with the Company.</p>
<p>R17: Supplementary pension plans</p> <p>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.</p>	<p>This recommendation does not apply to Chargeurs as there are no supplementary pension plans.</p>

4.3. GOVERNANCE STRUCTURE AND BOARD COMMITTEES

GOVERNANCE STRUCTURE

As a reminder, when Columbus Holding SAS became Chargeurs' major shareholder in 2015, in view of the fact that each Group division already has their own operational management team, on October 30, 2015, the Board of Directors decided to put in place a governance structure that is better suited to the Company's situation. It therefore combined the positions of Chairman of the Board and Chief Executive Officer, appointing Michaël Fribourg to this post.

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.

This 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 Group'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 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 in section 4.4.2 of the Registration Document.

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.

Non-voting directors are responsible for ensuring the strict application of the Company's bylaws and the Board's decisions. They are invited to meetings of the Board of Directors and participate in

the proceedings in an advisory capacity, without their absence affecting the validity thereof.

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 another Group entity, 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 (Isabelle Guichot and Cécilia Ragueneau) as of the date of this Registration Document. In practice, the two independent directors meet all of the independence criteria set out in the MiddleNext Code.

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 in section 4.4.2 of this Registration Document.

Authorization concerning the Board's membership structure approved at the April 16, 2018 Annual General Meeting

At the Annual General Meeting held on April 16, 2018, the shareholders re-elected Michaël Fribourg as a director.

Following this Meeting, the Board of Directors renewed Michaël Fribourg's term of office as Chairman of the Board for his entire term of office as a director, i.e., until the close of the Annual General Meeting to be held in 2021. The Board also renewed Michaël Fribourg's term of office as Chief Executive Officer for a period of five years as from April 16, 2018.

Proposed resolutions relating to the Board's membership structure put forward at the Annual General Meeting of May 6, 2019

In order to ensure that the Board's membership structure continually matches the Company's requirements, the following resolutions will be proposed at the Annual General Meeting of May 6, 2019:

- election of Maria Varcu as independent director The election of this new director would increase the total number of directors to six and the number of independent directors to three. It would also increase the proportion of women on the Board as it would have a total of three women directors (all independent), i.e., 50%, which is above the 40% required pursuant to French Act 2011-103 dated January 27, 2011 relating to balanced gender representation on corporate boards. Maria Varcu's profile is provided in section 4.4.2 of the Registration Document;

- ratification of the Board's appointment, effective March 11, 2019, of Nicolas Urbain as a director to replace Emmanuel Coquoin, who has resigned from his position as a director. Nicolas Urbain stepped down from his position as a representative of Columbus Holding SAS on Chargeurs' Board on March 11, 2019. Nicolas Urbain's profile is provided in section 4.4.2 of this Registration Document;
- re-election of Columbus Holding as a corporate director, represented since March 11, 2019 by Emmanuel Coquoin, who resigned from his position as an individual director of Chargeurs as from that same date. Emmanuel Coquoin replaces Nicolas Urbain as Columbus Holding's representative on Chargeurs' Board following Nicolas Urbain's resignation from that position, also effective March 11, 2019. Emmanuel Coquoin's profile is provided in section 4.4.2 of this Registration Document;
- re-election of Isabelle Guichot as an independent director;
- re-election of Georges Ralli as a non-voting director.

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 in section 4.4.2 of the Registration Document, 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 Registration Document includes a summary table setting out changes in the Board's membership during 2018, 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.

Board of Directors' Rules of Procedure

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 amended for the first time 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. In 2018 the Rules of Procedure were updated - the latest version in force dating from July 20, 2018 - to take into account the following factors: (i) the role played by the Board of Directors in relation to succession planning for top executives and other key personnel, (ii) Government Order 2017-1162 dated July 12, 2017, which simplifies and clarifies the reporting requirements

applicable to French companies and introduced a new corporate governance report that now falls within the remit of the Board, and (iii) the creation of an Acquisitions Committee, whose structure and roles and responsibilities are described in section 4.3 of this Registration Document.

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

Professional ethics and conduct

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 between the duties that the directors have to the Company and their personal interests or other duties. Likewise, no conflicts of interest were identified during 2018.

Furthermore, no related-party agreements or undertakings were authorized or signed in 2018. The only related-party agreements that remained in force during 2018 were the non-compete agreement entered into with Michaël Fribourg and the agreement setting out Michaël Fribourg's termination benefits. These agreements were originally authorized by the Board of Directors on March 8, 2017 and approved at the April 20, 2017 Annual General Meeting, and were subsequently reviewed by the Board on March 6, 2018 and approved at the April 16, 2018 Annual General Meeting. These commitments given to the Chairman and Chief Executive Officer are described in section 4.5 of this Registration Document.

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 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.

Organization of the Board's work

The Board of Directors 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, in recent years, 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. The Board had a significant workload in 2018, with six Board meetings held as well as Board Committee meetings.

Roles and responsibilities

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

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 when the governance changes were put in place in October 2015 and has been continued since then in order to anticipate future requirements and adapt the Group's organizational structure in line with its developments and growth.

Executive Committee

In 2016, this focus on succession planning led the Company to expand its Executive Committee by appointing (i) a Secretary General, **Joëlle Fabre-Hoffmeister**, whose main responsibilities 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. Since then, the Executive Committee's membership structure has been further strengthened and its profile modernized, with the appointment of new highly experienced members with diverse professional backgrounds in order to help drive the Group's growth. The new members that joined the Executive Committee in 2018 particularly reflect the Group's transformation process that is currently underway. These new members were as follows: **Audrey Petit**, Group Strategy Director & *Head of Chargeurs Business Solutions*, who during 2018 was promoted to *Chief Strategy and Integration Officer* at Chargeurs Fashion Technologies following the acquisition of PCC Interlining, a leader in the United States and Asia in technical interlining. **Angela Chan**, appointed Managing Director of Chargeurs Fashion Technologies effective from April 16, 2018. **Déborah Berger**, Deputy General Manager in charge of Business Development at Chargeurs Luxury Materials, whose appointment increased the proportion of women on the Executive Committee. **Matthieu Balescut**, *Executive Vice President, Business Development & Strategy*. In addition, in early 2019, **Sampiero Lanfranchi** was promoted to the position of General Manager of Chargeurs Technical Substrates and has joined the Executive Committee in this new role.

Beyond matters of Executive Committee composition, the trend towards feminization was further confirmed during 2018. Women accounted for 30% of the Group's employees compared with 26% in 2017. This encouraging change towards feminization is most noticeable among the Group's managerial staff, increasing from 25.54% in 2017 to 34% in 2018. Chargeurs is committed to equality, giving the Group's women access to opportunities and networks and paying special attention in its recruitment processes to the diversity of candidates selected in terms of gender or training. In this vein, two Board Committees (the Audit Committee and Compensation Committee) are chaired by women.

Preparation of Board meetings

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. They may also be invited to attend seminars organized by the Group to deal with strategic issues.

Directors' fees

The directors receive attendance fees, whose aggregate amount is approved by shareholders at the Annual General Meeting. The total amount of these fees paid for 2018 was €300,000 (gross), 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). At the May 6, 2019 Annual General Meeting, the shareholders were asked to raise from €300,000 to €380,000 the total amount of fees payable to directors for 2019 and all subsequent years until a new amount is set at an Annual General Meeting. These higher fees reflect (i) the considerable workload of the Board of Directors and the Board Committees, including the creation of the new Acquisitions Committee, (ii) the increased level of commitments and responsibilities of the Board's members, which stems partly from the Board's heavier workload, and (iii) a new director who will be standing for election at the 2019 Annual General Meeting. 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 in section 4.5 of this Registration Document.

Other disclosures

To the best of the Company's knowledge, in the past five years (i) none of the members of the Board of Directors has been convicted in relation to fraudulent offenses, (ii) none of the members of the Board of Directors has been associated with any bankruptcies, receiverships or liquidations, (iii) none of the members of the Board of Directors has been subject to any official public incriminations and/or sanctions by statutory or regulatory authorities (including designated professional bodies), and (iv) none of the members of the Board of Directors has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

To the best of the Company's knowledge, there are no family relationships between any members of the Board of Directors.

No service agreements have been entered into between any Board member or member of Management and the Company or any of its subsidiaries under which that Board or Management member would be granted benefits.

To the best of the Company's knowledge, none of the Board's members have agreed to any restrictions – other than those provided for under the applicable laws and regulations or in the Company's bylaws or the Board's Rules of Procedure – on the sale within a certain timeframe of their shareholding in the Company.

Work of the Board of Directors in 2018

In 2018, the Board of Directors met six times, with an attendance rate of 97%. The meetings lasted between one and three hours depending on the items on the agenda. Considerable demands were therefore made on the directors, who were highly involved in the Company's major projects.

During these meetings the Board, *inter alia*:

- authorized for issue the 2017 parent company and consolidated financial statements, based on which the shareholders at the April 16, 2018 AGM approved the Board's recommendation to pay a total per-share dividend of €0.60 for the year (representing a final dividend of €0.35 taking into account the interim dividend already paid out);
- approved the parent company and consolidated financial statements for the first half of 2018, based on which the Board decided to pay an interim dividend of €0.30 per share for 2018;
- examined the provisional 2018 financial statements and the 2019 budget;
- approved the resolutions and reports to be submitted to the Annual General Meeting of April 16, 2018;
- reviewed the operating procedures of the Board of Directors and the Board Committees;
- set up a new committee (the Acquisitions Committee);
- amended the Board of Directors' Rules of Procedure;
- launched the 2018-2019 share buyback program;
- reviewed the free share plans set up for certain Group employees and set the associated performance conditions;
- reviewed the new €230 million financing facility set up with a banking pool;
- examined acquisition strategies and opportunities for each business line, particularly the acquisition of PCC Interlining (Chargeurs Fashion Technologies);
- analyzed the Group's main strategic directions and decisions;
- in relation to the Chairman and Chief Executive Officer: (i) set his variable compensation for 2018, the payment of which is subject to the shareholders at the May 6, 2019 AGM approving the fixed, variable and exceptional components making up his total compensation package for 2018 (ex post vote); (ii) determined the compensation policy applicable to him for 2019, which will also be subject to shareholder approval at the May 6, 2019 AGM (ex ante vote); and (iii) examined the commitments given to him by the Company;

- reviewed the compensation policy for the Group's key executives;
- analyzed the Group's CSR and health and safety policies;
- analyzed the Group's gender equality and equal pay policy.

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

Assessment of the Board of Directors

In line with best governance and continuous improvement practices, the Chairman and Chief Executive Officer proposed that the Board of Directors conduct a formal annual assessment of its composition, procedures and practices, as well as those of the Board Committees. This internal self-assessment, which had previously been done through an informal exchange of views between the directors, is now a formal procedure that complies with the provisions of the MiddleNext Code, to which the Company refers. Led by the Chairman and Chief Executive Officer, the assessment is based on a questionnaire sent to all of the directors, giving them the opportunity to express their views on the practices and procedures of the Board and its Committees, and to make suggestions for improvement. The Board then devotes an agenda item to reviewing and discussing the outcome of the questionnaire. This initiative, which reflects a constructive approach to improving procedures and practices, was praised by all directors. The first self-assessment of the Board was conducted in 2018, and another was carried out in 2019 at the Board meeting held on March 11, 2019.

These assessments showed that, overall, the directors have a very positive view of the membership structure, operating procedures and dynamics of the Board and its Committees. The directors found the Board's membership structure to be balanced and suited to the Company's needs.

The directors felt that the Board and its Committees function well, with regular meetings, active members and open and constructive dialog. The Board ensures that all compliance and ethics rules set out in its Rules of Procedure are upheld by all members.

The directors consider that they have a sufficiently active role to play with regard to the Group's operations and its long-term strategy, and that all of the conditions are met to enable the Board and its Committees to carry out their designated roles and responsibilities. In particular, the information provided is considered satisfactory and the presentations by management and their strategic focus sufficient to enable the Board to take informed decisions as to the Group's strategy and future acquisitions.

Similarly, discussions with the Managing Directors of the Group's four business lines, both during the Board meetings where they are invited to present their activity, during the strategic seminars organized by the Group and during visits to Chargeurs' production sites were deemed to be very positive.

The directors were also asked to put forward proposals regarding the different issues they would like to tackle more in-depth or would like to include on the agenda of the Board of Directors or one of its Committees. Lastly, the directors praised the positive changes that have taken place within the Group in recent years and said they were satisfied with how the Board's self-assessments were conducted.

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, 2018, it had two members: Cécilia Ragueneau (independent director and Chair of the Compensation Committee) and Nicolas Urbain (the permanent representative of Columbus Holdings SAS on Chargeurs SA's Board).

The profiles of the Compensation Committee members are provided in section 4.4.2 of this Registration Document.

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."

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 2018

The Compensation Committee met four times in 2018, with an attendance rate of 100%.

During these meetings, the Committee reviewed and issued recommendations to the Board 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 2018 based on (i) the achievement levels

of the performance criteria set by the Board at its December 19, 2017 meeting, and (ii) an assessment of Chargeurs' share performance in 2018.

It also issued recommendations about the compensation policy applicable to the Chairman and Chief Executive Officer for 2019.

All of these recommendations were followed by the Board on December 10, 2018.

Information on the compensation and benefits of the Company's Chairman and Chief Executive Officer is provided in section 4.5 of the Registration Document.

Fixed and variable compensation awarded to the Managing Directors of the Group's business lines

During 2018, the Group carried out work on updating its compensation policy, based on in-depth analyses using market benchmarks. This work was presented to the Compensation Committee.

After reviewing the fixed and variable compensation for 2018 awarded to the Managing Directors of the Group's four business lines, the Compensation Committee put forward proposals to the Board about setting their variable compensation for 2019.

Directors' fees

The Compensation Committee recommended that the aggregate gross amount of directors' fees for 2019 be increased from €300,000 to €380,000. These higher fees reflect (i) the considerable workload of the Board of Directors and the Board Committees, which includes the new Acquisitions Committee, (ii) the extended commitments and responsibilities of the Board's members, which stems partly from the Board's heavier workload, and (iii) the new Board member whose nomination will be put forward at the 2019 Annual General Meeting on May 6, 2019.

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, 2018, the Audit Committee had two members: Isabelle Guichot (independent director and Chair of the Audit Committee) and Emmanuel Coquoin (a director and member of the Audit Committee). The Board's non-voting director, Georges Ralli, also attends Audit Committee meetings.

The profiles of the Audit Committee members are provided in section 4.4.2 of this Registration Document.

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>.

The Board's Rules of Procedure state that

"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; and
- 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 2018

The Audit Committee met twice in 2018, with an attendance rate of 100%.

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

- examining the process used to prepare the draft parent company and consolidated financial statements for 2017 and the draft Chairman's Report on Corporate Governance and Internal Control that were submitted to the April 16, 2018 Annual General Meeting;
- examining the process used to prepare the draft financial statements for the first half of 2018.

During its meetings held in 2018, the Audit Committee heard reports from the Group Chief Financial Officer and the Statutory Auditors.

ACQUISITIONS COMMITTEE

Membership structure and roles and responsibilities of the Acquisitions Committee

In view of the Group's pro-active external growth strategy, at its April 16, 2018 meeting the Board of Directors decided to set up an Acquisitions Committee.

At December 31, 2018, the Acquisitions Committee had four members: Michaël Fribourg (Chairman and Chief Executive Officer), Cécilia Ragueneau (independent director and Chair of the Compensation Committee), Nicolas Urbain (representative of Columbus Holding SAS, a director and member of the Compensation Committee) and Emmanuel Coquoin (director and member of the Audit Committee).

The profiles of the Acquisitions Committee members are provided in section 4.4.2 of this Registration Document.

The membership structure of the Acquisitions 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 that

"The Acquisitions Committee's roles and responsibilities include:

- a) examining the Group's overall external growth strategy;
- b) studying, on a case-by-case basis, major acquisition projects or other transactions that are of strategic importance to the Group (alliances, partnerships, divestments etc.);
- c) monitoring the progress of the projects referred to in b) above."

"Meetings of the Acquisitions Committee are called solely by the Chairman of the Board of Directors, who draws up their agenda.

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

Work of the Acquisitions Committee in 2018

The Acquisitions Committee met twice in 2018, with an attendance rate of 100%. The purpose of these meetings were to examine several strategic acquisition projects, including Chargeurs Fashion Technologies' August 2018 acquisition of PCC Interlining, a leader in the United States and Asia in technical interlinings. During these meetings, the Acquisitions Committee examined the findings of the due diligences performed by external consultancy firms and the main negotiated terms and conditions, based on which it issued an opinion to the Board of Directors.

4.4. PRESENTATION OF THE MEMBERS OF MANAGEMENT, THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

4.4.1. PRESENTATION OF THE MEMBERS OF MANAGEMENT

Executive Committee

**Michaël Fribourg**

Chairman and Chief Executive Officer, Chargeurs

**Olivier Buquen**

Group Chief Financial Officer

**Joëlle Fabre-Hoffmeister**
Group Secretary General
and Chief Compliance Officer**Matthieu Balescut**Executive Vice President,
Business Development & Strategy**Laurent Derolez**Managing Director,
Chargeurs Protective Films**Angela Chan**Managing Director,
Chargeurs PCC Fashion Technologies**Sampiero Lanfranchi**Managing Director,
Chargeurs Technical Substrates,
and adviser to the Chairman**Federico Paullier**
Managing Director

Chargeurs Luxury Materials

**Déborah Berger**Deputy General Manager in charge
of Business Development, Chargeurs Luxury Materials

4.4.2. PRESENTATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

Members of the Board of Directors and Board Committees at December 31, 2018

Name	Current position within the Company	Date first elected/ appointed	Current term expires	Audit Committee	Compensation Committee	Acquisitions Committee
	Director	Oct. 30, 2015 Board meeting (appointed by the Board)	2021 AGM			
	Chairman and Chief Executive Officer	Oct. 30, 2015 Board meeting	2021 Board meeting (Chairman) 2023 Board meeting (Chief Executive Officer)	N/A	N/A	Chairman
	Director	Oct. 30, 2015 Board meeting (appointed by the Board)	2019 AGM	N/A	Nicolas Urbain, non-director member	Nicolas Urbain, non-director member
	Colombus Holding SAS, represented by Nicolas Urbain					
	Director	Oct. 30, 2015 Board meeting (appointed by the Board)	2020 AGM	Member	N/A	Member
	Emmanuel Coquoin					
	Independent director	May 4, 2016 AGM	2019 AGM	Chair	N/A	N/A
	Isabelle Guichot					
	Independent director	April 20, 2017 AGM	2020 AGM	N/A	Chair	Member
	Cécilia Ragueneau					
	Non-voting director	May 4, 2016 AGM	2019 AGM	Non-voting director	Non-voting director	N/A
	Georges Ralli					

Changes in Board membership in 2018

Re-election of Michaël Fribourg (Chairman and Chief Executive Officer and member of the Acquisitions Committee).

MICHAËL FRIBOURG

Chairman and Chief Executive Officer and Chairman of the Acquisitions Committee

Current term expires at the Annual General Meeting to be held in 2021

Date of birth:
August 14, 1982

Business address:
112, avenue Kléber –
75116 Paris

Chargeurs shares held:
Michaël Fribourg is one of the main shareholders of Columbus Holding SAS, which owns 6,556,305 Chargeurs shares

Profile

Michaël Fribourg founded Groupe Familial Fribourg, the controlling shareholder of Columbus Holding, alongside long-term institutional investors 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'Etudes 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 OTHER POSITIONS HELD IN OTHER COMPANIES**Directorships and positions held****Chairman and Chief Executive Officer of:**

- Chargeurs SA* – Group

Chairman of:

- Fribourg Investissement SAS – Non-Group
- Fribourg Développement SAS – Non-Group
- Columbus Holding SAS – Non-Group
- Columbus Chase Holding SAS – Non-Group
- Groupe Familial Fribourg SAS – Non-Group
- Columbus Century Holding – Non-Group
- Columbus Premium Holding – Non-Group
- Coleffi – Non-Group
- Columbus BlueSky Holding – Non-Group
- Harwanne Compagnie de Participations industrielles et financières – Non-Group
- Chargeurs Textiles SAS – Group
- Main Tape Company, Inc. (United States) – Group
- France-Amérique LLC (United States) – Group

Managing Director of:

- Columbus Family Holding SAS – Non-Group

Vice-Chairman and Director of:

- Lanas Trinidad SA – Group
- Lanera Santa Maria SA – Group
- Chargeurs Media Inc. (United States) – Group

Legal Manager of:

- Chargeurs Boissy SARL – Group

Director of:

- EMC2 SAS – Non-Group
- Chargeurs Development International (formerly CMI SA) – Group

Permanent representative of:

- Chargeurs Textiles SAS on the Board of Directors of Chargeurs Films de Protection SA – Group

Member of:

- Association Le Millénaire – Non-Group

Other directorships and positions that expired in the last five years**Chairman of:**

- Columbus Family Holding SAS (2015) – Non-Group
- Benext Venture SAS (2018) – Non-Group

Director of:

- Novacel Belgium NV (2017) – Group

Member of the Supervisory Board of:

- Groupe JOA – Non-Group

Legal Manager of:

- Financière Herschel SARL – Non-Group

* Listed company.

CÉCILIA RAGUENEAU

Independent director
Chair of the Compensation
Committee
Member of the
Acquisitions Committee

Current term expires
at the Annual General
Meeting to be held in 2020

Business address:
52, rue Marcel-Dassault –
92100 Boulogne-Billancourt

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 – Vivendi Talents Program). 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), CANAL+ Executive Director of Channel Marketing (2005-2008), CANAL+ Director of New Channel Content (2008-2011) and Chief Executive Officer of iTélé (2011-2015). From 2017 to 2018 Cécilia Ragueneau served as Chief Executive Officer of RMC. In November 2018 she moved to the BVA Group, taking up her current position as Deputy General Manager.

DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES**Directorships and positions held****Deputy General Manager of:**

- BVA Group – Non-Group

Other directorships and positions that expired in the last five years**Chief Executive Officer of:**

- iTélé (2011-2015) – Non-Group
- RMC (2017-2018) – Non-Group

Directors whose term of office expires at the Annual General Meeting**COLOMBUS HOLDING SAS**

Director

Permanent representative
of Columbus Holding SAS
on the Board of Directors:
Emmanuel Coquin
(since March 11, 2019)

Current term expires
at the Annual General
Meeting to be held in 2019

Business address:
112, avenue Kléber –
75116 Paris

Profile

For the last eight years, Emmanuel Coquin 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 OTHER POSITIONS HELD IN OTHER COMPANIES**Directorships and positions held****Investment Director at:**

- Habert Dassault Finance – Non-Group

Director of:

- Columbus Holding SAS – Non-Group
- I-Ten SA – Non-Group
- Atsuke – Non-Group
- Relaxnews – Non-Group
- Parc Spirou SAS – Non-Group

Other directorships and positions that expired in the last five years**Non-executive director of:**

- Geary LSF* – Non-Group

* Listed company.

ISABELLE GUICHOT

Independent director
Chair of the Audit
Committee and member
of the Ethics Committee

Current term expires
at the Annual General
Meeting to be held in 2019

Business address:
24, rue du Mail –
75002 Paris

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.

Honor: Ms. Guichot has been named a Knight of the French Legion of Honor and an Officer of the French National Order of Merit.

Awards: She won the *Femme en Or* Whirlpool Trophy in 2003 and 2004 and the *Trofémia* Siemens prize in 2005.

DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES**Directorships and positions held****Deputy General Manager of:**

- Maje SAS – Non-Group

Other directorships and positions that expired in the last five years**Chief Executive Officer of:**

- Balenciaga SA (2017) – Non-Group

Chairman of:

- Arcades Ponthieu SAS (France) (2017) – Non-Group
- Balenciaga Retail Italia (2017) – Non-Group
- Balenciaga Spain (2017) – Non-Group
- Balenciaga America (2017) – Non-Group

Director of:

- The Kering Foundation (2017) – Non-Group
- Balenciaga UK (2017) – Non-Group
- Balenciaga Asia Pacific Limited (HK) (2017) – Non-Group
- Balenciaga Asia Pacific Limited (Taiwan Branch) (2017) – Non-Group
- Balenciaga Korea (2017) – Non-Group
- Balenciaga Japan (2017) – Non-Group

Legal Manager of:

- Balenciaga Fashion Shanghai (China) (2017) – Non-Group

Independent director of:

- Balenciaga Logistica (Switzerland) (2017) – Non-Group

Non-voting director whose term of office expires at the Annual General Meeting

GEORGES RALLI



Non-voting director

Current term expires
at the Annual General
Meeting to be held in 2019

Business address:
IPF Partners – 8, rue Toepffer –
1206 Genève (Switzerland)

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.

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.

In 2017, he was involved in setting up LLC Real Estate Fund SCA, based in Luxembourg.

DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES

Directorships and positions held

Legal Manager of:

- IPF Management 1 SARL (Luxembourg) – Non-Group
- IPF Partners SARL (Switzerland) – Non-Group
- Kampos Sarl (Switzerland) – Non-Group
- LLC RE Management SARL (Luxembourg) – Non-Group

Director and Chairman of the Audit, Risks and Sustainable Development Committee of:

- ICADE SA* – Non-Group

Director of:

- Quadrature Investment Managers – Non-Group

Other directorships and positions that expired in the last five years

Vice-Chairman and member of the Board of Directors and Chairman of the Accounts Committee of:

- Carrefour* (2018) – Non-Group

Director of:

- Veolia Environnement* (2015) – Non-Group

Director, member of the Audit Committee and Chairman of the Acquisitions Committee of:

- Chargeurs SA* (2016) – Group

* Listed company.

Directors standing for election at the Annual General Meeting

MARIA VARGIU



Independent director

Chargeurs shares held: None

Business address:

31, Rue François 1^{er} –
75008 Paris

Profile

Maria Varcui holds an MBA from Open University Business School (United Kingdom and Romania), and has considerable experience in international commercial management for perfume and high-end cosmetic brands, which she has acquired both in France and abroad. In 2006, she joined IKC (International Kontakt Consulting), before integrating LVMH's Parfums Givenchy in 2009.

At the end of 2010, she returned to IKC, which had become ID Beauty, to lead the international commercial department. She subsequently became VP Brands in 2015.

DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES

Directorships and positions held

VP of Treatments

– ID Beauty

Director - General Manager

– ID Beauty RO SRL (Romania)

Other directorships and positions that expired in the last five years

None

NICOLAS URBAIN



Director

(appointed by the Board)

Current term expires

at the Annual General Meeting to be held in 2020

Business address:

112, avenue Kléber –
75116 Paris

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 investment industries. He has also been a financial engineering consultant.

DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES

Directorships and positions held

Chief Executive Officer of:

– EFFICAP II – Non-Group

Chairman of the Board of Directors of:

– Financière Sicomax SA* – Non-Group

– Olinvest SAS* – Non-Group

Director of:

– Columbus Holding SAS – Non-Group

Other directorships and positions that expired in the last five years

None

* Listed company.

4.5. COMPENSATION PAYABLE TO THE GROUP'S DIRECTORS AND OFFICERS

4.5.1 COMPENSATION PAYABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR 2018 (EX-POST SAY-ON-PAY VOTE)

COMPONENTS OF COMPENSATION AND BENEFITS PAID OR AWARDED FOR 2018

In accordance with article L. 225-100, II of the French Commercial Code, the following paragraphs set out the fixed, variable and exceptional components of the total compensation and benefits paid or awarded to the Chairman and Chief Executive Officer for 2018 for the duties he performed in this capacity, and which will be submitted for shareholders' approval on an ex-post basis at the Annual General Meeting called to approve the 2018 financial statements.

The principles and criteria used for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits payable to the Chairman and Chief Executive Officer for 2018 were approved on an ex-ante basis by a 97.36% vote at the Annual General Meeting of April 16, 2018.

As a reminder, the Chairman and Chief Executive Officer does not hold an employment contract with Chargeurs.

He has a strong personal investment in the Group, in which he holds shares through Columbus Holding SAS – a company he founded and of which he is a major shareholder. Since his appointment, the Chairman and Chief Executive Officer and Columbus Holding SAS have not sold any of their Chargeurs shares. On the contrary, each of them invested more in the Company's capital during 2018. A description of the transactions carried out in Chargeurs shares by Columbus Holdings SAS during 2018 and its percentage ownership of Chargeurs' share capital and voting rights at December 31, 2018 is provided in Chapter 6, section 6.3 of this Registration Document. Furthermore, at his own request, the Chairman and Chief Executive Officer has never benefited from any free share or stock option plans set up within the Chargeurs Group.

The Chairman and Chief Executive Officer's compensation package for 2018 was set by the Board of Directors based on the recommendation of the Compensation Committee.

The Chairman and Chief Executive Officer's compensation package for 2018 comprised a fixed component and a variable component.

When he took up office in 2015, the Chairman and Chief Executive Officer proposed that the costs of his office be significantly contained as part of the "Performance, Discipline, Ambitions" plan. His compensation for 2018 reflects the same concern for financial discipline as for the previous two years, while at the same time taking into account the steady increase in the Group's earnings, which continued in 2018. This growth is the product of the Group's transformation and expansion strategy, which has been driven by the Chairman and the Chief Executive Officer, who has put in place a new organizational structure and stepped up the pace of the Group's organic and acquisition-led growth strategy as part of a new performance acceleration plan called "Game Changer".

The Chairman and Chief Executive Officer's basic fixed compensation for 2018 amounted to €450,000 (gross).

The Chairman and Chief Executive Officer's variable compensation for 2018 was contingent on the achievement of quantitative and qualitative objectives, which were appropriately weighted at 60% and 40% respectively.

As his performance levels exceeded the triggering threshold set for his quantitative objectives when he took up office in 2015 and in view of the Group's strong recurring operating profit figure for 2018, the Chairman and Chief Executive Officer was eligible for 100% of his basic variable compensation based on quantitative objectives. In addition, thanks to the clear success of the Game Changer plan and its impressive contribution to the considerable qualitative improvement in the Group's performance (quality of earnings), all of the Chairman and Chief Executive Officer's qualitative objectives were not only achieved but also exceeded, notably concerning the following areas:

- (a) talent management;
- (b) marketing tools;
- (c) smart manufacturing; and
- (d) innovation.

Consequently, the Chairman and Chief Executive Officer was eligible for the full amount of his basic variable compensation contingent on both the qualitative and quantitative objectives, corresponding to 50% of his basic fixed compensation, i.e., €225,000.

On top of this basic variable compensation, for 2018 the Chairman and Chief Executive Officer was eligible for additional variable compensation if the performance targets set were exceeded. In view of the quantitative successes of the Game Changer plan and the successful acquisitions carried out – thanks to a targeted and assertive external growth strategy – the target threshold for quantitative performance, measured in terms of recurring operating profit as set in 2017, was substantially exceeded. Consequently, the Chairman and Chief Executive Officer was eligible for this additional amount of variable compensation based on outperformance, which totaled €370,000 for 2018.

In addition, a portion of the Chairman and Chief Executive Officer's variable compensation for 2018 was specifically based on shareholder return. The shareholder return objective was measured on the basis of achieving either one or both of the following two criteria, which each counted for 50% of the objective:

- i) If the difference in the Chargeurs share price between the beginning and the end of the fiscal year in question – based on the average closing share price for the last 20 trading days of the year compared with the average closing share price for the first 20 trading days of the year – is 5% higher than the SBF 120, a special bonus of €120,000 will be awarded.

(ii) If the dividend amount paid during the year – based on the average closing share price for the first 20 trading days of the year – is 2% higher than the average for a panel of peer companies, a special bonus of €120,000 will be awarded. The Compensation Committee defines peer companies as Danaher, ITW and Griffon (50%); Serge Ferrari, Sioen Guillin and Bolloré (50%).

As the dividend objective described in point (ii) above was met, the Chairman and Chief Executive Officer was eligible for specific additional compensation of €120,000.

Lastly, following the acquisition of PCC Interlining – a leader in the United States and Asia in technical interlinings – which has generated additional synergies in new countries for the Group, the Board awarded the Chairman and Chief Executive Officer an €85,000 special bonus based on the recommendation of the Compensation Committee.

In line with the policy of tightly controlling the costs of the Chairman and Chief Executive Officer's compensation, which the Chairman and Chief Executive Officer recommended himself when he first took up office, his total variable and exceptional compensation is capped at 150% of his basic fixed compensation. Consequently, despite the significant outperformance of his objectives in 2018 – which theoretically would result in the Chairman and Chief Executive Officer receiving total variable compensation of €715,000 – because of the cap put in place at his own request, his variable compensation for 2018 represents a total gross amount of €675,000. Furthermore, given that the cap in place has been exceeded, the additional special bonus of €85,000 referred to above will not be paid to the Chairman and Chief Executive Officer.

In accordance with paragraph 2 of article L. 225-37-2 and article L. 225-100-2 of the French Commercial Code (*Code de commerce*), the payment of the Chairman and Chief Executive Officer's variable and exceptional compensation for 2018 will be contingent on the shareholders' approval, at the May 6, 2019 Annual General Meeting, of the fixed, variable and exceptional components making up the total compensation and benefits paid or awarded to the Chairman and Chief Executive Officer for 2018.

4.5.2 SUMMARY OF COMPENSATION AND BENEFITS AWARDED TO EACH EXECUTIVE DIRECTOR FOR 2018

As required under article L. 225-37-3, paragraph 2, of the French Commercial Code and the MiddleNext Code, the tables below are based on the templates provided by the AMF in its recommendation dated December 22, 2008 (no. 2009-16, as amended on December 17, 2013, December 5, 2014 and April 13, 2015) and the table numbers

As per his request, the Chairman and Chief Executive Officer did not receive any directors' fees for his participation on the Board of Directors. 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.

In 2018, the Chairman and Chief Executive Officer did not make any personal use of the means of transport at the Group's disposal which he could have used to facilitate certain business trips, as authorized by the Board of Directors on the recommendation of the Compensation Committee, and approved under the shareholders' *ex-ante* say-on-pay vote at the April 16, 2018 Annual General Meeting. Such personal use of these means of transport, which was measured based on a variable hourly cost, was recognized as a benefit in kind in an annual amount of €22,000.

The Chairman and Chief Executive Officer is a beneficiary of the same personal protection and travel insurance plans as the Group's employees. The Company has also taken out an unemployment insurance policy on his behalf whose premiums (representing €21,120 in 2018) are subject to payroll taxes and are therefore accounted for as a benefit in kind.

DRAFT RESOLUTION (EX-POST SAY-ON-PAY VOTE)

"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. 225-100 II of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components of the total compensation and benefits in kind due or awarded to the Chairman and Chief Executive Officer for 2018, as described in the Board of Directors' corporate governance report."

used are the same as in those templates. Based on the definitions provided in this recommendation, in Chargeurs' case "directors" refers to members of the Board of Directors and "executive directors" refers to the Chairman and Chief Executive Officer.

TABLE 1: "SUMMARY TABLE OF COMPENSATION AND STOCK OPTIONS AND FREE SHARES GRANTED TO EACH EXECUTIVE DIRECTOR"

Chargeurs' executive director did not receive any multi-annual compensation, stock options or free shares in the years presented. Consequently, the details of all of his compensation and benefits are provided in Table 2 below.

As Chargeurs' executive director did not receive any stock options or free shares the following tables are not applicable in this Registration Document:

- table 4: Stock options granted during the year to each director by the issuer or any other Group company;
- table 5: Stock options exercised during the year by each executive director;
- table 6: Free shares granted to each director;
- table 7: Free shares that became available during the year for each director;
- table 8: Summary of stock option plans;
- table 9: "Stock options granted to and exercised by the ten employees (not directors of the Company) who received the greatest number of stock options";
- table 10: Summary of free share plans.

TABLE 2: SUMMARY TABLE OF COMPENSATION AWARDED TO EACH EXECUTIVE DIRECTOR

Michaël Fribourg, Chairman and Chief Executive Officer	Fiscal 2016		Fiscal 2017		Fiscal 2018	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€375,000	€375,000	€450,000	€450,000	€450,000	€450,000
Annual variable compensation	€485,500 ⁽¹⁾	€31,960	€615,000 ⁽¹⁾	€485,500 ⁽¹⁾	€675,000 ⁽²⁾	€615,000 ⁽¹⁾
Compensation for corporate officer positions in other Group companies	€40,000	€40,000	€60,000	€60,000	€96,000	€96,000
Benefits in kind	€15,921 ⁽³⁾	€15,921	€21,228 ⁽³⁾	€21,228	€43,120 ⁽⁴⁾	€21,120
Special bonus	€50,000 ⁽⁵⁾	€50,000 ⁽⁵⁾	€60,000 ⁽⁶⁾	€0	€0 ⁽⁷⁾	€60,000 ⁽⁶⁾
TOTAL	€966,421	€512,881	€1,206,228	€1,016,728	€1,264,120	€1,242,120

(1) The variable compensation amounts of €485,500 due for 2016 and €615,000 due for 2017 were paid in 2017 and 2018 respectively.

(2) Following the achievement of the performance criteria, the amount that would theoretically be payable to the Chairman and Chief Executive Officer would be €715,000. Given that his variable compensation is capped at 150% of his basic fixed compensation, the amount effectively payable for 2018 is €675,000.

(3) These amounts correspond to the personal protection and travel insurance plans taken out on behalf of the Chairman and Chief Executive Officer as well as an unemployment insurance policy whose premiums are subject to payroll taxes and are therefore accounted for as a benefit in kind.

(4) These amounts correspond to (i) the use of private means of transport at the Chairman and Chief Executive Officer's disposal to facilitate certain business trips (not used in 2018), (ii) the personal protection and travel assistance insurance granted to the Chairman and Chief Executive Officer, and (iii) an unemployment insurance policy, whose premiums are subject to payroll taxes and are therefore accounted for as benefits in kind.

(5) Corresponding to a special bonus awarded following the success of the Euro PP private placement in May 2016 with very attractive interest rates.

(6) Corresponding to a special bonus awarded following the success of the Euro PP private placement in June 2017 with very attractive interest rates.

(7) Corresponding to a special bonus of €85,000 awarded to the Chairman and Chief Executive Officer following the success of the acquisition of PCC Interlining, a leader in the United States and Asia in technical interlinings (in August 2018). This amount does not apply given that his variable compensation is capped at 150% of his basic fixed compensation

The annual amount of directors' fees was set by Chargeurs' shareholders at the April 16, 2018 Annual General Meeting.

The Board of Directors, acting on the recommendation of the Compensation Committee, asked shareholders to set at €300,000 the total fees payable to directors for 2018 and all subsequent years until a new amount was set at an Annual General Meeting. For reasons cited above and also referred to in Chapter 4.3 of this Registration Document, at the Annual General Meeting of May 6, 2019, the shareholders will be asked to raise the total directors' fees to €380,000 per year.

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 any directors' fees from Chargeurs SA.

TABLE 3: DIRECTORS' FEES (AND OTHER COMPENSATION) RECEIVED BY NON-EXECUTIVE DIRECTORS

Emmanuel Coquin	Amount due for 2016	Amount due for 2017	Amount due for 2018
Directors' fees	€48,780	€80,488	€68,571
Other compensation	N/A	N/A	N/A
TOTAL	€48,780	€80,488	€68,571

Isabelle Guichot	Amount due for 2016	Amount due for 2017	Amount due for 2018
Directors' fees	€29,268	€58,537	€42,857
Other compensation	N/A	N/A	N/A
TOTAL	€29,268	€58,537	€42,857

Cécilia Ragueneau	Amount due for 2016	Amount due for 2017 (from April 20, 2017 to Dec. 31, 2017)	Amount due for 2018
Directors' fees	N/A	€43,902	€68,571
Other compensation	N/A	N/A	N/A
TOTAL	N/A	€43,902	€68,571

Nicolas Urbain (Non-director member of the Compensation Committee)	Amount due for 2016	Amount due for 2017	Amount due for 2018
Directors' fees	€43,902	€58,537	€68,571
Other compensation	N/A	N/A	N/A
TOTAL	€43,902	€58,537	€68,571

Georges Ralli Non-voting director	Amount due for 2016	Amount due for 2017	Amount due for 2018
Directors' fees	€29,268	€43,902	€51,429
Other compensation	N/A	N/A	N/A
TOTAL	€29,268	€43,902	€51,429

TABLE 11: SUMMARY TABLE OF EXECUTIVE DIRECTORS' INDEMNITIES AND BENEFITS

	Employment contract	Supplementary pension plan	Non-compete clause indemnity	Termination benefit ⁽¹⁾
Michaël Fribourg Chairman and Chief Executive Officer, Chargeurs First appointed: Oct. 30, 2015 Board meeting Current term expires: Revenue 2021 (Chairman), Revenue 2023 (Chief Executive Officer)	No	No	Yes ⁽²⁾	Yes ⁽³⁾
Director First appointed: Oct. 30, 2015 Board meeting Current term expires: 2021 AGM				

(1) Michaël Fribourg's termination benefit has been applicable since 2017.

(2) 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. 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 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.

(3) 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, he 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 achieving, during the last full fiscal year, the quantitative objectives for his variable compensation.

4.5.3 COMPENSATION POLICY FOR 2019

COMPENSATION AND BENEFITS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR 2019

In accordance with article L. 225-37-2, paragraph 2 of the French Commercial Code, the following section sets out the principles and criteria used for determining, allocating and awarding the fixed, variable and exceptional components of the Chairman and Chief Executive Officer's total compensation and benefits for 2019, which will be submitted for shareholders' approval in an *ex ante* say-on-pay vote at the Annual General Meeting called to approve the financial statements for 2018.

As was the case in previous years, the Chairman and Chief Executive Officer does not have an employment contract.

The Chairman and Chief Executive Officer's compensation package is set by the Board of Directors based on the recommendation of the Compensation Committee.

As in 2018, the underlying principles for the compensation policy applicable to the Chairman and Chief Executive officer for 2019 are based on budgetary discipline and aligning the rules used for determining his compensation with the annual assessment of his individual performance and that of the Group. The policy is designed to take into account (i) the experience and responsibilities of the Chairman and Chief Executive Officer, (ii) the Group's new scale and scope, resulting in particular from its recent acquisition of PCC, which has generated additional synergies in new countries for the Group, and (iii) the steady increase in the Group's earnings, which continued in 2018.

In view of the outstanding performances and achievements delivered in 2018, the Chairman and Chief Executive Officer's compensation policy for 2019 is based on the same rules and caps as for 2018, although specific sub-ceilings for each different criterion have been added to the overall cap on his variable compensation. Only the fixed portion of his compensation has been re-appraised for 2019, for the reasons explained below.

The Chairman and Chief Executive Officer's compensation package comprises a fixed component and a variable component.

(a) Basic fixed compensation

In order to take into account the change in the size of the Group – which now generates annual revenue of €619 million – as well as its higher number of host countries (45, versus 34 previously), and other factors that have increased his workload, the Chairman and Chief Executive Officer's basic fixed compensation has been raised from €450,000 to €525,000 (gross) per year. The Board of Directors has decided to freeze this amount for the coming two years, i.e., 2019 and 2020. Michaël Fribourg's basic fixed compensation has been set at €450,000 per year since 2016. The decision to raise the Chairman and Chief Executive's basic fixed compensation was made in view of his experience and responsibilities as well as the Group's new scale and scope, and its steady increase in earnings.

(b) Basic variable compensation

The Chairman and Chief Executive Officer's variable compensation for 2019 will be contingent on the following two types of objectives:

- financial objectives, based on the Group's financial performance, particularly consolidated recurring operating profit; and
- individual non-financial objectives, based on successful implementation of key strategic long-term actions, as assessed by the Compensation Committee.

The Chairman and Chief Executive Officer's basic variable compensation for 2019 is therefore based on quantitative and qualitative objectives, which are appropriately weighted, at 60% and 40% respectively. If the pre-defined threshold tied to the Group's recurring operating profit is fully reached and the Group's strategic qualitative objectives 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 his basic fixed compensation.

(c) Variable compensation for outperformance

The variable compensation that could be awarded for 2019 to the Chairman and Chief Executive Officer if he outperforms his targets will be based on the following criteria:

- A criterion based on the Group's intrinsic performance: If the financial objectives are exceeded, as measured by the difference between actual recurring operating profit for 2019 and the threshold that triggers payment of his basic variable compensation, the Chairman and Chief Executive Officer may receive an additional amount of variable compensation, calculated based on a pre-defined formula. The award of this additional variable compensation will be contingent on the Group achieving a target in terms of recurring operating profit, predefined in 2018 when the objectives for 2019 were set.

The amount of additional variable compensation that would be payable if the financial objectives are outperformed would be capped at 140% of the Chairman and Chief Executive Officer's total basic variable compensation, which itself is capped at 50% of his basic fixed compensation.

- A criterion based on the Group's stock market performance: The Chairman and Chief Executive could receive a special bonus if Chargeurs' share price performs significantly well. The related share performance target for 2019 is based on a criterion of shareholder return, measured based on two performance conditions which each count for 50% of the bonus and are the same as for 2018 and 2017, namely:

– if the difference in the Chargeurs share price between the beginning and the end of the fiscal year in question – based on the average closing share price for the last 20 trading days of the year compared with the average closing share price for the first 20 trading days of the year – is 5% higher than the SBF 120, a special bonus of €120,000 will be awarded;

– if the dividend amount paid during the year – based on the average closing share price for the first 20 trading days of the year – is 2% higher than the average for a panel of peer companies, a special bonus of €120,000 will be awarded. This criterion is directly linked to shareholders' immediate interests.

(d) Exceptional compensation

In addition to the above, the Board of Directors may award other special bonuses to the Chairman and Chief Executive Officer on a case-by-case basis on the recommendation of the Compensation Committee. Such bonuses – which have been capped at an aggregate €100,000 for 2019 – may be awarded for particularly successful work related to matters such as raising debt or equity financing for the Group, acquisitions or divestments, or if the Chargeurs share price performs significantly well.

These bonuses may not exceed €100,000 in 2019.

As in previous years, the total variable and exceptional compensation mentioned in points (c) and (d) for which the Chairman and Chief Executive Officer is eligible for 2019 will, at his own request, be capped at 150% of his basic fixed compensation.

The individual qualitative objectives applicable to the Chairman and Chief Executive Officer's variable compensation for 2019 concern the following four areas (each of which have an equal weighting), namely:

- talent management;
- the Group's "iconic" brand and marketing strategy;
- smart manufacturing; and
- innovation.

(e) Payment of the Chairman and Chief Executive Officer's variable and exceptional compensation

In application of paragraph 2 of article L. 225-37-2 of the French Commercial Code, the Chairman and Chief Executive Officer's variable compensation and any special bonuses for 2019 will only be paid if the shareholders at the 2019 Annual General Meeting approve the fixed, variable and exceptional components making up the total compensation and benefits paid or awarded to the Chairman and Chief Executive Officer for 2019.

(f) Directors' fees

As stated above, 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). As in prior years, and again at his own request, he will not receive any directors' fees for 2019 in his capacity as a member of the Board of Directors of Chargeurs SA.

(g) Benefits in kind

The Chairman and Chief Executive Officer does not receive any benefits in kind such as a company car. However, in 2019 he may continue to have the personal use of a means of transport at the Group's disposal to facilitate certain business trips. Such personal use of these means of transport, which was measured based on a variable hourly cost, was recognized as a benefit in kind in an annual amount of €22,000. In addition, the Chairman and Chief Executive Officer is a beneficiary of the same personal protection and travel insurance plans as the Group's employees. The Company has also taken out an unemployment insurance policy on his behalf whose premiums (representing an annual amount of €22,000) are subject to payroll taxes and are therefore accounted for as benefits in kind.

(h) Commitments given to the Chairman and Chief Executive Officer

At its meeting on March 8, 2017, the Board of Directors approved a non-compete agreement between Michaël Fribourg and the Company which reflects the Group's standard practices. This commitment was approved by the shareholders at the April 20, 2017 Annual General 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 therefor 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 benefit, total gross compensation corresponds to his basic fixed compensation (including the directors' fees received for his directorships 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 a related-party 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 practices, was approved by the shareholders at the April 20, 2017 Annual General 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 directorships 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 threshold for consolidated recurring operating profit that triggers the payment of the portion of Michaël Fribourg's variable compensation that is based on quantitative objectives.

In accordance with article L. 225-40-1 of the French Commercial Code, the above two commitments were reviewed by the Compensation Committee and the Board of Directors on March 6, 2018 and March 11, 2019. Following their review, the Board and the Committee confirmed that these commitments were in the best interests of the Company, for the reasons cited above. However, in accordance with article L. 225-42-1 of the French Commercial Code, following the Board's renewal of Michaël Fribourg's term of office as Chairman and Chief Executive Officer on April 16, 2018, the commitments given by the Board in relation to Michaël Fribourg will be submitted for shareholders' approval at the Annual General Meeting of May 6, 2019.

(i) Compensation for corporate officer positions in other Group companies

As part of the Group's international development and external growth policy, the Chairman and Chief Executive Officer is called upon to closely monitor certain subsidiaries which play a strategic role. In light of this, he will receive €96,000 in compensation for 2019, as in 2018, relating to his duties as a corporate officer. However, at his own 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).

**DRAFT RESOLUTION
(EX-ANTE SAY-ON-PAY VOTE)**

"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 corporate governance. "

FREE SHARE PLANS

Since 2017, Chargeurs has adopted a policy of granting shares free of consideration to its employees in order to encourage the development of long-term employee share ownership.

With a view to more closely involving employees in the Group's performance, and strengthening their commitment to value creation, Chargeurs launched its first free share plan ("performance share plan") in 2017 for selected Group employees.

At his own request, the Chairman and Chief Executive Officer is not a beneficiary of the performance share plans described below. In addition, no other corporate officer is a beneficiary of these plans.

Free share grant plans applicable in the Company at December 31, 2018

The table below presents free share grant plans applicable in the Company at December 31, 2018:

	Plan no. 1 (2017)	Plan no. 2 (2018-1)	Plan no. 3 (2018-2)
Date of the Annual General Meeting	Apr. 20, 2017	Apr. 20, 2017	Apr. 20, 2017
Date of the Board Meeting	Jul. 20, 2017	Sept. 5, 2018	Dec. 10, 2018
Total number of free shares granted, of which	31,400	44,200	18,000
<i>Corporate officers</i>	<i>None.</i>	<i>None.</i>	<i>None.</i>
Date shares were vested	Jul. 20, 2018	Sept. 5, 2019	Dec. 10, 2019
End of holding period	Jul. 20, 2019	Sept. 5, 2020	Dec. 10, 2020
Number of shares vested at December 31, 2018	17,000	0	0
Aggregate number of shares that have been canceled or lapsed	14,400	0	0
Free shares outstanding at December 31, 2018	0	44,200	18,000

Free shares granted by the Board of Directors during the year ended December 31, 2018

During the year ended December 31, 2018, the Board of Directors made use of the powers delegated to it by the Extraordinary General Meeting of April 20, 2017, to implement the following two share grant plans:

- Free share grant plan no. 2 (2018-1), implemented the Board of Directors on September 5, 2018, as follows:
 - Total number of free shares: 44,200
 - Free share beneficiaries: Group employees
 - Vesting period: One year from the vesting date. Therefore, shares will only be fully vested as of September 5, 2019, if the pre-defined individual quantitative and qualitative performance targets, set by the Board of Directors, are met.
 - Holding period: One year from the end of the vesting period.
- Free share grant plan no. 3 (2018-2), by decision of the Board of Directors on December 10, 2018, as follows:
 - Total number of free shares: 18,000
 - Free share beneficiary: Managing Directors of business lines
 - Vesting period: One year from the vesting date. Therefore, shares will only be fully vested as of December 10, 2019, if the pre-defined individual quantitative and qualitative performance targets, set by the Board of Directors, are met.
 - Holding period: One year from the end of the vesting period.

In order to continue to build on the Group's employee share ownership strategy, at the May 6, 2019 Annual General Meeting, the shareholders will be asked to renew the authorization given to the Board of Directors to grant, on one or more occasions, existing or new Chargeurs free shares under the terms and conditions provided for in the 18th resolution set out in Chapter 7, section 7.3 of this Registration Document.

4.6 CODE OF CONDUCT AND ETHICS COMMITTEE

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

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

In 2017, Chargeurs decided to strengthen its commitment by pledging to support the United Nations Global Compact and its ten universally accepted principles, namely that businesses:

1. support and respect the protection of internationally proclaimed human rights;
2. ensure they are not complicit in human rights abuses;
3. uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. uphold the elimination of all forms of forced and compulsory labor;
5. uphold the effective abolition of child labor;
6. uphold the elimination of discrimination in respect of employment and occupation;
7. support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility;
9. encourage the development and diffusion of environmentally friendly technologies;
10. work against corruption in all its forms, including extortion and bribery.

To mark the occasion, Chargeurs brought together all of the values and principles held by the Group and formally enshrined them in its Code of Conduct in order to raise awareness and encourage everyone to apply them in full.

The Code of Conduct is available on Chargeurs' website at www.chargeurs.fr.
<https://www.chargeurs.fr/en/content/corporate-social-responsibility>

In parallel, an Ethics Committee was created during 2017.

ROLE OF THE ETHICS COMMITTEE

The role of the Ethics Committee is to define and recommend to the Board of Directors best governance and ethics practices for the Group, and to make sure that the Code of Conduct is properly applied.

Its responsibilities include:

- providing an advisory opinion on any situation that may violate the Code of Conduct;
- expressing a position on the most critical cases, which are submitted to the Committee by the Compliance Officer;
- investigating reported violations under the whistleblowing system and deciding what action needs to be taken: closing the case, adopting appropriate corrective measures or initiating disciplinary and/or legal proceedings;
- providing an advisory opinion on the suitability of the measures adopted by the Group in various situations.

ETHICS COMMITTEE MEMBERSHIP

The Ethics Committee has three members, comprising two well-known persons from outside the Group and Isabelle Guichot, chair of the Committee, who is also a member of the Audit Committee. They are selected based on their experience, independence and support of humanist values.

The Group's Compliance Officer serves as Secretary and Rapporteur General of the Ethics Committee and presents its members with an analysis of the Group's ethics issues.

If necessary, the Group Chairman and Chief Executive Officer of the Group may, on the initiative of the Chair of the Ethics Committee, personally participate in Committee meetings.

Ethics Committee members are chosen by the Chairman and Chief Executive Officer of Chargeurs SA and approved by the Board of Directors.

Each member is appointed for a two-year term.

The Ethics Committee is chaired by one of the three selected members, based on the recommendation put forward to the Board of Directors by the Chairman and Chief Executive Officer.

COMPENSATION OF ETHICS COMMITTEE MEMBERS

No compensation is paid to Isabelle Guichot for her membership of the Ethics Committee.

The two non-director members receive a fixed fee determined by the Board of Directors at the beginning of each year of office. This fee was set at €30,000 each for 2018.



5

FINANCIAL AND ACCOUNTING INFORMATION

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5.1. THE GROUP'S 2018 CONSOLIDATED FINANCIAL STATEMENTS

5.1.1. CONSOLIDATED FINANCIAL STATEMENTS 2018

In accordance with article 28 of European regulation no. 809/2004 of April 29, 2004, this Registration Document contains the following information:

- the consolidated financial statements for the year ended December 31, 2017 on pages 100 to 146 and 151 of the Registration Document filed with the French financial markets authority, the AMF, under number R. 18-006 on March 23, 2018;
- the consolidated financial statements for the year ended December 31, 2016 on pages 106 to 150 and 151 of the Registration Document filed with the French financial markets authority, the AMF, under number R. 18-002 on January 9, 2018.

Consolidated Income Statement

<i>(in euro millions)</i>	Note	Year ended December 31	
		2018	2017
Revenue	4	573.3	533.0
Cost of sales		(419.0)	(391.4)
Gross profit		154.3	141.6
Distribution costs		(61.6)	(56.4)
Administrative expenses		(39.8)	(36.6)
Research and development costs		(3.9)	(4.2)
Recurring operating profit		49.0	44.4
Amortization of intangible assets acquired through business combinations		(0.9)	-
Other operating income	5	0.2	0.1
Other operating expense	5	(6.1)	(6.0)
Operating profit		42.2	38.5
Finance costs, net		(8.9)	(7.5)
Other financial expense		(1.8)	(1.0)
Other financial income		0.1	-
Net financial expense	7	(10.6)	(8.5)
Pre-tax profit for the period		31.6	30.0
Share of profit/(loss) of equity-accounted investees	13	0.1	(0.8)
Income tax expense	8	(5.1)	(4.0)
Profit from continuing operations		26.6	25.2
Profit for the period		26.6	25.2
ATTRIBUTABLE TO OWNERS OF THE PARENT		26.6	25.2
Attributable to non-controlling interests		-	-
Earnings per share <i>(in euros)</i>	9	1.14	1.09
Diluted earnings per share <i>(in euros)</i>	9	1.15	1.10

Consolidated Statement of Comprehensive Income

<i>(in euro millions)</i>	Note	Year ended December 31	
		2018	2017
Profit for the period		26.6	25.2
Exchange differences on translating foreign operations	17	1.5	(16.5)
Cash flow hedges		0.6	(0.2)
Total items that may be reclassified subsequently to profit or loss		2.1	(16.7)
Other components of other comprehensive income		(0.2)	(0.1)
Actuarial gains and losses on post-employment benefit obligations	19	(0.4)	0.5
Total items that will not be reclassified to profit or loss		(0.6)	0.4
Other comprehensive income/(expense) for the period, net		1.5	(16.3)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		28.1	8.9
Attributable to:			
Owners of the parent		28.1	8.9
Non-controlling interests		-	-

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

Consolidated Statement of Financial Position

ASSETS

<i>(in euro millions)</i>	Note	Dec. 31, 2018	Dec. 31, 2017
Intangible assets	10	158.1	88.3
Property, plant and equipment	11	80.7	63.2
Investments in associates and joint ventures	13	13.1	11.7
Deferred tax assets	8	32.0	30.3
Non-current financial assets	14	6.4	2.6
Other non-current assets		0.6	0.5
Net non-current assets		290.9	196.6
Inventories and work-in-progress	15	128.4	107.3
Trade receivables	15	72.4	53.0
Factored receivables ⁽¹⁾	16	-	47.8
Derivative financial instruments	15	0.7	0.4
Other receivables	15	20.5	23.5
Current income tax receivables	15	3.2	3.7
Cash and cash equivalents	18	110.0	214.8
Net current assets		335.2	450.5
TOTAL ASSETS		626.1	647.1

EQUITY AND LIABILITIES

<i>(in euro millions)</i>		Dec. 31, 2018	Dec. 31, 2017
Attributable to owners of the parent	17	237.2	229.9
Non-controlling interests		-	-
Total equity		237.2	229.9
Long-term borrowings	18	169.1	179.3
Deferred taxes	8	4.8	-
Pension and other post-employment benefit obligations	19	17.4	16.4
Provisions	20	0.5	0.7
Other non-current liabilities	21	3.5	3.1
Net non-current liabilities		195.3	199.5
Trade payables	15	116.8	96.7
Other payables	15	42.3	42.5
Factoring liabilities ⁽¹⁾	16	-	47.8
Current income tax liability	15	1.0	2.8
Derivative financial instruments	15	0.4	1.3
Short-term portion of long-term borrowings	18	12.3	10.1
Short-term bank loans and overdrafts	18	20.8	16.5
Net current liabilities		193.6	217.7
TOTAL EQUITY AND LIABILITIES		626.1	647.1

(1) See note 1.2.

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

Consolidated Statement of Changes in Equity

(in euro millions)	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Actuarial gains and losses on post-employment benefit obligations	Treasury stock	Group total	Non-controlling interests	Total equity
At December 31, 2016	3.7	53.0	159.9	18.1	(0.4)	(6.8)	(0.2)	227.3	-	227.3
Issue of share capital	-	7.2	-	-	-	-	-	7.2	-	7.2
Share-based payment	-	-	0.3	-	-	-	-	0.3	-	0.3
Payment of dividends	-	-	(13.8)	-	-	-	-	(13.8)	-	(13.8)
Profit for the period	-	-	25.2	-	-	-	-	25.2	-	25.2
Other comprehensive income/(expense) for the period	-	-	(0.1)	(16.5)	(0.2)	0.5	-	(16.3)	-	(16.3)
At December 31, 2017	3.7	60.2	171.5	1.6	(0.6)	(6.3)	(0.2)	229.9	-	229.9
Capital increase ⁽¹⁾	-	4.4	-	-	-	-	-	4.4	-	4.4
Changes in treasury stock	-	-	-	-	-	-	(10.2)	(10.2)	-	(10.2)
Share-based payment	-	-	0.2	-	-	-	-	0.2	-	0.2
Payment of dividends ⁽¹⁾	-	-	(15.2)	-	-	-	-	(15.2)	-	(15.2)
Profit for the period	-	-	26.6	-	-	-	-	26.6	-	26.6
Other comprehensive income/(expense) for the period	-	-	(0.2)	1.5	0.6	(0.4)	-	1.5	-	1.5
AT DECEMBER 31, 2018	3.7	64.6	182.9	3.1	-	(6.7)	(10.4)	237.2	-	237.2

(1) Of the €15.2 million paid in 2018, €10.8 million was paid in cash and €4.4 million in the form of shares.

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

Consolidated Statement of Cash Flows

<i>(in euro millions)</i>	Note	Year ended December 31 2018	Year ended December 31 2017
Cash flows from operating activities			
Pre-tax profit of consolidated companies		31.6	30.0
Adjustments to reconcile pre-tax profit to cash generated from operations		11.3	13.6
• depreciation and amortization expense	10 & 11	11.7	10.2
• provisions and pension and other post-employment benefit obligations		-	0.3
• impairment of non-current assets		0.3	-
• fair value adjustments		0.6	(0.3)
• impact of discounting		-	0.2
• (gains)/losses on sales of investments in non-consolidated companies and other non-current assets		(0.2)	-
• exchange (gains)/losses on foreign currency receivables and payables		0.4	3.2
• other non-cash adjustments		(1.5)	-
Income tax paid		(6.0)	(7.0)
Cash generated by operations		36.9	36.6
Dividends from equity-accounted investees	13	-	0.8
Change in operating working capital	15	(22.5)	(6.7)
Net cash from operating activities		14.4	30.7
Cash flows from investing activities			
Acquisitions of subsidiaries, net of the cash acquired ⁽¹⁾		(65.0)	(5.5)
Purchases of intangible assets	10	(1.6)	(0.8)
Purchases of property, plant and equipment	11	(22.7)	(12.8)
Proceeds from sales of intangible assets and property, plant and equipment		0.6	0.7
Other movements		(1.6)	0.5
Net cash from/(used in) investing activities		(90.3)	(17.9)
Cash flows from financing activities			
Cash dividends paid to owners of the parent		(10.8)	(6.6)
(Purchases)/sales of treasury stock		(10.2)	-
Proceeds from new borrowings	18	34.0	56.1
Repayments of borrowings	18	(42.7)	(8.5)
Change in bank overdrafts	18	4.3	0.8
Net cash from financing activities		(25.4)	41.8
Increase in cash and cash equivalents		(101.3)	54.6
Cash and cash equivalents at beginning of period	18	214.8	161.5
Effect of changes in foreign exchange rates on cash and cash equivalents		(3.5)	(1.3)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	18	110.0	214.8

(1) The €65.0 million recorded under this item primarily relates to the following acquisitions (see note 1.1):
Leach (United Kingdom): the acquisition price amounts to €17.4 million and cash acquired to €2.6 million.
PCC (Asia): the acquisition price amounts to €55.1 million and cash acquired to €4.0 million.

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

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

- **Chargeurs Protective Films (CPF)** develops, manufactures and markets (i) technical solutions to protect steel, aluminum, plastic and other surfaces during the production process and (ii) laminators for temporary surface protection films (**Chargeurs Protective Specialty Machines, CPSM**);
- **Chargeurs PCC Fashion Technologies (CFT)** manufactures and markets garment interlinings;
- **Chargeurs Technical Substrates (CTS)** develops, manufactures and markets functionalized coated technical substrates;
- **Chargeurs Luxury Materials (CLM)** manufactures and markets premium wool tops (Top making).

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, 2018 were approved by the Board of Directors on March 11, 2019 and will be submitted to shareholders for approval on May 6, 2019.

The Board of Directors has decided to ask shareholders at the Annual General Meeting to be held on May 6, 2019 to approve payment of a dividend of €0.67 per share for 2016. A €0.30 interim dividend was paid in September 2018. At this same Annual General Meeting, the shareholders will be asked to approve a stock dividend alternative.

Note 1 SIGNIFICANT EVENTS OF THE YEAR

1.1. Major acquisitions

1.1.1. Acquisition of PCC Interlining in the Fashion Technologies segment

On August 24, 2018, Chargeurs Fashion Technologies completed the acquisition of the interlinings business of Precision Custom Coatings (PCC). The transaction consisted of a share deal for PCC Asia LLC and an asset deal for the PCC USA interlinings business.

The acquisition, which is a major milestone for Chargeurs PCC Fashion Technologies' expansion in the United States and Asia, will extend the unit's global geographic footprint and thrust it into a new category of high-performance, engineered apparel, such as upscale outerwear.

Created in 1987, PCC Interlining has grown steadily over the past 30 years and today ranks among the world's five leading interlinings manufacturers. It employs 300 people in around a dozen countries worldwide.

The aggregate amount paid for the acquisition was €55.1 million (€66.2 million US dollars), including €6.0 million for the asset deal and €49.1 million for the share deal. The purchase agreement did not include any price adjustment clauses. As the cash acquired in the transaction amounted to €4.0 million, the net impact on the Group's cash and cash equivalents was €51.1 million.

The assets acquired and liabilities assumed were initially recognized at their acquisition-date fair values. The main adjustments to those fair values during the reporting period concerned intangible assets, notably the PCC brand and client portfolio.

The provisional goodwill recognized on the transaction amounted to €28.7 million, breaking down as €24.1 million related to the share deal (222.4 million Hong Kong dollars) and €4.6 million related to the asset deal (5.4 million US dollars).

The purchase price allocation and related goodwill calculation will be finalized within 12 months of the acquisition date.

The table below shows the fair values of the assets acquired and liabilities assumed at the acquisition date (August 4, 2018):

(in euro millions)	PCC share deal	PCC asset deal	Total PCC
Total non-current assets ⁽¹⁾	26.4	-	26.4
Total current assets ⁽²⁾	12.9	1.9	14.8
Cash and cash equivalents	4.0	-	4.0
Total assets	43.3	1.9	45.2
Total non-current liabilities	4.7	-	4.7
Total current liabilities	13.6	0.5	14.1
Total liabilities	18.3	0.5	18.8
FAIR VALUE AT THE ACQUISITION DATE	25.0	1.4	26.4
Purchase price	49.1	6.0	55.1
PROVISIONAL GOODWILL	24.1	4.6	28.7

(1) Non-current assets primarily include the PCC brand and client portfolio, which were valued at €23.7 million for the purpose of the acquisition (see note 10.2) and shares of equity-accounted investees valued at €1.3 million (see note 13.1).

(2) Current assets include trade receivables amounting to €8.5 million.

PCC contributed €27.2 million to the Group's revenue in the year ended December 31, 2018.

If the Group had acquired PCC on January 1, 2018, PCC's full-year contributions to consolidated revenue and profit for the period would have been more than €68 million and more than €5 million respectively in 2018.

1.1.2. Acquisition of Leach in the Chargeurs Technical Substrates segment

On May 4, 2018, Chargeurs acquired the entire capital of the UK-based company, Leach, a leading graphic display specialist serving retail outlets, museums and institutions. Leach's expertise extends across a variety of fields, from artistic design to printing and from production to installation. It custom-builds all types of lightboxes, including upright, curved and with motion effects.

The aggregate amount paid for the acquisition was €17.4 million (€15.4 million), (with no price adjustment clauses). As the cash acquired in the transaction amounted to €2.6 million, the net impact on the Group's cash and cash equivalents was €14.8 million.

The table below shows the fair values of the acquired assets and liabilities at the acquisition date (May 4, 2018):

<i>(in euro millions)</i>	Acquisition of Leach
Total non-current assets ⁽¹⁾	7.2
Total current assets ⁽²⁾	3.0
Cash and cash equivalents	2.6
Total assets	12.8
Total non-current liabilities	1.2
Total current liabilities	2.1
Total liabilities	3.3
FAIR VALUE AT THE ACQUISITION DATE	9.5
Purchase price	17.4
PROVISIONAL GOODWILL	7.9

(1) Non-current assets primarily include the Leach brand and client portfolio, which were valued at €4.4 million for the purpose of the acquisition (see note 10.2) and property, plant and equipment, valued at €2.6 million.

(2) Current assets include trade receivables amounting to €2.0 million.

Leach contributed €6.3 million to the Group's revenue in the year ended December 31, 2018.

If the Group had acquired Leach on January 1, 2018, Leach's full-year contribution to consolidated revenue would have been more than €10 million, with a profit figure close to break-even.

1.2. Syndicated credit facility

As part of its policy of optimizing its balance sheet and long-term resources, on December 19, 2018 the Group signed a global agreement with a pool of seven leading French and international banks – BPCE including Natixis, CE IdF, Bred and Palatine, as well as CIC, HSBC, Saar LB, BNP Paribas, Bank of China and Commerzbank – to put in place a €230 million syndicated credit facility comprising:

- a €100 million RCF maturing in 5+1 years (of which €30 million had been drawn down at December 31, 2018); and
- a €130 million term loan with a 6-year final maturity (none of which had been drawn down at December 31, 2018).

The recognition of the acquired assets and liabilities at their acquisition-date fair values. The main adjustments to those fair values during the reporting period concerned intangible assets, notably the Leach brand and client portfolio.

The provisional goodwill recognized on this acquisition amounted to €7.9 million (7.0 million pounds sterling).

The purchase price allocation and related goodwill calculation will be finalized within 12 months of the acquisition date.

This bank financing does not have a leverage covenant but is subject to a gearing covenant of $\leq 1.2x$.

The €100 million RCF will be used for the Group's general business purposes and the €130 million term loan will be devoted to financing the Group's external growth and capital expenditure.

The new financing arrangement was entered into on much better financial terms than the bilateral facilities previously in place, which were negotiated on a case-by-case basis and were all terminated when the new agreement was signed.

1.3. Factoring

During the first half of 2018, Chargeurs SA and several of its European subsidiaries renegotiated the terms and conditions of the Group's factoring programs with French financial institutions. The aims of this renegotiation were to improve the programs' financial terms and conditions and simplify their contractual structure as well as to ensure that the receivables sold meet the derecognition criteria in IFRS 9.

The new programs provide for no-recourse sales with the transfer of substantially all of the risks and rewards of ownership of the sold receivables. Only the non-material risk of dilution is not transferred to the purchaser (see note 16).

1.4. Other

Chargeurs owns four subsidiaries in the United Kingdom, which together account for 4.1% 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

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The 2018 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

2.2.1. New standards, amendments to existing standards and interpretations whose application was mandatory for the first time in the year ended December 31, 2018:

Adopted by the European Union

IFRS 9 — Financial Instruments.

IFRS 9, which is applicable for accounting periods beginning on or after January 1, 2018, supersedes IAS 39. It introduces new requirements for the classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The Group's new accounting policies following the first-time application of IFRS 9 on January 1, 2018 are described in notes 2.12 and 2.13 below.

The Group has applied IFRS 9 since January 1, 2018.

The standard's provisions concerning the classification and measurement of financial instruments and the impairment of financial assets have been applied by the Group retrospectively as from January 1, 2018, with no adjustments to prior-period comparative data. Consequently, the prior-period data shown in this report is presented in accordance with the Group's previous accounting policies, as used for the consolidated financial statements for the year ended December 31, 2017.

Classification and measurement of financial assets and liabilities

Reclassifying the Group's financial instruments in accordance with the categories in IFRS 9 did not have a material impact on their respective measurement bases.

Each category of financial assets has been classified based on the business model used by the Group to manage the assets as well as the characteristics of the assets' contractual cash flows.

The table below shows the Group's financial assets as presented in the consolidated statement of financial position at December 31, 2017 as well as their category and measurement method under IFRS 9 (as compared with IAS 39):

Financial assets	Balance sheet item	Value at Dec. 31, 2017	Classification		Evaluation					
			IAS 39	IFRS 9	Amortized cost		Fair value through OCI		Hedge accounting	
					IAS 39	IFRS 9	IAS 39	IFRS 9	IAS 39	IFRS 9
Investments in non-consolidated companies	Financial assets (non-recurring)	€1.5m	Available-for-sale financial assets	Assets measured at fair value through OCI			x	x		
Security deposits	Financial assets (non-recurring)	€1.1m	Loans and receivables	Amortized cost	x	x				
Trade receivables	Trade and other receivables	€53.0m	Loans and receivables	Amortized cost	x	x				
Derivative financial instruments	Derivative financial instruments	€0.4m	Hedge accounting	Hedge accounting					x	x
Cash and cash equivalents	Cash and cash equivalents	€214.8m	Loans and receivables	Amortized cost	x	x				

For financial liabilities, the main classification and measurement provisions from IAS 39 have been carried over into IFRS 9. The majority of financial liabilities are therefore measured at amortized cost, except in certain specific cases that are not relevant for the Group.

Impairment of financial assets

At January 1, 2018, Management reviewed and measured the Group's financial assets, taking into account all reasonable and supportable information, including forward-looking information. No material impacts were identified.

Hedge accounting

The Group's transactions that qualified for hedge accounting under IAS 39 also qualify under IFRS 9. Consequently, it did not have to make any adjustments to its hedging relationships at January 1, 2018, as they remained effective in accordance with IFRS 9. No material impacts were identified.

IFRS 15 – Revenue from Contracts with Customers

The Group has applied IFRS 15, Revenue from Contracts with Customers, and the related amendments since January 1, 2018. The Group's accounting policies relating to revenue recognition are described in note 2.6 below.

As the first-time application of this standard did not have a material impact on the consolidated financial statements, the Group elected to use the partial retrospective method. Consequently, the prior-period data shown in this report is presented in accordance with the Group's previous accounting policies, as used for the consolidated financial statements for the year ended December 31, 2017. The first-time application of IFRS 15 did not have any impact on opening equity at January 1, 2018.

Application of the following new standards, interpretations and amendments to existing standards was also mandatory for the first time in the period ended December 31, 2018

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration.
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions.
- Annual Improvements to IFRSs (2014-2016 Cycle).

The above interpretation and amendments did not have a material impact on Chargeurs' consolidated financial statements at December 31, 2018.

2.2.2. 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 16 – Leases:

IFRS 16 – Leases, which is applicable from January 1, 2019, introduces a single lessee accounting model for all leases (finance and operating) under which a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

For its transition method, the Group has elected to apply the cumulative catch-up approach, under which the lease payments can be discounted using the Group's incremental borrowing rate. Prior-period comparative data will therefore not be restated at the transition date.

As of December 31, 2018, the Group has performed an inventory of its lease agreements, which mainly concern real estate assets (such as industrial buildings, warehouses and offices) but also machinery and equipment.

It has also defined the methods to be used to determine the applicable discount rates, assess the lease terms (specific to each country and each type of underlying asset) and estimate the related impacts. The analysis of the impacts that IFRS 16 may have on its consolidated financial statements is in the process of being finalized.

At the same time, the Group has begun to put in place an IT system to manage the information necessary to account for leases in accordance with IFRS 16.

The off-balance sheet commitments presented in note 24 – Operating leases, amounted to €23.1 million at December 31, 2018. In view of the specific features of certain leases (notably their renewal clauses), the terms of leases brought on balance sheet under IFRS 16 will, in some cases, differ from the terms used when previously measuring those leases as off-balance sheet commitments, as only the duration of the firm commitment was taken into account prior to IFRS 16. Similarly, the rates used to measure the lease liabilities will have an impact on the amount recognized in financial liabilities. The commitments referred to in note 24 – Operating leases, may be different from the lease liabilities that will have to be recognized under IFRS 16.

- Amendments to IFRS 9 – Prepayment Features with Negative Compensation.
- IFRIC 23 – Uncertainty over Income Tax Treatments.

Not yet adopted by the European Union

- IFRS 17 – Insurance Contracts.
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures.
- Annual Improvements to IFRSs (2015-2017 Cycle).
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement.
- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendments to IFRS 3 – Definition of a Business.
- Amendments to IAS 1 and IAS 8 – Definition of Material.

2.3. Consolidation methods

2.3.1. 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 initially recognized 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 an 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.

2.3.2. 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.

2.3.3. 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 upon 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.

2.3.4. Non-consolidated companies

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

The effect on equity of including these companies in the scope of consolidation at December 31, 2018 would not have had a material impact on Group equity.

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 and laminators.
- "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 Oceania and Africa).

2.5. Foreign currency translation

2.5.1. 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).

2.5.2. 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".

2.5.3. 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.

2.5.4. Hyperinflation

As an exception to the principles set out in note 2.5.3 above, the financial statements of entities operating in a hyperinflationary economy are translated in accordance with the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies. All non-monetary assets and liabilities as well as equity, comprehensive income (income statement items and other comprehensive income) and cash flows of such entities are restated based on a general price index, and the financial statements are then translated at the period-end exchange rate. Non-monetary items are not restated.

In Argentina, the cumulative inflation rate for the last three years is over 100% based on a combination of indices used to measure the country's inflation. Consequently, Chargeurs considers Argentina to be a hyperinflationary economy and has therefore applied the principles of IAS 29 as set out above to its Argentina-based entities.

This accounting treatment did not have a material impact on the Group's consolidated financial statements at December 31, 2018.

2.6. Revenue recognition

Revenue from sales of goods and services is recognized based on the consideration provided for in the contract with the client and excludes any amounts collected for third parties. The Group recognizes revenue when it transfers control of the good or service to the customer.

The Group generates revenue from the manufacture and sale of high value-added products, carried out by its various divisions:

- Protective Films, which supplies the construction, manufacturing, automotive and electronics industries with self-adhesive plastic films for the temporary protection of fragile surfaces as well as laminators (machines used for applying surface protection films);
- Fashion Technologies, specialized in the manufacture and sale of interlinings – technical fabrics used in the manufacture of garments;
- Technical Substrates, which produces and sells technical textiles used in the advertising, decoration and interior architecture markets;
- Luxury Materials, which buys premium combed wool and sells it to end clients.

The Group recognizes revenue when it transfers control of the good or service to the client, which takes place when the good or service is delivered in accordance with the terms and conditions agreed with the client. For all of the Group's divisions, control is transferred at a point in time.

The amount recognized in revenue is based on the transaction price set in the contract and corresponds to the amount of consideration that the Group expects to receive in line with the related contractual provisions. The transaction prices applied by the Group do not include any variable amounts requiring the use of estimates.

No financing component is recognized, as the Group's client contracts do not contain any clauses providing for payment periods in excess of one year.

A receivable is recorded when the Group has performed its obligations, i.e., at the delivery date of the goods, which corresponds to the date on which the Group has an unconditional right to receive the consideration.

As the Group does not have any material contracts with a term of more than one year, it has elected to apply the practical expedient whereby it is not required to disclose the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period.

2.7. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA corresponds to recurring operating profit (as defined below) restated for the amortization of property, plant and equipment and intangible assets.

2.8. Recurring operating profit

Recurring operating profit is an indicator used by the Group to estimate future underlying performance. It is stated before (i) amortization of intangible assets related to acquisitions, and (ii) 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.

2.9. 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 consist of restructuring costs, assets impairment losses, gains and losses on disposal of property, plant and equipment and intangible assets, and acquisition-related costs.

2.10. 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.

2.11. Intangible assets

2.11.1. 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 any accumulated impairment losses. 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.

2.11.2. Trademarks, client relationships and licenses

Separately-acquired intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets acquired in a business combination are recognized separately from goodwill if they are (i) controlled by the Group, and (ii) separable, or arise from contractual or other legal rights. Amortization of intangible assets related to acquisitions is recorded on a separate line in the income statement.

Intangible assets with finite useful lives are amortized over their useful lives on a straight-line basis and are tested for impairment if there is an indication that they may be impaired. The useful lives applied are as follows:

- trademarks and licenses: depending on their period of use or protection (between 15 and 20 years);
- client relationships: up to 20 years.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment at least once a year or whenever there is an indication that they may be impaired.

2.11.3. 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 3 and 5 years).

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

2.11.4. 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.

2.11.5. 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 asset's 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.

2.12. 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.

2.12.1. 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.

2.12.2. 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 includes 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.

2.13. Financial assets and liabilities

2.13.1. Financial assets

The Group classifies its financial assets into the following three categories in accordance with IFRS 9:

- financial assets measured at amortized cost;
- financial assets measured at fair value through other comprehensive income (FVOCI); and
- financial assets measured at fair value through profit or loss (FVPL).

The category of financial asset applied depends on the business model chosen by the Group for managing the asset as well as the asset's contractual cash flow characteristics.

Financial assets measured at amortized cost

These financial assets are held in order to collect their contractual cash flows (the "hold to collect" business model).

On initial recognition they are measured at their acquisition-date fair value, which generally corresponds to the transaction price. Subsequently, if they are not hedged, these assets are measured at amortized cost using the effective interest method.

Financial assets measured at amortized cost primarily correspond to the following balance sheet items: loans, deposits, other non-current assets and trade and other receivables.

Financial assets measured at fair value through other comprehensive income (FVOCI)

The objective of the business model for financial assets measured at fair value through other comprehensive income (FVOCI) is achieved both by collecting contractual cash flows and selling the financial assets (the "hold to collect and sell" business model). These assets are initially recognized and subsequently measured at fair value, with changes in fair value recorded in other comprehensive income. Only interest and dividend income and, in accordance with IAS 21, foreign exchange gains and losses on these assets are recognized in profit or loss.

When the financial asset is derecognized, any remeasurement gains or losses accumulated in equity are not recycled to profit or loss.

The value in use is 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.

Financial assets at fair value through profit or loss (FVPL)

This last category represents the "default" or "residual" category if the requirements to be classified as financial assets at amortized cost or FVOCI financial assets are not met. FVPL assets are financial assets that are held for trading or that are designated as at FVPL on initial recognition.

A financial asset is classified in this category if it was acquired primarily with a view to being sold in the short term or if it does not have any pre-determined contractual cash flows. Derivatives are categorized as held for trading unless they are designated as hedging instruments.

For the Group, FVPL financial assets primarily correspond to derivatives.

Impairment

The Group recognizes impairment based on expected credit losses for financial assets measured at amortized cost financial assets.

The amount of impairment recognized is remeasured at each reporting date to reflect changes in the credit risk of a financial instrument since its initial recognition date.

For financial instruments (other than trade receivables), the Group applies the expected credit loss model over their lifetime only when there is a significant deterioration in credit risk. If the credit risk of the financial instrument has not increased significantly since initial recognition, the Group assesses the expected credit losses over the 12 months following the reporting date.

In order to assess changes in credit risk, the Group compares the default risk on the financial instrument at the reporting date with the default risk on the financial instrument at its initial recognition date, taking into account reasonable and supportable information that is available without undue cost or effort at the reporting date and which are indications of significant increases in credit risk since initial recognition.

For trade receivables, the Group applies the simplified approach and recognizes expected credit losses over the assets' expected lives. Trade receivables are initially recognized at the amount invoiced to customers. Impairment losses on trade receivables are estimated using the expected credit loss method in order to take into account the risk of any payment defaults throughout the lives of the receivables. If a credit risk arises on a trade receivable, an impairment loss is recognized, calculated on a case-by-case basis. The amount of the expected credit loss is recognized in the balance sheet as a deduction from the gross amount of the trade receivable and the impairment loss is recognized in "Distribution costs" in the income statement.

Derecognition

The Group derecognizes a financial asset when the contractual right to receive cash flows from the asset has expired or when the asset and substantially all of the related risks and rewards have been transferred to a third party.

If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether or not it has retained control of the asset. If the Group has retained control of the asset, it continues to recognize the asset to the extent of its continuing involvement; if the Group has not retained control of the asset, it is derecognized.

When an asset measured at amortized cost is derecognized, the difference between its carrying amount and the consideration received for the asset is recorded in profit or loss.

2.13.2. Financial liabilities

Financial liabilities include borrowings measured at amortized cost and financial liabilities measured using the fair value option.

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

2.14. Derivative instruments and hedges

Derivative financial instruments are initially recognized, and subsequently measured, at fair value. Gains and losses arising from the fair value remeasurement carried out at the end of each reporting period are recognized in profit or loss unless the derivative is the hedging instrument in a qualifying hedge. Consequently, the recognition of these gains and losses through profit or loss depends on the type of hedge.

The Group uses derivatives to hedge currency and interest rate risks, including forwards, options and interest rate swaps (note 22).

The Group formally documents the relationship between the hedging instrument and the hedged item at the hedge's inception. The documentation describes the hedging relationship and the entity's risk management and hedging strategy. The description includes the designation of the hedging instrument and hedged item, the nature of the underlying risk that is being hedged and the way in which the entity will assess whether the hedging relationship meets the applicable hedge effectiveness requirements.

A hedging relationship satisfies all of the hedge effectiveness requirements if:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

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 18), other non-current liabilities, trade payables and other payables in the consolidated statement of financial position.

2.13.3. 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 hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group designates the entire value of forwards and options as hedges.

The Group hedges forecast transactions in foreign currencies, such as sales of products in dollars. Changes in the fair value of derivatives that qualify as hedges of forecast transactions are recognized directly in other comprehensive income 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.

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.

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.

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

2.15. 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.

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

2.16. 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.

2.17. 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.

The Group applies the simplified impairment method for trade receivables and recognizes expected credit losses over the assets' lifetimes. Expected credit losses are estimated using a provision matrix based on historical default rates and adjusted for specific factors relating to the debtors concerned, current general economic conditions and estimates of future economic conditions that can be obtained at the reporting date without incurring undue cost or effort.

The amount of the provision is recognized in "Distribution costs".

2.18. 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 original maturities of 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.

2.19. 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.

When 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. 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.

2.21. 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.

2.22. 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.

Note 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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.

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.

3.1. 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).

3.2. Income tax expense

Consequently, deferred tax assets for tax loss carryforwards are only recognized

if it is considered probable that there will be sufficient future taxable profit against which the loss can be utilized. The amount of these assets is assessed based on taxable profit projections over a period of five or seven years depending on the tax jurisdiction concerned.

The exercise of judgment is therefore required in assessing the consequences that new events will have on the value of deferred tax assets, notably changes in the estimates of future taxable profit and the timings for utilizing the assets.

In addition, tax positions may depend on interpretations of legislation, and such interpretations may be uncertain.

Note 4 SEGMENT REPORTING

4.1. Information by operating segment

Chargeurs analyzes its business based on four operating segments.

4.1.1. Income statement by operating segment

Year ended Dec. 31, 2018 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non-operating	Inter segment eliminations	Consolidated
Revenue ⁽¹⁾	283.3	161.1	30.7	98.2	-	-	573.3
EBITDA	39.4	17.9	5.1	2.7	(5.3)	-	59.8
Depreciation and amortization	(6.4)	(3.1)	(1.1)	-	(0.2)	-	(10.8)
Recurring operating profit	33.0	14.8	4.0	2.7	(5.5)	-	49.0
Amortization of intangible assets acquired through business combinations	-	(0.7)	(0.2)	-	-	-	(0.9)
Other operating income and expense (note 5)	(1.5)	(1.1)	(0.5)	-	(2.8)	-	(5.9)
Operating profit/(loss)	31.5	13.0	3.3	2.7	(8.3)	-	42.2
Net financial expense							(10.6)
Pre-tax profit for the period							31.6
Share of profit/(loss) of equity-accounted investees							0.1
Income tax expense							(5.1)
Profit for the period							26.6

(1) In 2018, PCC (acquired on August 24, 2018) contributed €27.2 million to the revenue of the Fashion Technologies segment; Leach (acquired in May 2018) contributed €6.3 million to the revenue of the Technical Substrates segment.

Year ended Dec. 31, 2017 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non- operating	Consolidated
Revenue	281.0	131.2	25.8	95.0	-	533.0
EBITDA	40.3	11.3	4.9	2.6	(4.5)	54.6
Depreciated amortization	(6.0)	(3.2)	(0.9)	-	(0.1)	(10.2)
Recurring operating profit	34.3	8.1	4.0	2.6	(4.6)	44.4
Other operating income and expense ⁽¹⁾	(1.6)	(1.2)	(0.3)	(0.5)	(2.3)	(5.9)
Operating profit/(loss)	32.7	6.9	3.7	2.1	(6.9)	38.5
Net financial expense						(8.5)
Pre-tax profit for the period						30.0
Share of profit/(loss) of equity-accounted investees						(0.8)
Income tax expense						(4.0)
Profit for the period						25.2

(1) This line notably includes costs incurred in connection with:
- the Group's business development and growth programs; and
- the departure of Group executives, including non-compete indemnities paid in accordance with Group practice (see note 5).

4.1.2. Assets and liabilities by operating segment

At December 31, 2018 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non- operating	Total
Assets ⁽¹⁾	206.3	175.7	45.8	56.0	32.3	516.1
Liabilities ⁽²⁾	79.5	59.2	9.8	31.2	7.0	186.7
Capital employed	126.8	116.5	36.0	24.8	25.3	329.4
Capital expenditure	15.6	4.4	2.2	-	2.4	24.6

At December 31, 2017 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non- operating	Total
Assets ⁽¹⁾	185.8	91.9	25.6	52.2	29.0	384.5
Liabilities ⁽²⁾	88.3	36.9	7.9	25.5	4.9	163.5
Capital employed	97.5	55.0	17.7	26.7	24.1	221.0
Capital expenditure	8.2	5.3	0.4	-	0.1	14.0

(1) Assets other than cash and cash equivalents and factored receivables.

(2) Excluding equity attributable to owners of the parent, borrowings (long-term borrowings, short-term portion of long-term borrowings and short-term bank loans and overdrafts) and factoring liabilities.

4.1.3. Additional information

Year ended Dec. 31, 2018 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non- operating	Consolidated
Depreciation of property, plant and equipment	(6.2)	(2.8)	(1.0)	-	(0.1)	(10.1)
Impairment:						
• inventories	(1.4)	(0.3)	-	(0.1)	-	(1.8)
• trade receivables	-	0.1	-	-	-	0.1
Restructuring costs (note 5)	-	(0.9)	(0.4)	-	-	(1.3)

Year ended Dec. 31, 2017 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non- operating	Consolidated
Depreciation of property, plant and equipment	(5.8)	(3.7)	-	-	(0.1)	(9.6)
Impairment:						
• property, plant and equipment (note 5)	(0.1)	0.1	-	-	-	-
• inventories	(1.5)	(0.4)	-	-	-	(1.9)
Restructuring costs (note 5)	-	(0.9)	-	-	-	(0.9)

4.2. Information by geographical area

4.2.1. Revenue

The Group generates over 90% of its revenue outside France.

Revenue by client location breaks down as follows:

Year ended Dec. 31, 2018 (in euro millions)	Protective Films	Technical Substrates	Fashion Technologies	Luxury Materials	Consolidated
Geographical area					
Europe	144.3	54.8	25.2	48.7	273.0
Asia-Oceania and Africa	50.9	85.6	4.8	20.1	161.4
Americas	88.1	20.7	0.7	29.4	138.9
TOTAL	283.3	161.1	30.7	98.2	573.3

Year ended Dec. 31, 2017 (in euro millions)	Protective Films	Technical Substrates	Fashion Technologies	Luxury Materials	Consolidated
Geographical area					
Europe	139.2	53.7	17.0	40.7	250.6
Asia-Oceania and Africa	53.5	55.4	8.3	24.7	141.9
Americas	88.3	22.1	0.5	29.6	140.5
TOTAL	281.0	131.2	25.8	95.0	533.0

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

(in euro millions)	Year ended December 31			
	2018		2017	
United States	103.7	18%	100.4	19%
Italy	67.4	12%	65.0	12%
China and Hong Kong	53.5	9%	52.9	10%
Germany	51.3	9%	49.2	9%
France	42.2	7%	39.2	7%
Top 5 countries	318.1	55%	306.7	58%
Other countries	255.2	45%	226.3	42%
TOTAL	573.3	100%	533.0	100%

4.2.2. 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

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Europe	129.1	97.0
Asia-Oceania and Africa	64.3	12.3
Americas	97.5	87.3
TOTAL	290.9	196.6

The year-on-year increase in non-current assets in Europe mainly reflects (i) the assets of Leach, which was acquired in 2018, and (ii) the construction of a new coating line in Italy for the Protective Films segment (see note 1.1). The increases in the Asia-Oceania-Pacific and Africa region and the Americas region were due to the acquisition of PCC, particularly the recognition of its customer portfolio and the PCC brand (see note 1.1 and note 10.2).

PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Europe	20.4	10.2
Asia-Oceania-Pacific and Africa	1.3	0.7
Americas	1.4	2.5
TOTAL	23.1	13.4

Note 5 OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense can be analyzed as follows:

<i>(in euro millions)</i>	Year ended December 31	
	2018	2017
Bargain purchase gain ⁽¹⁾	1.7	-
Restructuring costs ⁽²⁾	(1.3)	(0.9)
Asset retirements	-	(0.5)
Acquisition-related expenses ⁽³⁾	(6.4)	(2.5)
Other ⁽⁴⁾	0.1	(2.0)
TOTAL	(5.9)	(5.9)

(1) In first-half 2018, the Group acquired Lantor Lanka for a token amount of one euro, which generated €1.7 million in goodwill.

(2) At December 31, 2018, restructuring costs mainly concerned the Fashion Technologies and Technical Substrates segments.

(3) Acquisition-related expenses correspond to costs incurred in connection with the Group's business development and growth programs.

(4) For 2017, the "Other" line notably includes costs incurred in connection with the departure of Group executives, including non-compete indemnities paid in accordance with Group practice.

Note 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 2018 and 2017:

	Year ended December 31	
	2018	2017
Employees in France	565	553
Employees outside France	1,227	978
TOTAL EMPLOYEES	1,792	1,531

The year-on-year increase was primarily due to the acquisitions carried out in 2018 (see note 1.1).

6.2. Payroll costs

(in euro millions)	Year ended December 31	
	2018	2017
Wages and salaries	64.3	59.9
Payroll taxes	24.8	23.2
Discretionary profit sharing	3.2	4.0
TOTAL	92.3	87.1

Note 7 FINANCIAL INCOME AND EXPENSE

(in euro millions)	Year ended December 31	
	2018	2017
• Finance costs ⁽¹⁾	(9.1)	(7.8)
• Interest income on loans and investments	0.2	0.3
Finance costs, net	(8.9)	(7.5)
• Interest expense on employee benefit obligations	(0.3)	(0.2)
• Impairment of financial assets	(0.4)	-
• Exchange gains and losses on foreign currency receivables and payables	(0.4)	(1.1)
• Fair value adjustments to financial instruments	(0.7)	-
• Other	0.1	0.3
Other financial income and expense	(1.7)	(1.0)
NET FINANCIAL EXPENSE	(10.6)	(8.5)

(1) Following the renegotiation of the Group's factoring programs, factoring costs have been included in "Finance costs" for the year ended December 31, 2018, with the comparative data for 2017 restated accordingly.

Note 8 INCOME TAX

8.1. Income tax

Income tax expense reported in the income statement is analyzed in the table below:

(in euro millions)	Year ended December 31	
	2018	2017
Current taxes	(6.9)	(5.8)
Deferred taxes	1.8	1.8
TOTAL	(5.1)	(4.0)

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 euro millions)	Year ended December 31	
	2018	2017
Pre-tax profit of consolidated companies	31.6	30.0
Standard French income tax rate	34.43%	34.43%
Tax at the standard rate	(10.9)	(10.3)
Income tax expense for the period	(5.1)	(4.0)
Difference between income tax expense for the period and tax at the standard rate	5.8	6.3
Effect of differences in foreign tax rates	1.6	1.3
Effect of permanent differences between book profit and taxable profit	0.3	(0.6)
Change in tax assets recognized for tax losses:		
• Reversals of valuation allowances on tax loss carryforwards recognized in prior periods ⁽¹⁾	1.5	1.7
• Utilizations of tax loss carryforwards covered by valuation allowances ⁽²⁾	3.7	4.7
• Effect of unrelieved tax losses	(0.3)	(0.2)
Other ⁽³⁾	(1.0)	(0.6)
DIFFERENCE BETWEEN INCOME TAX EXPENSE FOR THE PERIOD AND TAX AT THE STANDARD RATE	5.8	6.3

(1) Including €1.5 million in deferred tax assets recognized at December 31, 2018 on the American tax group's tax loss carryforwards.

(2) Primarily corresponding to the utilization of the French tax group's tax loss carryforwards (see note 8.2.2).

(3) The 2017 and 2018 figures include a €0.7 million expense relating to the CVAE tax in France.

8.2. Deferred taxes

8.2.1. Analysis of the net deferred tax asset

<i>(in euro millions)</i>	Dec. 31, 2017	Income statement impact	Equity impact	Translation adjustment	Other	Dec. 31, 2018
France	23.7	-	-	-	-	23.7
United States	2.9	1.5	-	0.2	-	4.6
Germany	1.0	-	-	-	-	1.0
Italy	0.8	(0.1)	-	-	-	0.7
Other countries	1.9	0.4	0.6	(0.9)	(4.8)	(2.8)
TOTAL	30.3	1.8	0.6	(0.7)	(4.8)	27.2

<i>(in euro millions)</i>	Dec. 31, 2018			Dec. 31, 2017		
	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	30.7	1.0	31.7	28.4	0.9	29.3
• recoverable within 12 months	-	8.2	8.2	-	7.9	7.9
Deferred tax liabilities, net						
• to be settled beyond 12 months	-	(11.4)	(11.4)	-	(6.3)	(6.3)
• to be settled within 12 months	-	(1.3)	(1.3)	-	(0.6)	(0.6)
TOTAL	30.7	(3.5)	27.2	28.4	1.9	30.3

8.2.2. Analysis of tax loss carryforwards

No deferred tax assets have been recognized for a significant portion of the evergreen losses of the various tax groups.

Tax loss carryforwards were as follows at December 31, 2018:

<i>(in euro millions)</i>	French tax group	US tax group	German tax group	Other countries, excluding tax groups	Total tax loss carryforwards
Available until					
2019	-	-	-	0.7	0.7
2020	-	-	-	-	-
2021	-	7.6	-	0.1	7.7
2022	-	11.1	-	0.2	11.3
2023 and beyond	-	63.2	-	4.3	67.5
Evergreen losses	192.0	-	22.3	8.7	223.0
TOTAL TAX LOSS CARRYFORWARDS AT DECEMBER 31, 2018	192.0	81.9	22.3	14.0	310.2
<i>o/w recognized</i>	84.5	18.4	3.9	3.1	109.9
<i>o/w unrecognized</i>	107.5	63.5	18.4	10.9	200.3
Total tax loss carryforwards at December 31, 2017	197.2	84.6	25.1	13.6	320.5
<i>o/w recognized</i>	84.5	8.3	3.4	1.4	97.6
<i>o/w unrecognized</i>	112.7	76.3	21.7	12.2	222.9

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.

Note 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 amounted to €1.14 in 2018.

Diluted earnings per share takes into account the weighted average number of performance shares granted to employees (see note 17.4). For 2017, the calculation of diluted earnings per share also involved adding back to profit from continuing operations the €0.3 million recognized for performance shares during the year.

<i>(in euro millions)</i>	Year ended December 31			
	2018		2017	
	Basic	Diluted	Basic	Diluted
Profit from continuing operations (in euro millions)	26.6	26.8	25.2	25.5
Weighted average number of shares	23,349,984	23,365,260	23,156,635	23,172,464
Earnings per share from continuing operations (in euros)	1.14	1.15	1.09	1.10

Note 10 INTANGIBLE ASSETS

10.1. Goodwill

10.1.1. Movements in goodwill

The table below provides a breakdown of goodwill by cash-generating unit (CGU).

<i>(in euro millions)</i>	Protective Films	Fashion Technologies	Technical Substrates	Total
Dec. 31, 2016	72.5	6.7	11.0	90.2
Additions	5.3	-	-	5.3
Translation adjustment	(8.6)	(0.7)	-	(9.3)
Dec. 31, 2017	69.2	6.0	11.0	86.2
Additions	-	28.7	7.9	36.6
Translation adjustment	2.9	1.1	-	4.0
DEC. 31, 2018	72.1	35.8	18.9	126.8

Protective Films

The Protective Films segment is managed on a worldwide basis to meet the needs of global customers, and is considered to represent a single CGU.

The acquisitions in 2017 of Walco in the United States, Somerra in France and Omma in Italy – all three of which specialize in designing and manufacturing the laminators used to apply temporary surface protection films – gave rise to final goodwill of €5.3 million. As these three companies have been included in the Protective Films segment and their acquisitions are expected to generate synergies for the division as a whole, the full amount of this provisional goodwill has been allocated to the Protective Films CGU.

Substantially all of Protective Films' goodwill is measured in US dollars and the appreciation in the dollar against the euro between December 31, 2017 and 2018 resulted in a €2.9 million increase in its carrying amount.

Fashion Technologies

The Fashion Technologies segment also has a global management structure that is aligned with local needs.

On August 24, 2018, the Group acquired the interlinings business of Precision Custom Coatings (PCC). The transaction consisted of a share deal for PCC Asia and an asset deal for the PCC USA interlinings business. The share deal gave rise to provisional goodwill of 222.4 million Hong Kong dollars, or €24.1 million (see note 1.1). The asset deal gave rise to provisional goodwill of 5.4 million US dollars, or €4.6 million (see note 1.1). As PCC has been integrated into the Fashion Technologies segment and its acquisition is expected to generate synergies for the division as a whole, the full amount of this provisional goodwill has been allocated to the Fashion Technologies CGU.

A portion of Fashion Technologies' goodwill is denominated in Bangladesh taka, Hong Kong dollars and US dollars, and the appreciation of these currencies against the euro between December 31, 2017 and 2018 resulted in a €1.1 million increase in the carrying amount of that segment's goodwill.

Technical Substrates

The Technical Substrates segment comprises Senfa and Leach, which was acquired during the first half of 2018.

Leach, which is based in the United Kingdom, was acquired in 2018, giving rise to provisional goodwill of 7.0 million pounds sterling, or €7.9 million (see note 1.1).

10.1.2. Goodwill impairment tests

The tests performed at the level of each CGU at December 31, 2018 showed that their recoverable amounts were higher than their carrying amounts, including for goodwill.

10.1.3. Main assumptions used and sensitivity tests

The recoverable amount of the CGUs was determined based on value-in-use calculations.

Impairment tests were carried out on the two businesses to which goodwill has been allocated 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:

The main value-in-use assumptions applied were as follows:	2018			2017		
	Protective Films	Fashion Technologies	Technical Substrates	Protective Films	Fashion Technologies	Technical Substrates
Average weighted operating margin over the business plan period ⁽¹⁾	12.60%	8.90%	14.30%	11.40%	6.40%	15.20%
Perpetuity growth rate ⁽²⁾	1.00%	1.00%	2.00%	1.00%	1.00%	2.00%
Discount rate	9.00%	8.92%	9.05%	7.50%	8.50%	8.50%

(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

<i>(in euro millions)</i>	Trademarks, customers and patents	Development costs	Licenses	Other	Total
Dec. 31, 2016	0.6	0.3	0.3	0.7	1.9
Capitalized development costs	-	0.2	-	-	0.2
Acquisitions	0.1	-	-	0.5	0.6
Amortization	(0.1)	(0.1)	-	(0.4)	(0.6)
Other	-	0.1	-	(0.1)	-
Dec. 31, 2017	0.6	0.5	0.3	0.7	2.1
Capitalized development costs	-	0.1	-	-	0.1
Acquisitions	0.1	-	-	1.4	1.5
Changes in scope of consolidation	28.4	-	-	-	28.4
Amortization	(1.0)	(0.1)	-	(0.5)	(1.6)
Translation adjustment	0.7	-	-	0.1	0.8
DEC. 31, 2018	28.8	0.5	0.3	1.7	31.3

The acquisitions of Leach and PCC carried out in 2018 resulted in the recognition of intangible assets corresponding to (i) the Leach and PCC brands (€1.1 million and €2.1 million respectively), and (ii) the two companies' customer portfolios (€3.3 million and €21.6 million respectively).

Note 11 PROPERTY, PLANT AND EQUIPMENT

Changes in the carrying amount of property, plant and equipment can be analyzed as follows:

<i>(in euro millions)</i>	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
Dec. 31, 2016	2.6	10.0	40.8	5.0	3.4	61.8
Additions ⁽¹⁾	-	0.4	6.6	1.5	4.9	13.4
Disposals	-	-	(0.4)	-	(0.3)	(0.7)
Changes in scope of consolidation	-	-	0.1	-	-	0.1
Amortization	-	(1.4)	(7.3)	(0.9)	-	(9.6)
Other	(0.1)	0.1	1.6	0.2	(1.8)	-
Translation adjustment	-	(0.4)	(1.0)	(0.1)	(0.3)	(1.8)
Dec. 31, 2017	2.5	8.7	40.4	5.7	5.9	63.2
Additions ⁽¹⁾	0.7	0.4	7.1	1.0	13.9	23.1
Disposals	-	-	-	-	(0.3)	(0.3)
Changes in scope of consolidation	2.6	-	0.8	0.5	-	3.9
Amortization	(0.1)	(1.3)	(7.7)	(1.0)	-	(10.1)
Other	-	0.9	3.2	0.7	(4.8)	-
Translation adjustment ⁽²⁾	(0.1)	0.2	0.9	-	(0.1)	0.9
DEC. 31, 2018	5.6	8.9	44.7	6.9	14.6	80.7

(1) Including €0.4 million worth of assets acquired under finance leases.

(2) Of which €1.3 million corresponding to the impact of hyperinflation in Argentina (see note 2.5.4).

Note 12 FINANCE LEASES

The carrying amount of property, plant and equipment acquired under finance leases is as follows:

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Land	1.2	1.2
Buildings	19.5	19.5
Plant and equipment	36.1	36.2
Fixtures, fittings and other	7.0	7.0
Gross value	63.8	63.9
Amortization	(52.6)	(50.1)
Depreciation	-	-
Net value	11.2	13.8

Future minimum lease payments under finance leases and the carrying amount of the corresponding liabilities can be analyzed as follows:

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Future minimum lease payments under finance leases	9.0	14.5
Finance lease liabilities	8.7	13.4
Future finance cost	0.3	1.1

Future lease payments can be analyzed by maturity as follows:

<i>(in euro millions)</i>	Future minimum lease payments	Finance lease liabilities
Due in less than one year	3.3	3.4
Due in one to five years	5.7	5.3
TOTAL AT DECEMBER 31, 2018	9.0	8.7
Due in less than one year	5.5	5.1
Due in one to five years	9.0	8.3
Total at December 31, 2017	14.5	13.4

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.

Note 13 EQUITY-ACCOUNTED INVESTEEES

13.1. Companies

Luxury Materials segment

CW Uruguay, comprising 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

Following the acquisition of the PCC Interlining group during the year, the Fashion Technologies segment now has two equity-accounted investees: Ningbo Textile Co Ltd (25%-held) and Weemeet Korea (20%-held).

Movements in equity-accounted investees can be analyzed as follows:

<i>(in euro millions)</i>	Dec. 31, 2017	Share of profit/ (loss) for the period	Dividends received	Translation adjustment	Scope changes	Dec. 31, 2018
CW Uruguay	6.5	0.1	-	0.3	-	6.9
CW Argentina	2.0	-	-	(0.4)	-	1.6
Zhangjiagang Yangtse Wool Combing Co. Ltd	2.8	-	-	(0.1)	-	2.7
Total joint ventures	11.3	0.1	-	(0.2)	-	11.2
Wool USA	0.4	-	-	0.2	-	0.6
Ningbo Textile Co Ltd	-	-	-	-	0.5	0.5
Weemeet Korea	-	-	-	-	0.8	0.8
Total associates	0.4	-	-	0.2	1.3	1.9
TOTAL EQUITY-ACCOUNTED INVESTEEES	11.7	0.1	-	-	1.3	13.1

<i>(in euro millions)</i>	Dec. 31, 2016	Share of profit/ (loss) for the period	Dividends received	Translation adjustment	Scope changes	Dec. 31, 2017
CW Uruguay	7.7	(0.3)	-	(0.9)	-	6.5
CW Argentina	2.3	0.1	-	(0.4)	-	2.0
Zhangjiagang Yangtse Wool Combing Co. Ltd	3.4	(0.5)	-	(0.1)	-	2.8
Other	0.9	-	(0.8)	(0.1)	-	-
Total joint ventures	14.3	(0.7)	(0.8)	(1.5)	-	11.3
Wool USA	0.6	(0.1)	-	(0.1)	-	0.4
Total associates	0.6	(0.1)	-	(0.1)	-	0.4
TOTAL EQUITY-ACCOUNTED INVESTEEES	14.9	(0.8)	(0.8)	(1.6)	-	11.7

13.2. Key figures for the main equity-accounted investees

Key figures for material equity-accounted investees are presented below (on a 100% basis):

<i>(in euro millions)</i>	For the year ended December 31, 2018					For the year ended December 31, 2017				
	Chargeurs Luxury Materials					Chargeurs Luxury Materials				
	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Total		CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Total	
Non-current assets	2.6	1.4	4.8	8.8		2.7	0.9	4.7	8.4	
Current assets	43.0	22.6	13.3	78.9		38.9	20.0	15.1	74.0	
Cash and cash equivalents	1.6	0.2	1.4	3.2		1.7	0.2	3.9	5.8	
Non-current financial liabilities	-	-	-	-		-	-	-	-	
Other non-current liabilities	0.1	-	-	0.1		0.1	-	-	0.1	
Current financial liabilities	25.6	10.1	2.5	38.2		21.8	11.0	6.1	38.9	
Other current liabilities	7.7	11.0	11.5	30.2		8.4	7.2	12.1	27.7	
Total net assets	13.8	3.1	5.5	22.4		13.0	2.9	5.5	21.5	
% interest	50%	50%	50%	n.a.		50%	50%	50%	n.a.	
Group share	6.9	1.6	2.7	11.2		6.5	1.5	2.8	10.7	
Other	-	-	-	-		-	0.5	-	0.5	
Carrying amount	6.9	1.6	2.7	11.2		6.5	2.0	2.8	11.2	

<i>(in euro millions)</i>	For the year ended December 31, 2018					For the year ended December 31, 2017				
	Chargeurs Luxury Materials					Chargeurs Luxury Materials				
	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Total		CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Total	
Revenue	55.0	24.3	25.4	104.7		49.9	20.0	24.4	94.3	
Depreciation, amortization and impairment	(0.5)	-	(0.9)	(1.4)		(0.5)	-	(0.8)	(1.3)	
Finance costs, net	(0.8)	(0.4)	(0.3)	(1.5)		(0.7)	(0.4)	(3.7)	(4.8)	
Profit/(loss) from continuing operations	0.2	0.1	-	0.3		(0.6)	0.1	(0.9)	(1.4)	
% interest	50%	50%	50%	n.a.		50%	50%	50%	n.a.	
GROUP SHARE	0.1	-	-	0.1		(0.3)	0.1	(0.5)	(0.7)	

13.3. Transactions with equity-accounted investees

In the first half of 2018, the main transactions with the Group's equity-accounted investees (Lanas Trinidad, Chargeurs Wool Argentina and Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse Pty Ltd) were as follows:

- purchases recorded in cost of sales for €41.7 million;
- sales for €8.4 million;
- trade receivables for €9.3 million;
- trade payables for €12.9 million.

Note 14 FINANCIAL ASSETS

At December 31, 2017, non-current financial assets mainly comprised deposits (€4.6 million) and investments in non-consolidated companies (€1.8 million).

The carrying amounts of the Group's main investments in non-consolidated companies can be analyzed as follows:

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Interests of over 50%	1.8	1.4
Interests of between 20% and 50%	-	-
Interests of less than 20%	-	0.1
TOTAL	1.8	1.5

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 13. The fair value of these assets is close to their carrying amount. An impairment loss is recorded where necessary.

Note 15 WORKING CAPITAL

15.1. Analysis of change in working capital

(in euro millions)	Dec. 31, 2017	Change in operating working capital ⁽¹⁾	Other changes	Translation adjustment ⁽²⁾	Impact of changes in scope of consolidation	Dec. 31, 2018
Inventories and work-in-progress	107.3	15.4		(0.8)	6.4	128.4
Trade receivables	53.0	7.8	-	(0.5)	12.1	72.4
Derivative financial instruments	0.4	0.4	(0.1)	-	-	0.7
Other receivables	23.5	(0.2)	-	(0.8)	(2.0)	20.5
Current income tax receivables	3.7	-	(0.5)	-	-	3.2
Assets	187.9	23.4	(0.6)	(2.0)	16.5	225.1
Trade payables	96.7	8.4	-	-	11.7	116.8
Derivative financial instruments	1.3	(0.7)	(0.2)	-	-	0.4
Other payables	42.5	(4.4)	-	(0.1)	4.3	42.3
Current income tax liability	2.8	(2.4)	-	-	0.6	1.0
Liabilities	143.3	0.9	(0.2)	(0.1)	16.6	160.5
WORKING CAPITAL	44.6	22.5	(0.4)	(1.9)	(0.1)	64.6

(1) Reported in the consolidated statement of cash flows under "Net cash from operating activities".

(2) Of which €0.7 million corresponding to the impact of hyperinflation in Argentina (see note 2.5.4).

The change in working capital in 2018 was primarily due to the following two factors:

- A reduction in the inventories held by Chargeurs Protective Films' customers. As a result of long delivery times due to market under-capacity, these customers had built up high levels of stand-by inventories which they shed as the delivery times began to return to normal;
- High business volumes for Chargeurs PCC Fashion Technologies.

(in euro millions)	Dec. 31, 2016	Change in operating working capital ⁽¹⁾	Other changes	Translation adjustment	Impact of changes in scope of consolidation	Dec. 31, 2017
Inventories and work-in-progress	105.4	6.8	-	(7.1)	2.2	107.3
Trade receivables	47.3	8.3	-	(4.2)	1.6	53.0
Derivative financial instruments	0.5	-	(0.1)	-	-	0.4
Other receivables	23.0	0.4	-	(0.3)	0.4	23.5
Current income tax receivables	2.2	-	1.5	-	-	3.7
Assets	178.4	15.5	1.4	(11.6)	4.2	187.9
Trade payables	91.3	6.6	-	(2.4)	1.2	96.7
Derivative financial instruments	1.8	-	(0.5)	-	-	1.3
Other payables	39.7	1.9	-	(1.2)	2.1	42.5
Current income tax liability	1.9	0.3	-	-	0.6	2.8
Liabilities	134.7	8.8	(0.5)	(3.6)	3.9	143.3
WORKING CAPITAL	43.7	6.7	1.9	(8.0)	0.3	44.6

(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:

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Gross value		
Raw materials and supplies	47.1	42.7
Finished and semi-finished goods and work-in-progress	87.3	70.3
Other	0.5	0.6
Total - Gross value	135.0	113.6
Provisions for impairment	(6.6)	(6.3)
NET VALUE	128.4	107.3

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Provisions for impairment at January 1	(6.3)	(6.6)
Increase in provisions for impairment of inventory	(1.8)	(1.8)
Reversals of provisions used	1.5	1.4
Reversals of surplus provisions	0.4	0.6
Translation adjustment	-	0.1
Other	(0.3)	-
PROVISIONS FOR IMPAIRMENT AT DECEMBER 31	(6.6)	(6.3)

No inventories have been pledged as collateral.

15.3. Trade receivables

<i>(in euro millions)</i>	Dec. 31, 2018	Not yet due	Past due	Dec. 31, 2017	Not yet due	Past due
Trade receivables						
Gross value	75.4	57.7	17.7	56.1	48.1	8.0
Provisions for impairment	(3.0)	(0.4)	(2.6)	(3.1)	(0.3)	(2.8)
NET VALUE	72.4	57.3	15.1	53.0	47.8	5.2

Trade receivables by due date

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Less than one month	6.0	2.9
One-to-three months past due	4.8	1.7
Three-to-six months past due	3.5	0.6
More than six months past due	0.8	-
NET VALUE	15.1	5.2

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 22).

15.4. Miscellaneous receivables

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Short-term tax receivables	3.2	3.7
Miscellaneous receivables	20.5	23.5
NET VALUE	23.7	27.2

"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.

Note 16 FACTORING

Prior to 2018 certain Group companies sold receivables through no-recourse agreements under which title to the receivables was transferred at the time of sale. As from 2005, the Group presented these receivables as assets in the consolidated statement of financial position with a corresponding liability for the amount of cash proceeds received on the sales.

The receivables were covered by credit insurance, with the Chargeurs Group entities retaining risks relating to:

- dilution;
- foreign exchange, and
- payment delays.

The accounting treatment applied was prudently chosen, based on Chargeurs' analysis of the sale agreements. The amount of receivables sold under these agreements totaled €47.8 million at December 31, 2017.

During the first half of 2018, Chargeurs SA and several of its subsidiaries renegotiated with French financial institutions the terms and conditions of the Group's factoring programs in Europe. The aims of this renegotiation were to improve the programs' financial terms and conditions and simplify their contractual structure as well as to ensure that the receivables sold meet the derecognition criteria in IFRS 9.

The new programs provide for no-recourse sales with the transfer of substantially all of the risks and rewards of ownership of the amount of receivables sold throughout the year. Only the non-material risk of dilution is not transferred to the transferees. Consequently, the sold receivables have been derecognized.

The amount of receivables sold under the new programs totaled €52.9 million at December 31, 2018. The security deposits related to the programs have been recognized in non-current financial assets and amounted to €3.0 million at December 31, 2018.

Note 17 EQUITY

17.1. Share capital

All Chargeurs SA shares have been called and are fully paid-up. Changes in the number of shares outstanding since December 31, 2017 are as follows:

Shares outstanding at December 31, 2017	23,330,597
New shares issued following payment of the balance of the dividend for financial year 2017	170,507
Shares issued in payment of the 2018 dividend balance	33,651
Shares issued on conversion of bonds by bondholders	17,000
SHARES OUTSTANDING AT DECEMBER 31, 2018	23,551,755

Based on a par value of €0.16 per share, shares outstanding represented issued capital of €3,732,896 at December 31, 2018.

Double voting rights

Chargeurs' bylaws provide that shares registered in the name of the same owner for at least 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, 2018, a total of 843,288 shares carried double voting rights.

17.2. Interim dividends

Payment of an interim dividend for 2017

In 2017, Chargeurs' Board of Directors decided to pay a dividend in view of the Group's performance during that year.

An interim dividend of €0.25 per share was paid in 2017 and the balance of €0.35 was paid in 2018, with shareholders given the option of receiving this payment in cash or in the form of shares. In total, 170,507 new shares were issued as payment for the dividend to shareholders who opted for the stock dividend alternative, based on a price per share of €21.70. As a result of this share issue the Company's share capital was raised to €3,760,177 divided into 23,501,104 ordinary shares with a par value of €0.16 each.

The amount of the interim dividend paid in cash on May 17, 2018 totaled €4.4 million.

Payment of an interim dividend for 2018

On September 5, 2018, the Chargeurs Board of Directors approved the payment of an interim dividend of €0.30 per share, based on 2018 performance. Shareholders were given the option of receiving their interim dividend either in cash or in the form of new shares.

At the end of the option exercise period, which ran from September 12 to September 20, 2018, 33,651 new shares were issued at a unit price of €22.76.

They carry dividend rights immediately and rank *pari passu* with the Company's existing shares from their issue on September 28, 2018.

At the close of the operation, Chargeurs' share capital amounted to €3,768,281 divided into 23,551,755 ordinary shares with a par value of €0.16 each, all fully paid up and of the same category.

The amount of the interim dividend paid in cash on September 28, 2018 totaled €6.4 million.

17.3. Treasury stock

Treasury stock comprises Chargeurs SA shares held by the Group, including shares purchased under a share buyback program and a liquidity contract. At December 31, 2018 the Group held 557,878 shares in treasury (versus 13,334 one year earlier), valued at €10.4 million.

17.4. Share-based payments

Equity-settled share-based payments are measured at fair value at the grant date using:

- the Black-Scholes model for instruments that do not include a market condition; or
- the Black-Scholes and Monte Carlo models for instruments that include both market and non-market conditions.

The main factors taken into account when measuring the value of the financial instruments concerned are the grant-date share price, expected volatility and a lock-up discount.

By way of the twentieth resolution (extraordinary resolution) of the April 20, 2017 Annual General Meeting, in accordance with articles L.225-197-1 *et seq.* of the French Commercial Code, the Company's shareholders authorized the Board of Directors to grant, on one or more occasions, existing or new Chargeurs shares free of consideration to beneficiaries to be 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. The free share grants carried out in accordance with this resolution are subject to an overall ceiling of 1% of the Company's capital as at the date of that Annual General Meeting.

In 2018 the Board of Directors used this authorization as follows:

- on September 5, 2018, the Board granted a total of 45,700 performance shares, representing 0.19% of the Company's capital, to a number of key executives of the Chargeurs Group. These shares are subject to a one-year vesting period followed by a one-year lock-up period. The shares will only vest if the applicable performance conditions are met and the beneficiary is still a member of the Group at the vesting date;
- on December 10, 2018, the Board granted a total of 18,000 performance shares, representing 0.08% of the Company's capital, to a number of key executives of the Chargeurs Group. These shares are subject to a one-year vesting period followed by a one-year lock-up period. The shares will only vest if the applicable performance conditions are met and the beneficiary is still a member of the Group at the vesting date.

	Free share grant plan implemented by the Board of Directors on September 5, 2018	Free share grant plan implemented by the Board of Directors on December 10, 2018
Grant date	Sept. 05, 2018	Dec. 10, 2018
Number of beneficiaries	13	2
Number of shares granted	45,700	18,000
Fair value before the lock-up discount on the grant date	24.71	14.20
Fair value after the lock-up discount on the grant date	24.56	14.05

In 2018, a €0.2 million expense was recognized within payroll costs in the income statement for these new plans, with a corresponding increase in equity.

17.5. Translation reserve

Movements in 2018 in the Group's translation reserves by main currency can be analyzed as follows:

(in euro millions)	Translation reserves by main currency at Dec. 31, 2017	Increase/(decrease)	Translation reserves by main currency at Dec. 31, 2018
US dollar	5.6	3.7	9.3
Chinese yuan	6.3	(0.2)	6.1
Argentine peso ⁽¹⁾	(10.8)	(2.0)	(12.8)
Hong Kong dollar	1.4	1.2	2.6
Other	(0.9)	(1.2)	(2.1)
TOTAL	1.6	1.5	3.1

(1) Including €1.0 million corresponding to the impact of hyperinflation in Argentina.

Note 18 LONG- AND SHORT-TERM DEBT, CASH AND CASH EQUIVALENTS

18.1. Net debt

(in euro millions)	Cash movements				Non-cash movements		Dec. 31, 2018
	Dec. 31, 2017	Increase	Decrease	Changes in scope of consolidation ⁽¹⁾	Assets acquired under finance leases	Changes in exchange rates	
Marketable securities	90.5	-	(73.7)	-	-	-	16.8
Term deposits	2.0	2.5	-	-	-	-	4.5
Cash at bank	122.3	-	(37.6)	7.5	-	(3.5)	88.7
Total cash and cash equivalents	214.8	2.5	(111.3)	7.5	-	(3.5)	110.0
Long-term borrowings:	189.4	34.0	(42.7)	0.3	0.4	-	181.4
• of which bank borrowings	176.0	34.0	(37.5)	0.3	-	(0.1)	172.7
• of which finance lease liabilities	13.4	-	(5.2)	-	0.4	0.1	8.7
Short-term borrowings	9.6	4.4	-	-	-	0.3	14.3
Bank covenants	6.9	-	(0.1)	-	-	(0.3)	6.5
Total gross debt	205.9	38.4	(42.8)	0.3	0.4	-	202.2
NET CASH POSITION/(NET DEBT POSITION)	8.9	(35.9)	(68.5)	7.2	(0.4)	(3.5)	(92.2)

(1) Reported in the consolidated statement of cash flows under "Acquisitions of subsidiaries, net of the cash acquired".

There were no restrictions on the use of the cash and cash equivalents held by Group at December 31, 2018.

The average interest rate on long-term borrowings after hedging was 2.79% at December 31, 2018 and 2.77% at December 31, 2017.

During the first half of 2018, the Group negotiated the extension of a five-year confirmed credit facility from €5.0 million to €10.0 million. None of this facility had been drawn down at December 31, 2018.

In December 2018, the Group set up a €230 million syndicated credit facility with a pool of seven French and international banks. This new facility comprises:

- a €100 million RCF maturing in 5+1 years (of which €30 million had been drawn down at December 31, 2018 to repay an existing credit facility); and
- a €130 million term loan with a 6-year final maturity (none of which had been drawn down at December 31, 2018).

The €100 million RCF will be used for the Group's general business purposes and the €130 million term loan will be devoted to financing the Group's external growth and capital expenditure.

The new financing arrangement was entered into on much better financial terms than the bilateral facilities previously in place, which were negotiated on a case-by-case basis and were all terminated when the new agreement was signed.

18.2. Change in net debt

(in euro millions)	2018	2017
EBITDA	59.8	54.6
Other operating income and expense ⁽¹⁾	(7.7)	(3.4)
Finance costs, net	(8.9)	(7.5)
Income tax paid	(6.0)	(7.0)
Other	(0.3)	(0.1)
Cash generated by operations	36.9	36.6
Dividends from equity-accounted investees	-	0.8
Change in operating working capital	(22.5)	(6.7)
Operating cash flows	14.4	30.7
Acquisition of PPE and intangible assets, net of disposals	(23.7)	(12.9)
Acquisitions of subsidiaries, net of cash acquired	(65.3)	(5.7)
Other investing cash flows	(1.6)	0.5
Share buybacks	(10.2)	-
Cash dividends paid to owners of the parent	(10.8)	(6.6)
Other	(0.4)	(0.6)
Currency effect	(3.5)	0.3
CHANGE IN NET CASH/(NET DEBT)	(101.1)	5.7
Opening net cash/(net debt)	8.9	3.2
CLOSING NET CASH/(NET DEBT)	(92.2)	8.9

(1) This line only includes cash items relating to restructuring costs and acquisition costs (see note 5).

18.3. Financial covenants

The Group's new bank financing does not have a leverage covenant but is subject to a gearing covenant of $\leq 1.2x$, calculated on a half-yearly basis.

The Group's Euro PPs (€122.0 million) are subject to covenants based on the following ratios, which are measured at December 31 each year:

- gearing ratio: Net debt/equity ≤ 0.85 ;
- leverage ratio: Net debt/EBITDA ≤ 3.50 .

Both of these ratios were respected at December 31, 2018.

18.4. Debt by maturity and interest rate

Analysis of long-term and medium-term debt by maturity and interest rate:

(in euro millions)	Dec. 31, 2018			Dec. 31, 2017		
	Total	Of which fixed rate	Of which variable rate	Total	Of which fixed rate	Of which variable rate
Due in less than one year	12.3	11.6	0.7	10.1	8.6	1.5
Due in one to two years	7.0	6.1	0.9	9.0	7.5	1.5
Due in two to three years	7.5	5.6	1.9	22.3	21.0	1.3
Due in three to four years	3.3	2.2	1.1	21.4	20.5	0.9
Due in four to five years	101.3	71.3	30.0	3.0	2.4	0.6
Due in more than five years	50.0	50.0	-	123.6	123.6	-
TOTAL	181.4	146.8	34.6	189.4	183.6	5.8

Following the repayment of the Group's €30 million credit facility, the related interest rate swap was terminated. Consequently, at December 31, 2018, the Group no longer held any hedging instruments covering its variable-rate debt.

The carrying amount of fixed-rate debt, after hedging, was €146.8 million. The proportion of average debt at fixed rates of interest was 81.3% in 2018 and 96.4% in 2017.

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates obtained.

Maturities of the Group's confirmed credit facilities

The maturities of the Group's confirmed credit facilities are as follows:

(in euro millions)	Dec. 31, 2018	Average maturity	Dec. 31, 2017	Average maturity
Drawn financing facilities	195.7	4.7	199.0	5.0
Undrawn financing facilities ⁽¹⁾	206.5	5.8	78.2	3.3
TOTAL FINANCIAL RESOURCES CONFIRMED	402.2	5.3	277.2	4.6

(1) Of which €130.0 million devoted to financing future acquisitions and capital expenditure.

18.5. Analysis of debt by currency

(in euro millions)	Dec. 31, 2018	Dec. 31, 2017
Euro	181.3	188.6
US dollar	8.6	8.2
Chinese yuan	4.0	3.0
Other	8.3	6.1
TOTAL	202.2	205.9

Note 19 PENSION AND OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS CAN BE ANALYZED AS FOLLOWS BY GEOGRAPHICAL AREA:

<i>(in euro millions)</i>	France	United States	Italy	Germany	Other	Dec. 31, 2018
Present value of obligations — funded plans	1.7	15.7	-	-	-	17.4
Fair value of plan assets	(0.6)	(13.2)	-	-	-	(13.8)
Net present value of obligations — funded plans	1.1	2.5	-	-	-	3.6
Present value of obligations — unfunded plans	6.1	0.8	2.2	2.4	2.3	13.8
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	7.2	3.3	2.2	2.4	2.3	17.4

<i>(in euro millions)</i>	France	United States	Italy	Germany	Other	Dec. 31, 2017
Present value of obligations — funded plans	1.5	16.8	-	-	-	18.3
Fair value of plan assets	(0.6)	(14.6)	-	-	-	(15.2)
Net present value of obligations — funded plans	0.9	2.2	-	-	-	3.1
Present value of obligations — unfunded plans	6.5	0.5	2.5	2.4	1.4	13.3
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	7.4	2.7	2.5	2.4	1.4	16.4

MOVEMENTS IN PROVISIONS FOR THE PROJECTED BENEFIT OBLIGATION

<i>(in euro millions)</i>	Dec. 31, 2017	Net expense recognized in the income statement	Benefits paid during the period	Employer contributions	Actuarial gains and losses	Impact of changes in scope of consolidation	Translation adjustment	Dec. 31, 2018
Post-employment benefit obligations	14.3	0.9	(0.4)	(0.1)	0.4	-	0.2	15.3
Post-employment healthcare plans	0.5	-	-	-	-	-	-	0.5
Other long-term benefit obligations	1.6	0.1	(0.1)	-	-	-	-	1.6
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	16.4	1.0	(0.5)	(0.1)	0.4	-	0.2	17.4

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.

19.1. Funded plans

Movements in the projected benefit obligation under funded plans were as follows:

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Projected benefit obligation at January 1	18.3	21.7
Service cost	-	0.1
Interest cost	0.6	0.7
Benefits paid out of plan assets	(1.3)	(1.6)
Actuarial (gains)/losses for the period	(1.0)	0.7
Translation adjustment	0.8	(2.3)
Change from a funded to an unfunded obligation	-	(1.0)
PROJECTED BENEFIT OBLIGATIONS AT DECEMBER 31	17.4	18.3

Movements in the fair value of plan assets for funded plans were as follows:

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Fair value of plan assets at January 1	15.2	16.6
Actuarial (gains)/losses for the period	(1.4)	1.2
Expected return on plan assets	0.5	0.6
Employer contributions	0.1	0.3
Benefits paid out of plan assets	(1.3)	(1.6)
Translation adjustment	0.7	(1.9)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	13.8	15.2

Breakdown of plan assets:

	Dec. 31, 2018	Dec. 31, 2017
Money market funds	2%	2%
Equities	47%	54%
Bonds	47%	42%
Real estate	4%	2%
TOTAL	100%	100%

19.2. Unfunded plans

Movements in the projected benefit obligation under unfunded plans can be analyzed as follows:

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Projected benefit obligation at January 1	13.3	11.6
Service cost	0.7	0.6
Interest cost	0.2	0.2
Benefits paid out of Company reserves	(0.5)	(0.6)
Actuarial (gains)/losses for the period	-	-
Translation adjustment	0.1	(0.1)
Change from a funded to an unfunded obligation	-	1.0
Impact of changes in scope of consolidation	-	0.6
PROJECTED BENEFIT OBLIGATIONS AT DECEMBER 31	13.8	13.3

19.3. 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:

(in euro millions)	Year ended December 31	
	2018	2017
Service cost	0.7	0.7
Interest cost	0.3	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.

19.4. Main actuarial assumptions used, sensitivity tests and projected benefit obligation

The main actuarial assumptions at December 31, 2017 and 2016 were as follows:

	Dec. 31, 2018	Dec. 31, 2017
Europe:		
Discount rate applied to the projected benefit obligation ⁽¹⁾	1.50%	1.25%
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 the projected benefit obligation ⁽¹⁾	4.30%	3.62%
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 €1.3 million negative impact on the projected benefit obligation.

At December 31, 2018, the duration of the Group's employee benefit obligations was between 7 and 21 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, 2019 is €2.0 million.

Note 20 PROVISIONS

The amount reported under "Provisions" in the statement of financial position does not include short-term provisions, which are included in "Other payables".

<i>(in euro millions)</i>	Long-term provisions	Provisions for other current liabilities	Total
Dec. 31, 2016	0.5	0.6	1.1
Additions	0.2	0.5	0.7
Reversals of provisions used	-	(0.2)	(0.2)
Reversals of surplus provisions	-	(0.1)	(0.1)
Dec. 31, 2017	0.7	0.8	1.5
Additions	-	0.4	0.4
Reversals of provisions used	(0.2)	(0.3)	(0.5)
Reversals of surplus provisions	-	(0.2)	(0.2)
DEC. 31, 2018	0.5	0.7	1.2

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Provisions for other contingencies	1.2	1.5
TOTAL	1.2	1.5

Cash outflows covered by provisions for other contingencies will amount to €0.7 million in 2019 and €0.5 million in subsequent years.

Note 21 OTHER NON-CURRENT LIABILITIES

At December 31, 2018, "Other non-current liabilities" included a €2.9 million guarantee received in respect of a license.

Note 22 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 risk (foreign exchange risk, interest rate risk and price risk on certain commodities);
- credit risks; and
- liquidity risks.

The fair values of derivatives recognized in the statement of financial position can be analyzed as follows:

(in euro millions)	Dec. 31, 2018	Dec. 31, 2017
Assets	0.7	0.4
Liabilities	(0.4)	(1.3)
NET	0.3	(0.9)
• Less than 6 months	-	(0.4)
• More than 6 months	0.3	(0.5)

(in euro millions)	Dec. 31, 2018		Dec. 31, 2017	
	Fair value	Notional	Fair value	Notional
Assets net of liabilities				
Fair value hedges				
Currency hedges ⁽¹⁾	0.3	9.9	(0.2)	28.1
Cash flow hedges				
Currency hedges ⁽¹⁾	-	48.7	(0.3)	2.7
Interest rate hedges	-	-	(0.4)	(30.0)
DERIVATIVE INSTRUMENTS — NET ASSET/(LIABILITY)	0.3	58.6	(0.9)	0.8

(1) Notional amounts shown in parentheses correspond to net borrower positions for interest rate derivatives and net seller positions for all other derivatives.

22.1. 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.

22.1.1. 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.

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 13 and as explained in note 2.12.

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, 2018 was €58.6 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)**

<i>(in euro millions)</i>	Dec. 31, 2018	Dec. 31, 2017
US dollar	43.4	14.5
Chinese yuan	13.7	10.6
British pound	0.9	4.7
Euro	0.4	0.6
Australian dollar	0.2	0.4
TOTAL	58.6	30.8

The risk management policy for Chargeurs Protective Films and Chargeurs PCC 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.

**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 50% 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, 2018.

<i>(in euro millions)</i>	Translation reserves by currency	Effect of a 10% increase in the exchange rate against the euro	Effect of a 10% increase in the exchange rate against the euro
US dollar	9.3	0.9	(0.9)
Chinese yuan	6.1	0.6	(0.6)
Argentine peso	(12.8)	1.3	(1.3)
Hong Kong dollar	2.6	0.3	(0.3)
Other	(2.1)	0.2	(0.2)
TOTAL	3.1	3.3	(3.3)

Argentina's hyperinflation did not have a material impact on the consolidated financial statements (see the relevant notes – note 10, Property, plant and equipment; note 15, Inventories; and note 17.5, Translation reserves).

22.1.2. 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.

The variable-to-fixed rate swaps in place at December 31, 2017 for variable rate credit facilities, representing a notional amount of €30 million, were terminated in 2018 following the repayment of the underlying credit facilities.

NET NOTIONAL AMOUNTS OF INTEREST RATE DERIVATIVES BY CURRENCY (NEGATIVE NOTIONAL AMOUNT = NET BORROWER POSITION)

(in euro millions)	Dec. 31, 2018	Dec. 31, 2017
Euro	-	(30.0)

A 1-point increase in interest rates would have a €0.2 million impact on net debt (including amounts received for no-recourse receivables sales) that is not hedged against interest rate risks.

22.1.3. 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.

22.2. Credit risk

22.2.1. Trade receivables

The Group has no significant concentrations of credit risk. 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, 2018 past-due receivables totaled €15.1 million (see note 15.3).

22.2.2. Country risk

The Group's geographical diversity means that it is not significantly exposed to political risk.

At December 31, 2018, 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%	AA+
Italy	12%	BBB
China and Hong Kong	9%	AA+ (Hong Kong) A+(Chine)
Germany	9%	AAA
France	7%	AA

(1) S&P/Moody's rating.

22.2.3. Banking counterparty risk

The Group deals only with leading financial institutions for derivative instruments, cash-settled transactions and cash deposits.

22.2.4. Insurance counterparty risk

As part of its overall risk management strategy, 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, 2018.

Insured risks	Credit rating ⁽¹⁾
Customer default	BBB+
Freight	A+
Property & casualty	A
Liability	A+

(1) S&P/Moody's rating.

22.3. Liquidity risk

An analysis of the Group's borrowings is provided in note 18.

The Group manages its liquidity risk via the following three main strategies:

22.3.1. Ensuring that short-term assets exceed short-term liabilities

December 31, 2018 (in euro 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	110.0	110.0	-	-
Long-term borrowings	(169.1)	-	(18.6)	(150.5)
Short-term portion of long-term borrowings	(12.3)	(12.3)	-	-
Short-term bank loans and overdrafts	(20.8)	(20.8)	-	-
Net cash position/(Net debt position)	(92.2)	76.9	(18.6)	(150.5)
Derivative instruments — assets	0.7	0.7	-	-
Deposits	4.6	-	4.6	-
Derivative instruments — liabilities	(0.4)	(0.4)	-	-
Other financial assets and liabilities	4.9	0.3	4.6	-
SUB-TOTAL — FINANCIAL ASSETS AND LIABILITIES	(87.3)	77.2	(14.0)	(150.5)
Working capital				
Trade receivables	72.4	72.4	-	-
Inventories	128.4	128.4	-	-
Trade payables	(116.8)	(116.8)	-	-
Sub-total — operating assets and liabilities	84.0	84.0	-	-
TOTAL FINANCIAL AND OPERATING ASSETS AND LIABILITIES	(3.3)	161.2	(14.0)	(150.5)

December 31, 2017 (in euro 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	214.8	214.8	-	-
Long-term borrowings	(179.3)	-	(55.7)	(123.6)
Short-term portion of long-term borrowings	(10.1)	(10.1)	-	-
Short-term bank loans and overdrafts	(16.3)	(16.3)	-	-
Net cash position/(Net debt position)	9.1	188.4	(55.7)	(123.6)
Derivative instruments — assets	0.4	0.4	-	-
Deposits	1.1	-	1.1	-
Derivative instruments — liabilities	(1.3)	(1.3)	-	-
Other financial assets and liabilities	0.2	(0.9)	1.1	-
SUB-TOTAL — FINANCIAL ASSETS AND LIABILITIES	9.3	187.5	(54.6)	(123.6)
Working capital				
Trade receivables	53.0	53.0	-	-
Inventories	107.3	107.3	-	-
Trade payables	(96.7)	(96.7)	-	-
Sub-total — operating assets and liabilities	63.6	63.6	-	-
TOTAL FINANCIAL AND OPERATING ASSETS AND LIABILITIES	72.9	251.1	(54.6)	(123.6)

22.3.2. 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 50% of its available credit facilities (see note 18). At December 31, 2017, depending on the rating agency, the five main banking partners had short-term ratings of at least A1 and P1 and long-term ratings of at least A and A1, with stable outlooks.

22.3.3. 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.

Note 23 RELATED-PARTY TRANSACTIONS

The Group has identified the following related parties:

- its joint ventures and associates (see note 13);
- its senior executives.

23.1. Directors' and senior executives' compensation

(in euro thousands)	Year ended December 31	
	2018	2017
Compensation paid to directors	300.0	300.0
Compensation awarded to senior executives	1,264.2	1,206.2
Short-term benefits	1,564.2	1,506.2
TOTAL AWARDED FOR THE PERIOD	1,564.2	1,506.2

23.2. Fees paid to the Statutory Auditors

(in euro millions)	Pricewaterhouse-Coopers Audit				Crowe				2018		Pricewaterhouse-Coopers Audit				2017	
	Amount excluding VAT	%	Amount excluding VAT	%	Amount excluding VAT	%	Amount excluding VAT	%	Amount excluding VAT	%	Amount excluding VAT	%	Amount excluding VAT	%		
Statutory and contractual audit services																
• Parent company	0.2		0.2		0.4		0.1		0.1		0.2		0.1		0.2	
• Subsidiaries	0.3		0.0		0.3		0.3		0.2		0.5		0.2		0.5	
Sub-total	0.5	42%	0.2	67%	0.7	47%	0.4	57%	0.3	75%	0.7	64%	0.3	75%	0.7	
Services other than accounts certification⁽¹⁾																
• Parent company	0.2		0.0		0.2		0.2		0.0		0.2		0.1		0.2	
• Subsidiaries	0.5		0.1		0.6		0.1		0.1		0.2		0.1		0.2	
Sub-total	0.7	58%	0.1	33%	0.8	53%	0.3	43%	0.1	25%	0.4	36%	0.1	25%	0.4	
TOTAL	1.2		0.3		1.5		0.7		0.4		1.1		0.4		1.1	

(1) Services other than accounts certification (referred to as "SACC" in the French regulations) primarily includes services required under the applicable laws and regulations, services provided in relation to acquisitions and sales of entities, and technical advisory services concerning accounting, tax or any other audit-related matters.

Note 24 COMMITMENTS AND CONTINGENCIES

24.1. Commercial commitments

At December 31, 2018, Chargeurs and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €6.6 million.

24.2. Guarantees

At June 30, 2018, Chargeurs and its subsidiaries had given guarantees for a total of €30.1 million related to the Group's financing.

24.3. Collateral

At December 31, 2018, Chargeurs and its subsidiaries had granted collateral representing a total of €2.2 million.

24.4. Operating leases

Future minimum payments under operating leases break down as follows by maturity:

<i>(in euro millions)</i>	Dec. 31, 2018
Due in less than one year	6.5
Due in one to five years	14.2
Due in more than five years	2.4
TOTAL	23.1

Operating leases mainly concern industrial buildings, warehouses and offices, but also machinery and equipment.

Note 25 SUBSEQUENT EVENTS

No significant events occurred between December 31, 2018 and the date on which these financial statements were issued.

Note 26 MAIN CONSOLIDATED COMPANIES

At December 31, 2018, 76 companies were fully consolidated (compared with 58 in 2017), and 11 were accounted for by the equity method (9 in 2017).

Parent company	Chargeurs SA
A – MAIN FULLY CONSOLIDATED COMPANIES	
France	Chargeurs Boissy SARL / Chargeurs Textiles SAS / Chargetex 35/ Chargetex 34/ Chargeurs Cloud ⁽¹⁾
Germany	Chargeurs Deutschland GmbH – Leipziger Wollkämmerei AG
Switzerland	CMI
North America	Chargeurs Inc (USA)
Protective Films segment	
Holding company for the segment	Chargeurs Films de Protection SA
France	Novacel SA – Asidium (Somerra)
Italy	Boston Tapes S.p.A. – Boston Tapes Commercial S.r.l. – Novacel Italia S.r.l. – Omma 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. (United States) – Novacel Inc. (United States) – Main Tape Inc. (United States) – T.L.C. Inc. (United States) – Walco Machines Company (United States)
Central America	Novacel Mexico S.a de C.v (Mexico)
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 – Intissel – Chargeurs Entoilage SA
Italy	Chargeurs Interfodere Italia
Germany	Lainière de Picardie Deutschland GmbH – Chargeurs Deutschland
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. (United States)
South America	Lainière de Picardie Golaplast Brazil Textil Ltda (Brazil) – Entretelas Americanas SA (Argentina) – Lainière de Picardie DHJ Chile SA (Chile)
Africa	Stroud Riley (Proprietary) Limited (South Africa) / ADT Chargeurs Entoilage Tunisie SARL (Tunisia) / Chargeurs PCC Fashion Technologies Ethiopia (Ethiopia) ⁽¹⁾
Asia	Chargeurs Interlining Limited (HK) / LP (Wujiang) Textiles Co. Ltd (China) / Lainière de Picardie Korea Co. Ltd (South Korea) / DHJ Interlining Limited (China) – Etacol Bangladesh Ltd (Bangladesh) / Chargeurs Interlining Singapore PTE Ltd (Singapore) / Intissel Lanka PVT Ltd (Sri Lanka) / Lantor Lanka (Sri Lanka) ⁽¹⁾ / Intissel China Ltd (China) / PCC Asia LLC (China) ⁽¹⁾ / PCC Guangzhou Trading Co Ltd (China) ⁽¹⁾
Technical Substrates segment	
France	Senfa
United Kingdom	A.H. Leach & Company Limited ⁽¹⁾ – Leach Colour Limited ⁽¹⁾
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. (United States)
South America	Alvisey (Uruguay) – Nuovalane (Uruguay)
B - MAIN COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD (LUXURY MATERIALS SEGMENT)	
North America	USA Wool (35%)
South America	Lanas Trinidad SA (50%) (Uruguay) – Lanera Santa Maria (50%) and its subsidiary Hart Newco SA (50%) – 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, Weemeet Korea (South Korea) ⁽¹⁾ and Ningbo Textile Co Ltd (China) ⁽¹⁾ .

(1) Newly-consolidated companies in 2018.

The percentages indicated correspond to Chargeurs' percentage of control at December 31, 2018 for companies that are not almost or entirely wholly owned by the Group.

5.1.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended December 31, 2018)

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 auditing standards applicable in France.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Chargeurs SA for the year ended December 31, 2018.

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, 2018 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.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2018 to the date of our report and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of Protective Films, Fashion Technologies and Technical Substrates goodwill

Description of risk

In line with its growth strategy, the Chargeurs Group has made a number of acquisitions, leading to the recognition of goodwill in the Protective Films, Fashion Technologies and Technical Substrates cash-generating units.

This goodwill, which is presented in Note 10.1 to the consolidated financial statements, represents the difference between the cost of an acquisition and the fair value of the Group's share of its net identifiable assets at the date of acquisition.

The Group's businesses are each treated as separate cash-generating units (CGUs) because they are managed on a global basis to meet the needs of global customers. Goodwill arising on acquisitions is allocated to the CGU to which the acquired business belongs.

It is tested for impairment at least once a year and more often where there is an indication that it may be impaired. This is the case if the carrying amount of the goodwill exceeds its recoverable amount. Any unfavorable change in the expected return on businesses to which goodwill has been allocated, whether due to internal factors or external factors related to the economic and financial environment in which those businesses operate, may have a material adverse effect on the recoverable amount of the goodwill and require the recognition of an impairment loss. When any such change occurs, it is necessary to reassess the relevance of all of the assumptions used to determine the recoverable amount and the reasonableness and consistency of the calculation inputs used.

During each annual accounts closing process, management obtains assurance that the carrying amount of goodwill, which is presented in the balance sheet for €126.8 million, is not greater than its recoverable amount and there is no risk that it may be impaired.

The Group's impairment testing process is described in Note 10.1.2 and details of the assumptions used are provided in Note 10.1.3. The recoverable amount of goodwill allocated to the Protective Films, Fashion Technologies and Technical Substrates CGUs was determined by reference to its value in use calculated on the basis of the discounted present value of expected future cash flows from the groups of assets in each CGU.

The determination of these recoverable amounts, which are very significant, is based to a very large extent on management's judgment concerning, in particular, the growth rate and operating margin assumptions used to calculate projected future cash flows and the discount rate applied to the results of the calculation. The globalized competitive environment in which the Group's subsidiaries operate may be a source of uncertainties that could lead to a decline in their revenues and adversely affect their operating profit. For these reasons, we deemed the measurement of goodwill to be a key audit matter.

How our audit addressed this risk

We examined the compliance of the methodology applied by the Group with current accounting standards.

We also verified the accuracy and completeness of the source data used by the Group in the impairment tests as well as of the components of the carrying amount of the Protective Films, Fashion Technologies and Technical Substrates CGUs which were tested by the Group.

In addition, we conducted a critical analysis of the methods applied to implement the main assumptions and examined the analysis performed by the Group to determine the sensitivity of the value in use to a change in said assumptions.

- with respect to the five-year cash flow projections, we verified:
 - the reasonableness of the five-year cash flow projections in view of the economic and financial context in which the businesses operate and the reliability of the process by which the estimates are calculated, by examining the reasons for differences between projected and actual cash flows;
 - the consistency of the five-year future cash flow projections with management's most recent estimates, as presented to the Board of Directors during the budget process;
- with respect to the long-term growth rate beyond five years, we verified:
 - the consistency of the growth rate for projected cash flows beyond five years with the rates used for comparable companies, based on a sample of analysis reports about the Company;
- with respect to the discount rate applied to future cash flow projections, we verified:
 - the calculation of the discount rates applied to the estimated future cash flows from each business, by verifying the relevance and consistency of the various discounting inputs that determine each CGU's weighted average cost of capital (gearing ratio, risk-free interest rate, market premium, unlevered beta, specific risk premium and cost of debt).

We also verified that Note 10.1 provides appropriate disclosures.

Measurement of the deferred tax assets of the American and French tax groups

Description of risk

Deferred tax assets of €32.0 million are carried in the consolidated balance sheet. Details of these assets are disclosed in Note 8.2 to the consolidated financial statements. The reported amount corresponds mainly to the tax savings expected from the future use of tax losses that may be carried forward for up to five or seven years, depending on the tax group.

At December 31, 2018, deferred tax assets had been recognized for €109.9 million worth of tax loss carryforwards out of total tax loss carryforwards of €310.2 million, of which €192.0 million concerned the French tax group and €81.9 million concerned the American tax group.

The probable future use of these tax losses is governed by French and international tax rules which therefore determine whether a deferred tax asset may be recognized. These rules may change over time and are different from one country to another. The Group's broad international presence makes the analysis more complicated. Notwithstanding the Group's policy of complying with the tax laws and regulations applicable in each country where it does business and also with international tax rules, certain provisions of these laws and regulations may be a source of risks because they are ambiguous or difficult to interpret, or because of changes in the way they are interpreted by local tax authorities.

Lastly, the probability of deferred tax assets being recovered depends on the ability of the subsidiaries in the two tax groups (French and American) to meet the objectives set in the five- or seven-year business plans (depending on the tax group) prepared by their management.

We deemed this subject to be a key audit point due to the risks associated with specific local tax rules and practices, the use of assumptions to determine the probability of the deferred tax assets recognized for tax loss carryforwards at December 31, 2018 being recovered and the high level of judgment exercised by management in preparing these assumptions.

How our audit addressed this risk

Deferred tax assets are only recognized when it is probable that the company will have future taxable profits sufficient to recover them.

Our audit approach consisted of assessing the probability that the companies will have sufficient taxable profit in future years against which the tax loss carryforwards generated to date can be utilized, taking into account:

- the existence of deferred tax liabilities related to income taxes levied by the same tax authority that may be offset against existing tax loss carryforwards before they expire; and
- the ability of the two tax groups to generate sufficient future taxable profits against which the tax loss carryforwards can be utilized.

All of these analyses were performed with the assistance of our tax experts, where necessary, in particular for the review of the transfer prices applied within the Group and the examination of local tax rules. We verified that the methodology used by management to identify existing tax loss carryforwards that will be offset against deferred tax liabilities or utilized against future taxable profits is appropriate.

We also verified the reasonableness of the main data and assumptions (growth in profits, long-term business outlook) used as the basis for preparing the taxable profit projections underlying the recognition of deferred tax assets for tax loss carryforwards and assessing their recoverability.

We also verified that Note 8.2 provides appropriate disclosures.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the management report includes the consolidated non-financial information statement required under article L.225-102-1 of the French Commercial Code. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Chargeurs SA by the Annual General Meetings held on April 20, 2017 for HAF Audit & Conseil and on April 30, 1996 for PricewaterhouseCoopers Audit.

At December 31, 2018, HAF Audit & Conseil and PricewaterhouseCoopers Audit were in the second and twenty-third consecutive year of their engagement, respectively.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822 10 to L.822 14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Levallois-Perret, March 21, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Éric Bertier

HAF Audit & Conseil
Member of Crowe Global

Marc de Prémare

5.2. 2018 FINANCIAL STATEMENTS OF THE PARENT COMPANY

5.2.1. 2018 FINANCIAL STATEMENTS OF THE PARENT COMPANY

Statement of financial position

At December 31, 2018 and 2017

ASSETS

(in euro thousands)	Note	2018			2017
		Gross	Accumulated depreciation, amortization and provisions	Net	Net
FIXED ASSETS	Note 2				
Intangible assets					
Patents, licenses, trademarks, processes and other rights		82	17	65	67
Property and equipment					
Land		-	-	-	-
Buildings		-	-	-	-
Other		1,096	425	671	111
Assets under construction		-	-	-	-
Advances and prepayments		-	-	-	-
Investments and other financial assets⁽¹⁾					
Shares in subsidiaries and affiliates	Note 3.2	528,336	43,232	485,104	454,861
Loans to subsidiaries and affiliates	Note 4	22,173	-	22,173	5,167
Other long-term investments		10,542	1,386	9,156	266
Other long-term loans	Note 4	50,507	6	50,501	24,079
Other		102	-	102	2,786
Total I		612,838	45,066	567,772	487,337
CURRENT ASSETS					
Prepayments to suppliers		84	-	84	23
Trade receivables ⁽²⁾	Note 4	1,744	-	1,744	2,178
Other receivables ⁽²⁾	Note 4	6,990	-	6,990	4,714
Marketable securities	Note 8	14,146	479	13,667	64,165
Cash at bank and in hand		25,056	-	25,056	78,913
Accruals and other assets		-	-	-	-
Prepaid expenses ⁽²⁾	Note 4	264	-	264	198
Cash instruments		-	-	-	266
Total II		48,284	479	47,805	150,457
Deferred charges		-	-	-	-
Total III		-	-	-	-
Unrealized translation losses		-	-	-	-
Total IV		-	-	-	-
TOTAL ASSETS (I + II + III + IV)		661,122	45,545	615,577	637,794
(1) Due within one year		10,051	-	29,711	21,472
(2) Due beyond one year		-	-	-	-

EQUITY AND LIABILITIES

<i>(in euro thousands)</i>	Note	2018	2017
EQUITY	Note 9		
Share capital		3,768	3,733
Share premium account		64,565	60,132
Revaluation reserve		-	-
Reserves:			
• legal reserve		400	400
• untaxed reserves		-	-
• other reserves		157,354	319,534
Retained earnings		203,390	-
Profit for the period		21,639	56,355
Untaxed provisions		-	-
Total I		451,116	440,154
Provisions for contingencies and charges	Note 3.1		
Provisions for contingencies		201	341
Provisions for charges		-	-
Total II		201	341
Liabilities⁽¹⁾	Note 4		
Bonds	Note 11	81,235	81,241
Bank borrowings ⁽²⁾	Note 11	72,141	72,250
Other borrowings	Note 12	1,709	36,521
Trade payables		2,797	2,489
Accrued taxes and payroll costs		2,011	2,444
Customer prepayments		6	6
Other payables		4,361	2,348
Cash instruments		-	-
Accruals and other liabilities⁽¹⁾			
Deferred income		-	-
Total III		164,260	197,299
Unrealized translation gains		-	-
Total IV			
TOTAL LIABILITIES (I + II + III + IV)		615,577	637,794
(1) Due beyond one year		152,000	152,000
Due within one year		12,260	45,299
(2) Including short-term bank loans and overdrafts.		-	-

Income statement

At December 31, 2018 and 2017

<i>(in euro thousands)</i>	2018	2017
Operating revenues⁽¹⁾	3,645	3,613
Operating expenses⁽³⁾		
Purchases of goods and external charges	(8,039)	(6,672)
Taxes other than on income	(293)	(218)
Salaries and wages	(2,151)	(2,299)
Payroll taxes	(844)	(950)
Amortization, depreciation and provisions:		
• amortization and depreciation of fixed assets	(66)	(72)
• provisions for contingencies and charges	-	(140)
• debt issuance costs	(297)	(205)
Other	(410)	(349)
Operating profit/(loss)	(8,455)	(7,292)
Financial income⁽¹⁾		
From investments in subsidiaries and affiliates ⁽²⁾ :		
• shares in subsidiaries and affiliates	20,617	14,937
• loans to subsidiaries and affiliates	1,465	1,451
From other marketable securities and investments ⁽²⁾	-	-
Other interest income ⁽²⁾	289	392
Provision reversals and expense transfers	10,055	47,483
Foreign exchange gains	1,397	2,912
Income from disposals of marketable securities	-	-
	33,823	67,175
Financial expense⁽³⁾		
Amortization and provisions	(2,249)	(2,864)
Interest expense ⁽⁴⁾	(5,591)	(4,080)
Other financial expense	-	-
Foreign exchange losses	(1,402)	(2,913)
Losses on disposals of marketable securities	(443)	(102)
	(9,685)	(9,959)
Net financial expense	24,138	57,216
Profit before tax and non-recurring items	15,683	49,924
Non-recurring income⁽¹⁾		
From revenue transactions	185	65
From capital transactions		
• proceeds from sales of fixed assets	67	122
• other	-	-
Provision reversals and expense transfers	-	72
	252	259
Non-recurring expense		
From revenue transactions	(45)	(32)
On capital transactions		
• carrying amount of assets sold	(133)	(42)
• other	-	(4)
Depreciation, amortization and provisions:		
• untaxed provisions	-	-
• other provisions	-	(68)
	(178)	(146)
Net non-recurring income/(expense)	74	113
Profit before tax	15,757	50,037
Income tax benefit	5,882	6,318
PROFIT FOR THE PERIOD	21,639	56,355
(1) Of which income related to prior years	-	-
(2) Of which income from related companies	22,199	16,643
(3) Of which expenses related to prior years	-	-
(4) Of which interest paid to related companies	(318)	(7)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (IN EURO MILLIONS)

Chargeurs SA is the parent company of the consolidated Chargeurs Group.

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Note 1 ACCOUNTING PRINCIPLES AND POLICIES

Chargeurs parent company financial statements have been prepared in accordance with French generally accepted accounting principles (GAAP), 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 companies concerned, 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 was amended by way of ANC regulation 2015-05 dated July 2, 2015, effective for accounting periods beginning on or after January 1, 2017. This regulation requires the underlying of a hedging instrument to be accounted for in the same way as the instrument itself. In 2016 and 2018 Chargeurs SA used a financial instrument to hedge a loan denominated in US dollars. As the underlying was a financial asset, the currency impacts of the hedge and its underlying were already included in financial income and expense before the new regulation was applied. Consequently, the application of the new regulation since 2017 had no impact on the presentation of Chargeurs SA's financial statements. This financial instrument expired in December 2018.

Note 2 FIXED ASSETS

	Dec. 31, 2017	Acquisitions/ increases	Disposals/ decreases	Dec. 31, 2018
Intangible assets (gross)	0.1	-	-	0.1
Property and equipment (gross)	0.5	0.6	-	1.1
Investments and other non-current financial assets (gross)				
Shares in subsidiaries and affiliates ⁽¹⁾	507.2	21.1	-	528.3
Loans to subsidiaries and affiliates ⁽²⁾	5.2	17.1	0.1	22.2
Other long-term loans ⁽³⁾	24.1	48.4	22.0	50.5
Other long-term investments ⁽⁴⁾	0.3	17.7	7.5	10.5
Other ⁽⁵⁾	2.7	-	2.6	0.1
TOTAL (GROSS)	540.1	104.9	32.2	612.8

(1) The year-on-year increase in shares in subsidiaries and affiliates reflects (i) the acquisition of Leach (€17.4 million), and (ii) Chargeurs SA's participation in the capitalization of Chargeurs Cloud, Precious Fiber Development and Chargeurs Media Inc (€2 million, €1.3 million and €0.4 million respectively).

(2) The year-on-year increase in loans to subsidiaries and affiliates was mainly due to a €17 million loan set up to finance a production-related investment for a subsidiary.

(3) The year-on-year increase in other long-term loans chiefly stemmed from (i) a €26.9 million loan granted to a subsidiary for financing the Group's external growth, (ii) a €21.5 million loan granted to a subsidiary to replace financing that was previously denominated in US dollars, therefore avoiding the cost of currency hedging, and (iii) €2 million paid by two subsidiaries for a scheduled repayment installment for financing granted in prior years.

(4) Other long-term investments include (i) 13,334 Chargeurs shares purchased for €0.2 million (gross) with a view to being canceled (with no cancellations carried out in 2018), (ii) 88,500 Chargeurs shares held in connection with the liquidity contract, representing €1.8 million (gross), and (iii) 456,044 Chargeurs shares purchased for €8.4 million under the share buyback program. Movements in this item in 2018 concern purchases and sales of Chargeurs shares under the liquidity contract and the share buyback program.

(5) This item includes the security deposit paid to the owners of the Company's headquarters. The €2.6 million decrease consists of the transfer of the amounts allocated to Banque Rothschild for the liquidity contract from an investment account to a bank account.

Note 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, 2017	Charges for the year	Reversals for the year (used)	Reversals for the year (unused)	Dec. 31, 2018
Provisions for contingencies	0.3	-	-	0.1	0.2
Provisions for charges	-	-	-	-	-
TOTAL	0.3	-	-	0.1	0.2
<i>Of which movements included in operating income and expense</i>		-	-	0.1	
<i>Of which movements included in financial income and expense</i>		-	-	-	
<i>Of which movements included in non-recurring income and expense</i>		-	-	-	

3.2. Impairment

	Dec. 31, 2017	Charges for the year	Reversals for the year	Dec. 31, 2018
Impairment of investments	52.4	2.3	10.1	44.6
Impairment of other receivables	-	-	-	-
TOTAL	52.4	2.3	10.1	44.6
<i>Of which movements included in operating income and expense</i>		-	-	
<i>Of which movements included in financial income and expense</i>		2.3	10.1	
<i>Of which movements included in non-recurring income and expense</i>		-	-	

- 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.

Note 4 MATURITIES OF RECEIVABLES AND PAYABLES

Total loans and receivables, before impairment, amounted to €81.4 million at December 31, 2017, breaking down as follows:

- loans to subsidiaries and affiliates (€22.2 million);
- other long-term loans for €50.5 million;
- trade receivables for €1.7 million;
- other receivables for €7.0 million.

Maturities of loans and receivables are as follows:

	2018
Due within one year	18.8
Due beyond one year	62.6
TOTAL	81.4

Maturities of debt and other payables are as follows:

	2018
Due within one year	12.3
Due in one to five years	72.0
Due beyond five years	80.0
TOTAL	164.3

The total includes €81.2 million in bond debt, €72.1 million in bank borrowings, €1.7 million in other borrowings and €9.3 million in other payables.

Debt due beyond five years consists of:

- €30.0 million drawn down on the syndicated credit facility set up in 2018;
- The Euro PP 3, representing €50.0 million.

The new syndicated credit facility set up during the year does not have a leverage covenant but is subject to a gearing covenant of $\leq 1.2x$.

The Group's Euro PPs (€122.0 million) are subject to covenants based on the following ratios:

- Net debt/equity ≤ 0.85 ;
- Net debt/EBITDA ≤ 3.50 .

Both of these ratios were respected at December 31, 2018.

Trade payables comprise amounts due within 60 days and totaled €2.8 million at December 31, 2018 (€2.5 million at December 31, 2017).

Note 5 ITEMS RECORDED UNDER SEVERAL HEADINGS IN THE STATEMENT OF FINANCIAL POSITION

	Gross amounts concerning	
	Related companies	Other investments
Shares in subsidiaries and affiliates and other long-term investments	528.3	-
Receivables	74.4	-
Debt and other payables	2.6	-

Note 6 BREAKDOWN OF ACCRUED INCOME

At December 31, 2018, accrued income amounted to €0.4 million, mainly corresponding to the balance of a research tax credit to be deducted from current income tax expenses in future years.

Note 7 ACCRUED EXPENSES

Accrued expenses totaled €2.6 million at December 31, 2018 and primarily consisted of professional fees, service costs and various payroll costs.

Note 8 MARKETABLE SECURITIES

At December 31, 2018, marketable securities amounted to €13.7 million and mainly comprised money market mutual fund units and time deposits.

Note 9 EQUITY

9.1. Changes in equity

At January 1, 2018 (before appropriation)	383.8
2017 profit appropriated by decision of the AGM on April 16, 2018	56.4
At January 1, 2018 (after appropriation)	440.2
Profit for the period	21.6
Payment of the 2017 cash dividend as approved at the AGM on April 16, 2018	(4.4)
Payment of an interim dividend for 2018 as decided by the Board of Directors on September 5, 2018	(6.3)
AT DECEMBER 31, 2018 (BEFORE APPROPRIATION)	451.1

9.2. Changes in share capital

	Number of shares	Par value
Shares outstanding at January 1, 2018	23,330,597	€0.16
Payment of the 2016 cash dividend as approved at the AGM on April 16, 2018	170,507	€0.16
Issue of free shares as decided by the Board of Directors on September 5, 2018	17,000	€0.16
Payment of an interim dividend for 2018 as decided by the Board of Directors on September 5, 2018	33,651	€0.16
Shares outstanding at December 31, 2017	23,551,755	€0.16

All Chargeurs shares have been called and are fully paid-up.

9.3. Share premium account and reserves at December 31, 2018

These items break down as follows:

	2018
Share premium account	64.6
Legal reserve	0.4
Restricted reserve (capital reduction)	164.4
Retained earnings	203.4
Interim dividend	(7.0)
TOTAL	425.8

Note 10 DOUBLE VOTING RIGHTS

Chargeurs' bylaws provide that shares registered in the name of the same owner for at least 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, 2018, 843,288 shares carried double voting rights.

Note 11 BONDS AND BANK BORROWINGS

As part of its policy of optimizing its balance sheet and long-term resources, on December 19, 2018 the Group signed a global agreement with a pool of seven leading French and international banks – BPCE including Natixis, CE IdF, Bred and Palatine, as well as CIC, HSBC, Saar LB, BNP Paribas, Bank of China and Commerzbank – to put in place a €230 million syndicated credit facility comprising:

- a €100 million RCF maturing in 5+1 years (of which €30 million had been drawn down at December 31, 2018);
- a €130 million term loan with a 6-year final maturity (none of which had been drawn down at December 31, 2018).

Note 12 OTHER BORROWINGS

The €1.7 million total recorded under this item includes €1.1 million in borrowings from Chargeurs' newly-acquired company Leach. The balance corresponds to loans from several Chargeurs subsidiaries whose sole purpose is to act as financial holding companies.

Note 13 FINANCIAL INCOME AND EXPENSE

13.1. Amortization and provisions

ADDITIONS

	2018
Impairment of treasury stock	1.3
Impairment of Chargeurs Textiles shares	1.0
TOTAL	2.3

REVERSALS

	2018
Impairment of Chargeurs Films de Protection shares	6.1
Impairment of Chargeurs Entoilage shares	4.0
Impairment of treasury stock	-
TOTAL	10.1

Note 14 NON-RECURRING INCOME AND EXPENSE

Type	2018	
	Non-recurring expenses	Non-recurring income
Provision for the risk of repayment of tax benefits to subsidiaries in the event of a return to profit	-	-
Disposal gain on treasury stock	0.1	0.1
Reversals of surplus provisions	-	-
Other	0.1	0.2
TOTAL	0.2	0.3

Note 15 INCOME TAX

15.1. Analysis of income tax

	2018	2017
Tax on recurring profit	-	-
Tax on dividends	-	(0.1)
Dividend tax refund	-	0.5
Group relief	5.9	5.9
Other	-	-
INCOME TAX BENEFIT	5.9	6.3

15.2.

Since January 1, 1996, Chargeurs and most of its French subsidiaries that are at least 95%-owned, directly or indirectly, have filed 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 Chargeurs SA the amount of tax that would have been due on their profit if they were taxed on a standalone basis, and Chargeurs SA pays the tax due by the tax group.

15.3.

The provision for the risk of repayment of tax benefits to subsidiaries expected to return to profit remained unchanged at €201,000 in 2018.

15.4.

The setting off of losses reported by certain subsidiaries against the taxable profits of other subsidiaries resulted in a current tax saving of €5.9 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 €0.02 million in 2018.

Note 16 COMMITMENTS GIVEN, GUARANTEES AND SURETIES

Guarantees and sureties concern:

- subsidiaries and related companies 19.0;
- other 0.0.

Note 17 UNRECOGNIZED DEFERRED TAXES

At December 31, 2018, under French group relief rules, Chargeurs had evergreen tax loss carryforwards of €192.0 million.

Timing differences between book income and expense and income and expense for tax purposes were not material in 2018.

Note 18 DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION

Compensation allocated to directors and senior executives in 2018 amounted to €300,000 and €1,264,200 respectively (including directors' fees paid by subsidiaries).

Note 19 EMPLOYEE BENEFIT OBLIGATIONS

19.1. Retirement benefits

The Company's retirement benefit obligations were measured at December 31, 2018, 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.

The Company's retirement benefit obligations were measured at December 31, 2010 based on years of service and the probability that employees would still be on the Company's payroll at their retirement date. These benefit obligations have not been recorded in the financial statements, as the amounts involved are not material.

Note 20 FEES PAID TO THE STATUTORY AUDITORS

Chargeurs SA paid €290 thousand in fees to the Statutory Auditors in 2018.

Note 21 PERFORMANCE SHARE PLAN

By way of the twentieth resolution (extraordinary resolution) of the April 20, 2017 Annual General Meeting, in accordance with articles L.225-197-1 *et seq.* of the French Commercial Code, the Company's shareholders authorized the Board of Directors to grant, on one or more occasions, existing or new Chargeurs shares free of consideration to beneficiaries to be 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. The free share grants carried out in accordance with this resolution are subject to an overall ceiling of 1% of the Company's capital as at the date of that Annual General Meeting.

In 2018 the Board of Directors used this authorization as follows:

- on September 5, 2018, the Board granted a total of 45,700 performance shares, representing 0.19% of the Company's capital, to a number of key executives of the Chargeurs Group. These shares are subject to a one-year vesting period followed by a one-year lock-up period. The shares will only vest if the applicable performance conditions are met and the beneficiary is still a member of the Group at the vesting date;

- on December 10, 2018, the Board granted a total of 18,000 performance shares, representing 0.08% of the Company's capital, to a number of key executives of the Chargeurs Group. These shares are subject to a one-year vesting period followed by a one-year lock-up period. The shares will only vest if the

applicable performance conditions are met and the beneficiary is still a member of the Group at the vesting date.

At December 31, 2018, a total of €41,940 had been recognized within payroll taxes for the employer social security costs payable in relation to this plan.

Information concerning subsidiaries and affiliates

AT DECEMBER 31, 2018 (IN € THOUSANDS)

Companies	Share capital	Reserves	% interest	Cost of investment	Carrying amount of investment	2018 revenue ⁽¹⁾	2018 profit/(loss) included in equity	Gross dividends received by Chargeurs during 2018
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	10,785	100	69,480	42,842	-	767	2,876
Chargeurs Films de Protection	139,617	130,870	100	286,266	276,729	-	15,273	15,472
Chargeurs Entoilage	11,540	60,688	99.99	109,092	109,092	-	969	-
Senfa	3,152	4,216	100	34,000	34,000	24,682	2,177	2,192
A.H Leach & Company Limited	98	750	100	17,402	17,402	112	70	-
Other holding companies	2,976	2,521	100	11,316	4,317	108	(595)	0
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	180	140	-	106	48	-	85	5
Foreign companies	-	-	-	-	-	-	-	-
2. Affiliates not listed in A								
French companies	-	-	-	-	-	-	-	-
Foreign companies	296	4,725	-	671	671	57,076	1,159	-

(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 euro thousands)

	2018	2017	2016	2015	2014
I - Capital at December 31					
Share capital	3,768	3,733	3,675	3,675	2,563
Number of shares	23,551,755	23,330,597	22,966,144	22,966,144	16,021,311
Number of convertible bonds	-	-	-	-	218,069
II - Results of operations					
Operating revenue, investment income, interest income and other revenues (excluding tax)	26,016	20,393	16,686	11,289	9,059
Profit/(loss) before tax, amortization, depreciation and provisions	8,314	5,831	7,978	2,994	(3,053)
Income tax benefit	5,882	6,318	4,326	4,438	2,133
Net profit/(loss)	21,639	56,355	54,364	45,496	17,372
Total dividends	15,780	13,998	12,631	6,888	3,204
III - Per share data					
Earnings per share after tax, before amortization, depreciation and provisions	0.60	0.52	0.53	0.32	(0.06)
Net profit/(loss)	0.92	2.42	2.37	1.98	1.08
Dividend per share	0.67	0.60	0.55	0.30	0.20
IV - Employee data					
Number of employees	11	8	3	2	1
Total payroll	2,150	2,299	1,370	2,731	1,322
Total paid towards employment benefits (social security, company welfare, etc.)	844	950	538	1,117	334

5.2.2. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(For the year ended December 31, 2018)

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 auditing standards applicable in France.

To the shareholders

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Chargeurs SA for the year ended December 31, 2018.

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 as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2018 to the date of our report and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of shares in subsidiaries and affiliates

Description of risk

Shares in subsidiaries and affiliates represent one of the largest assets on the balance sheet, with a carrying amount of €485,104 thousand at December 31, 2018. As explained in Note 1.2 to the financial statements, they are initially recognized at cost and are subsequently measured at the lower of cost and fair value, determined by reference to Chargeurs' equity in the net assets of the companies concerned, adjusted for unrealized capital gains or losses and profitability criteria.

Estimating the fair value of shares in subsidiaries and affiliates requires management to exercise judgment when choosing the data to be used for the estimates, which may be historical or projected.

The globalized competitive environment in which Chargeurs' subsidiaries operate may be a source of uncertainties that could lead to a decline in their revenues and adversely affect their operating profit.

Accordingly, we deemed the measurement of shares in subsidiaries and affiliates, loans to these entities and related provisions for contingencies, to be a key audit matter, due to the inherent risks associated with certain components of the valuation, in particular the probability of projected results being achieved.

How our audit addressed this risk

In order to assess the reasonableness of the estimated fair values of shares in subsidiaries and affiliates, based on the information provided to us, our audit procedures consisted mainly of verifying that the estimated fair values determined by management were based on an appropriate justification of the choice of measurement method and the underlying data and, depending on the investee concerned:

- obtaining the cash flow and business projections for the entities concerned, drawn up by their operational management teams, and assessing their consistency with the most recent business plans prepared under the supervision of their executive management for each business, as approved by the Board of Directors if applicable;
- verifying the consistency of the assumptions used with the economic environment at the balance sheet date and at the date on which the financial statements were prepared;
- comparing the projections used for previous periods with actual performances in order to measure the achievement of past objectives;
- verifying that the cash flow projections were adjusted to take account of the amount of debt held by the entity concerned;
- verifying that the appropriate provisions were recorded or adjusted to write down the carrying amount of investments to fair value.

In addition to assessing the fair values of shares in subsidiaries and affiliates, our work also consisted of:

- assessing the recoverability of loans to subsidiaries and affiliates, based on our analyses of the investments in these companies;
- verifying that a provision for contingencies had been recognized in all cases where the Company is liable for the losses of a subsidiary with negative net assets.

We also verified that Notes 3.2 and 13.1 provide appropriate disclosures.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information on payment terms referred to in article D.441-4 of the French Commercial Code.

Information on corporate governance

We confirm that the section of Board of Directors' report relating to corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, 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.

Concerning the information given in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Chargeurs SA by the Annual General Meetings held on April 20, 2017 for HAF Audit & Conseil and on April 30, 1996 for PricewaterhouseCoopers Audit.

At December 31, 2018, HAF Audit & Conseil and PricewaterhouseCoopers Audit were in the second and twenty-third consecutive year of their engagement, respectively.

Responsibilities of Management and those charged with governance for the annual financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

These financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the annual financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Levallois-Perret, March 21, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Éric Bertier

HAF Audit & Conseil
Member of Crowe Global

Marc de Prémare

5.3. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

(Annual General Meeting for the approval of the financial statements for the year ended December 31, 2018)

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 auditing standards applicable in France.

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

We were not informed of any agreement or commitment authorized and 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 ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in prior years but not implemented during 2018

In addition, we were informed that the following agreements and commitments, approved by the General Meeting in previous years, did not remain in force during the year ended December 31, 2018.

Non-compete undertaking by Michaël Fribourg

Person concerned:

Michaël Fribourg, Chairman and Chief Executive Officer of Chargeurs SA

Nature, purpose and conditions:

On March 6, 2018, the Board of Directors reviewed the two-year non-compete agreement signed by Michaël Fribourg and Chargeurs SA, to take effect in the event that his operational duties as Chairman or Chief Executive Officer are terminated. In exchange, Mr. Fribourg will 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, the disclosure of which 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 SA

Nature, purpose and conditions:

On March 6, 2018, the Board of Directors reviewed the compensation due to Michaël Fribourg for loss of office for any reason other than resignation or dismissal for serious misconduct. The compensation will 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:

Acting on 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.

Neuilly-sur-Seine and Levallois-Perret, March 21, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Éric Bertier

HAF Audit & Conseil
Member of Crowe Global

Marc de Prémare

5.4. OTHER FINANCIAL AND ACCOUNTING INFORMATION

5.4.1. FIVE-YEAR FINANCIAL SUMMARY

	2018	2017	2016	2015	2014
I - Capital at December 31					
Share capital	3,768	3,733	3,675	3,675	2,563
Number of shares	23,551,755	23,330,597	22,966,144	22,966,144	16,021,311
Number of convertible bonds	-	-	-	-	218,069
II - Results of operations					
Operating revenue, investment income, interest income and other revenues (excluding tax)	26,016	20,393	16,686	11,289	9,059
Profit/(loss) before tax, amortization, depreciation and provisions	8,314	5,831	7,978	2,994	(3,053)
Income tax benefit	5,882	6,318	4,326	4,438	2,133
Net profit/(loss)	21,639	56,355	54,364	45,496	17,372
Total dividends	15,780	13,998	12,631	6,888	3,204
III - Per share data					
Earnings per share after tax, before amortization, depreciation and provisions	0.60	0.52	0.53	0.32	(0.06)
Net profit/(loss)	0.92	2.42	2.37	1.98	1.08
Dividend per share	0.67	0.60	0.55	0.30	0.20
IV - Employee data					
Number of employees	11	8	3	2	1
Total payroll	2,150	2,299	1,370	2,731	1,322
Total benefits paid towards employment benefits	844	950	538	1,117	334

5.4.2. RESULTS OF THE PARENT COMPANY

On March 11, 2019 the Board of Directors approved the financial statements of Chargeurs SA, showing:

- operating revenues of €3,645 thousand;
- profit for the period of €21,639 thousand.

The financial statements were prepared in accordance with the same principles and methods as in prior years.

Operating revenue totaled €3.6 million in line with 2017, and the Company reported an operating loss of €8.5 million versus an operating profit of €7.3 million for 2017.

Profit before tax and non-recurring items amounted to €15.7 million compared with €49.9 million in 2017 and Chargeurs SA reported net financial income of €24.1 million (versus €57.2 million in 2017), including €20.6 million in dividends (€14.9 million in 2017).

After taking into account net non-recurring income of €0.1 million (€0.1 million in 2017) and a €5.9 million income tax benefit, relating mainly to the tax consolidation group which Chargeurs SA heads (€6.3 million in 2017), Chargeurs SA ended the year with profit of €21.6 million, compared with €56.4 million in 2016. The Company's change of earnings for 2018 is attributable to €7.8 million in net reversals of provisions recorded in prior years for shares held by Chargeurs SA in consolidated companies (€44.6 million in 2017).

5.4.3. PAYMENT TIMES FOR TRADE PAYABLES AND RECEIVABLES

Trade payables

A) Invoices received but not paid at the reporting date (past due)

<i>(in euro thousands)</i>	1 to 30 days	31 to 60 days	61 to 90 days	91 days and beyond	Total
Number of invoices concerned	15	11	3	3	32
Total amount (incl. VAT) of invoices concerned	368	94	29	72	563
% of total purchases for the year (excl. VAT)	5%	1%	0%	1%	7%

B) Invoices not included in (A) above, relating to unrecognized doubtful debts

Number of invoices excluded	None
Total amount (incl. VAT) of invoices excluded	None

C) Reference payment times used

Legal payment times used to calculate late payments	
Contractual payment times used to calculate late payments	On receipt of the invoice/30 days end of month/ 60 days from the invoice date

Trade receivables

A) Invoices issued but not paid at the reporting date (past due)

<i>(in euro thousands)</i>	1 to 30 days	31 to 60 days	61 to 90 days	91 days and beyond	Total
Number of invoices concerned	6	1	4	3	14
Total amount (incl. VAT) of invoices concerned	166	3	6	47	222
% of total revenue for the year (excl. VAT)	5%	0%	0%	1%	6%

B) Invoices not included in (A) above, relating to unrecognized doubtful debts

Number of invoices excluded	None
Total amount (incl. VAT) of invoices excluded	None

C) Reference payment times used

Legal payment times used to calculate late payments	
Contractual payment times used to calculate late payments	25 days end of month



6

SHARE CAPITAL AND OWNERSHIP STRUCTURE

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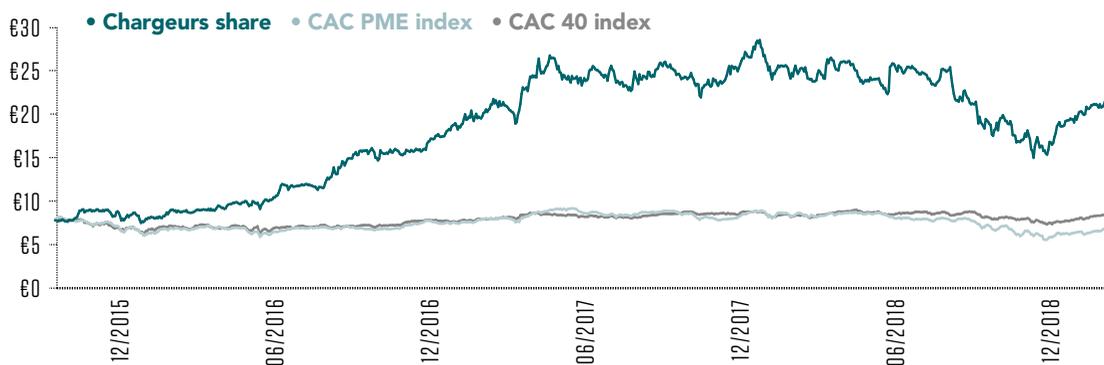
6.1. STOCK MARKET INFORMATION

6.1.1. SHARE PERFORMANCE

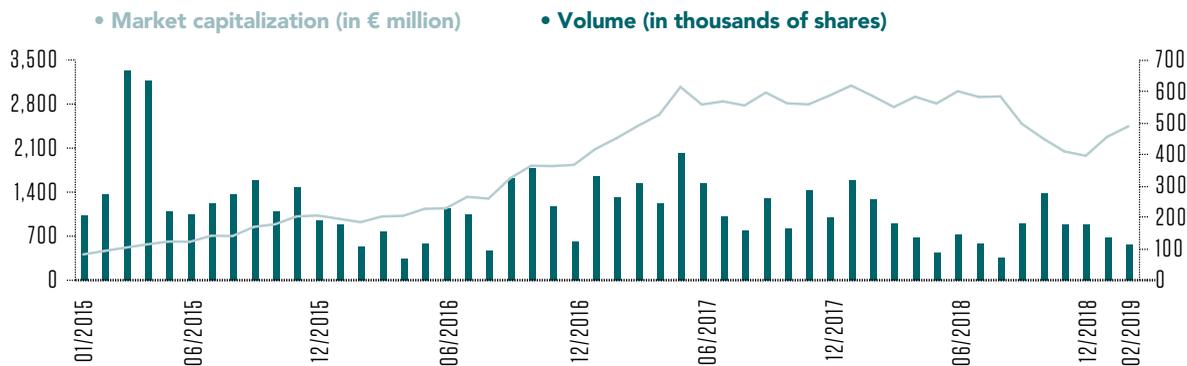
Share performance since 2015

A gain of 178%

Chargeurs shares have appreciated by 178% since 2015. This stock market performance acknowledges the success of Game Changer, the Group's operational acceleration plan, and the ongoing launch of new and disruptive innovations.



MONTHLY VOLUME (IN THOUSANDS OF SHARES) AND MARKET CAPITALIZATION (IN € MILLION)



6.1.2. SHARE INFORMATION

	2015	2016	2017	2018
Price on December 31	€9.00	€15.96	€25.31	€16.80
Number of shares outstanding (in millions)	23.00	23.00	23.33	23.55
Interim dividend (gross)	€-	€0.20	€0.25	€0.30
Final dividend (gross)	€0.30	€0.35	€0.35	€0.37
Total dividend (gross)	€0.30	€0.55	€0.60	€0.67
Change	50%	83%	9%	12%
Attributable profit (in € millions)	15.3	25.0	25.2	26.6
Dividend paid	6.9	12.7	14.0	15.8
Payout rate ⁽¹⁾	45%	51%	56%	59%

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



Stock market data

Market listing

Market: NYSE Euronext/Compartment B. ISIN: FR0000130692 – CRI.

Index: Euronext PEA-PME /
CAC PME.

SRD: Eligible for deferred settlement in the long-only segment.



Gaia Index

In October 2018, Chargeurs became part of the Gaia Index, the benchmark stock market index for socially responsible investment (SRI) that recognizes French midcaps for their commitment to corporate social responsibility (CSR). Chargeurs is now ranked among France's top 70 companies in terms of environmental, social, and governance performance out of the 230 Paris-listed midcaps that make up the Gaia panel.

The Gaia Index rates companies against more than 130 non-financial criteria (societal, environmental, social, and governance) to assess the transparency and maturity of their CSR policies, practices and performance.

Chargeurs' overall Gaia rating has risen by a sharp 34% to 71/100 in the last two years, versus an average score of 59/100 achieved by the 230 companies in the Gaia panel. The criteria that gave Chargeurs the most substantial boost were labor policy (100/100), working conditions, skills development, health and safety, and relationships with stakeholders (suppliers, customers and civil society).

Chargeurs Group is proud to feature in the index alongside such iconic companies as TF1, Seb and Bel, which support innovation for sustainable development and address the concerns of younger generations, particularly in terms of product traceability.

Today, the Gaia Index serves as the SRI benchmark for the largest investment firms in France. The Gaia Index outperforms the CAC 40 and CAC Mid & Small indices each year. Find out more at: <http://www.gaia-rating.com>.

6.1.3. 2019 FINANCIAL CALENDAR

Tuesday, March 12, 2019	2018 annual results
Monday, May 6, 2019	First-quarter 2019 financial information
Monday, May 6, 2019	Annual General Meeting
Thursday, September 12, 2019	First-half 2019 results
Thursday, November 14, 2019	Third-quarter 2019 financial information

6.1.4. ANALYST COVERAGE

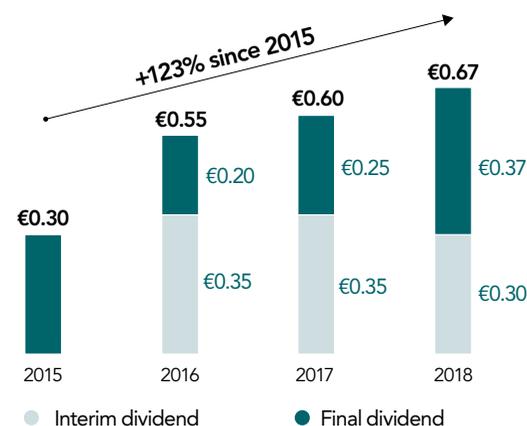


6.2. DIVIDENDS PAID

At its meeting held on March 11, 2019 under the chairmanship of Michaël Fribourg, the Board of Directors decided to recommend to shareholders at the May 6, 2019 Annual General Meeting the payment of a 2018 dividend of €0.67 per share (including the €0.30 interim dividend paid in September 2018), representing an increase of 12% compared with the 2017 dividend of €0.60.

In recognition of the strategic Game Changer plan's success and the improvement in the Group's operational performance in 2018, the Board of Directors wishes to reward Chargeurs' shareholders for their loyalty and long-term commitment.

DIVIDEND



6.3. OWNERSHIP STRUCTURE

6.3.1. CHANGES IN SHARE CAPITAL

	Number of shares	Share capital ⁽¹⁾ (in €)
January 1, 2016	22,966,144	3,674,583.04
January 31, 2017	22,966,144	3,674,583.04
New shares issued for the payment of dividends in shares	364,453 ⁽²⁾	
December 31, 2017	23,330,597	3,732,895.52
New shares issued for the payment of dividends in shares	221,158 ⁽³⁾	35,385.28
JANUARY 31, 2019	23,551,755	3,768,280.80

(1) Par value: €0.16 per share.

(2) 364,453 shares were issued in 2017, of which 243,356 were new shares issued in payment of the balance of the dividend for financial year 2016, and 121,097 new shares issued in payment of an interim dividend for 2017 (see note 16 to the consolidated financial statements for the year ended December 31, 2017).

(3) 221,158 shares were issued in 2018, of which 170,507 were new shares issued in payment of the balance of the dividend for financial year 2017, 33,651 were new shares issued in payment of an interim dividend for 2018, and 17,000 were shares issued for allocation under stock grant or performance share plans to certain employees (see note 17 to the consolidated financial statements for the year ended December 31, 2018).

At January 31, 2019, the Company's share capital amounted to €3,768,280.80, divided into 23,551,755 shares with a par value of €0.16 each.

2018 interim dividend payment

On September 5, 2018, Chargeurs' Board of Directors decided to pay a €0.30 interim dividend in view of the Group's performance during that year. The interim dividend could be paid either in cash or new shares.

The period during which shareholders could opt to reinvest the dividend began on September 12, 2018 and ended on September 20, 2018, at which date 45.9% of the voting rights exercised were in favor of the payment being made in shares: 33,651 new shares were issued at a unit price of €21.70 were created. The new shares carried immediate dividend rights and were ranked *pari passu* with Chargeurs ordinary shares on September 28, 2018.

As a result of this share issue, Chargeurs' share capital was raised to €3,768,280.80, divided into 23,551,755 ordinary shares with a par value of €0.16 each.

Financial instruments with rights to Chargeurs shares

At the date of this Registration Document, there were no financial instruments with rights to Chargeurs shares.

Ownership structure

Number of shares with double voting rights

At January 31, 2019, the total number of shares carrying double voting rights amounted to 843,378 out of a total of 23,837,837.

Trading in Chargeurs shares by management or members of the Board of Directors in 2018

	Shares	Type	Date of transaction	Unit price ⁽¹⁾	Number of shares ⁽¹⁾
COLOMBUS HOLDING SAS	Chargeurs SA	Purchase	Oct. 9, 2018	€19.2400	16,864
			Oct. 10, 2018	€19.2400	8,136
			Oct. 11, 2018	€18.6000	15,430
			Oct. 12, 2018	€18.7800	9,570
			Oct. 25, 2018	€18.0000	12,500
			Nov. 15, 2018	€17.5994	5,000
			Nov. 16, 2018	€17.5484	4,000

(1) Aggregate information.

6.3.2. FREE SHARE PLAN

The Company has set up several free share plans for its key executive personnel. The details of this program are given Chapter 4 of this Registration Document.

6.4. ADDITIONAL INFORMATION ABOUT THE COMPANY'S CAPITAL

6.4.1. BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

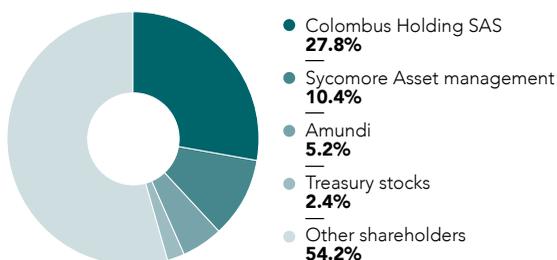
The Company's share capital and voting rights broke down as follows at January 31, 2017, December 31, 2017, and January 31, 2019:

The Company does not have any clause in its bylaws waiving double voting rights for all fully-paid up shares registered in the name for the same holder for at least two consecutive years.

	January 31, 2019			December 31, 2017			January 31, 2017		
	Number of shares	% interest	% voting rights ⁽¹⁾	Number of shares	% interest	% voting rights	Number of shares	% interest	% voting rights
Colombus Holding SAS	6,556,305	27.8%	29.8%	6,484,805	27.8%	29.8%	6,484,805	28.2%	28.1%
Sycomore Asset Management	2,443,710	10.4%	10.0%	1,927,705	8.3%	8.3%	1,324,026	5.8%	5.7%
Amundi	1,224,600	5.2%	5.0%	1,303,517	5.6%	5.6%	N/A	N/A	N/A
Treasury stocks	557,296	2.4%	2.3%	13,334	0.1%	0.0%	13,334	0.1%	0.0%
Other shareholders	12,769,844	54.2%	52.9%	13,601,236	58.2%	56.3%	15,143,979	65.9%	66.2%
TOTAL	23,551,755	100.0%	100.0%	23,330,597	100.0%	100.0%	22,966,144	100.0%	100.0%

(1) Based on theoretical voting rights.

OWNERSHIP STRUCTURE as of January 31, 2019 (% of total outstanding shares)



Information on Columbus Holding SAS

The company Columbus Holding SAS, established by Michaël Fribourg, is held by leading French long-term institutional investors (CM-CIC Investissement, BNP Paribas Développement and Groupama), and several French family offices. Groupe Familial Fribourg is Columbus Holding's controlling shareholder.

Disclosure of statutory and regulatory ownership thresholds crossed since January 31, 2018

By way of a letter received on June 29, 2018, Amundi SA, acting on behalf of funds it manages, disclosed that on June 28, 2018 it had raised its interest to above the threshold of 5% of the Company's voting rights and that at that date it held, on behalf of said funds, 1,180,730 Chargeurs shares, representing the same number of voting rights, i.e. 5.02% of the capital and 4.85% of the voting rights.

By way of a letter received on September 24, 2018, Amundi SA, acting on behalf of funds it manages, disclosed that on September 21, 2018 it had raised its interest to above the threshold of 5% of the Company's voting rights and that at that date it held, on behalf of said funds, 1,244,861 Chargeurs shares, representing the same number of voting rights, i.e., 5.30% of the capital and 5.12% of the voting rights.

By way of a letter received on September 26, 2018, Sycomore Asset Management, acting on behalf of funds it manages, disclosed that on September 25, 2018 it had raised its interest to above the threshold of 10% of the Company's share capital and that at that date it held, on behalf of said funds, 2,424,573 Chargeurs shares, representing the same number of voting rights, i.e., 10.32% of the capital and 9.97% of the voting rights.

By way of a letter received on October 2, 2018, Amundi SA, acting on behalf of funds it manages, disclosed that on September 28, 2018 it had raised its interest to above the threshold of 5% of the Company's voting rights and that at that date it held, on behalf of said funds, 1,213,151 Chargeurs shares, representing the same number of voting rights, i.e. 5.16% of the capital and 4.99% of the voting rights.

By way of a letter received on October 10, 2018, Sycomore Asset Management, acting on behalf of funds it manages, disclosed that on October 5, 2018 it had raised its interest to above the threshold of 10% of the Company's voting rights and that at that date it held, on behalf of said funds, 2,455,966 Chargeurs shares, representing the same number of voting rights, i.e., 10.43% of the capital and 10.08% of the voting rights.

By way of a letter received on November 7, 2018, Amundi SA, acting on behalf of funds it manages, disclosed that on November 6, 2018 it had raised its interest to above the threshold of 5% of the Company's voting rights and that at that date it held, on behalf of said funds, 1,276,834 Chargeurs shares, representing the same number of voting rights, i.e., 5.42% of the capital and 5.24% of the voting rights.

By way of a letter received on January 29, 2019, Amundi SA, acting on behalf of funds it manages, disclosed that on January 28, 2019 it had raised its interest to above the threshold of 5% of the Company's voting rights and that at that date it held, on behalf of said funds, 1,215,976 Chargeurs shares, representing the same number of voting rights, i.e. 5.16% of the capital and 4.98% of the voting rights.

By way of a letter received on February 1, 2019, Amundi SA, acting on behalf of funds it manages, disclosed that on January 31, 2019 it had raised its interest to above the threshold of 5% of the Company's

voting rights and that at that date it held, on behalf of said funds, 1,224,610 Chargeurs shares, representing the same number of voting rights, i.e. 5.20% of the capital and 5.02% of the voting rights.

As far as Chargeurs is aware, at the date of this Registration Document, there were no shareholders other than those shown in the table above, that owned more than 5% of the Company's capital or voting rights.

Liquidity contract:

On February 25, 2019 Chargeurs signed a new liquidity agreement with Rothschild & Banque, following changes in regulations governing liquidity agreements. On February 25, 2019 the resources allocated to the liquidity account for the implementation of this agreement were as follows: €1,311,345 The agreement complies with the accepted market practice (no. 2018-01) adopted by the AMF and published on July 2, 2018, which became applicable on January 1, 2019.

6.4.2. SHARE BUYBACK PROGRAM

In view of its excellent showing in first-half 2018 and the confidence it has in its performance for full-year 2018, Chargeurs has decided to launch a one-year share buyback program, which will be carried out via its investment services provider. The provider will be authorized to purchase Chargeurs shares (depending on market conditions) for up to €12 million, at a maximum price of €32 per share.

The program, which will run until September 6, 2019 at the latest, falls within the scope of the 24-month shareholder authorization granted at the AGM of April 16, 2018 to buy back Chargeurs shares representing up to 10% of the Company's capital.

It also falls within the scope of the eleventh resolution of the April 16, 2018 Annual General Meeting, whereby the shareholders:

- granted the Board of Directors an authorization, which it may delegate, to purchase up to 10% of 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 the Company's total outstanding shares at the date the authorization is used, not including any additional shares that may be issued to take into account the effect of any corporate actions that may be carried out subsequent to the 2018 Annual General Meeting. However, the Company may in no circumstances hold, either directly or indirectly through subsidiaries, more than 10% of its share capital. At December 31, 2017, out of the 23,330,597 shares making up its share capital, the Company directly held 13,334 shares. Consequently, the maximum number of shares that the Company would be able to purchase under the share buyback program would be 2,331,726, and the maximum amount that it could invest in the program would be eighty-one million, six hundred and ten thousand, four hundred and ten euros (€81,610,410);

- resolved that shares could be purchased and held for the following purposes:
 - 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);
 - 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;
 - to reduce the Company's capital by canceling the acquired shares;
 - to hold shares for delivery or exchange on exercise of rights attached to securities convertible, redeemable, exchangeable or otherwise exercisable for Chargeurs shares;
 - for allocation under stock option plans set up by the Company and governed by articles L. 225-197-1 *et seq.* of the French Commercial Code or any similar plan;
 - 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;
 - 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
 - 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.
- resolved 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;
- set the maximum purchase price at €35 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 eighty-one million, six hundred and ten thousand, four hundred and ten euros (€81,610,410);
- gave 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;
- resolved that this authorization is given for a period of 18 months from the date of this Meeting and supersedes the unused portion of any previous authorization given by shareholders for the same purpose.

Treasury shares

At December 31, 2018, the Company held 557,878 shares in treasury, representing an aggregate purchase price of €10.4 million, i.e., an average per-share purchase price of €18.64.

6.4.3. FINANCIAL AUTHORIZATIONS

SUMMARY OF AUTHORIZATIONS CURRENTLY IN FORCE TO CARRY OUT CORPORATE ACTIONS

Transactions/ securities concerned	Duration of the authorization from the date of this Meeting and expiration date	Ceiling	Authorization utilized in 2017	Method for determining the price of shares issued
Share buyback program (11 th resolution of the April 16, 2018 AGM)	18 months October 16, 2019	€35 per share, with a maximum investment of €2,331,726 (par value). The Company may not hold more than 10% of its capital	Utilized ⁽¹⁾	N/A
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 (13 th resolution of the April 16, 2018 AGM)	26 months June 16, 2020	€1.8 million (par value) for share issues (with issues deducted from the blanket ceiling of €1.8 million, hereinafter named "the Blanket Ceiling") and €300 million for debt securities (with issues deducted from "the Blanket Ceiling for Debt Securities")	Not utilized	The Board of Directors is responsible for setting the amounts, features, terms and conditions for each issue, including the price of the securities to be issued
Issues without preemptive subscription rights Issues of all types of securities through public offerings (14 th resolution of the April 16, 2018 AGM)	26 months June 16, 2020	€370,000 (par value) for shares (with issues deducted from the Blanket Ceiling) and €300 million for debt securities (with issues deducted from the Blanket Ceiling for Debt Securities)	Not utilized	<p>(i) New shares to be issued 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 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.</p> <p>(ii) 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.</p> <p>The Board of Directors is responsible for setting the amounts, features, terms and conditions for each issue, including the price of the securities to be issued</p>

Transactions/ securities concerned	Duration of the authorization from the date of this Meeting and expiration date	Ceiling	Authorization utilized in 2017	Method for determining the price of shares issued
Issues without preemptive subscription rights Issues of all types of securities through private placement offerings (15 th resolution of the April 16, 2018 AGM)	26 months June 16, 2020	€370,000 (par value) for shares (with issues deducted from the Blanket Ceiling) and €300 million for debt securities (with issues deducted from the Blanket Ceiling for Debt Securities)	Not utilized	(i) New shares to be issued 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 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. (ii) 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. The Board of Directors is responsible for setting the amounts, features, terms and conditions for each issue, including the price of the securities to be issued.
Greenshoe option (16 th resolution of the April 16, 2018 AGM)	26 months June 16, 2020	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)	Not utilized	For the issues carried out pursuant to the thirteenth, fourteenth and fifteenth resolutions, the Board of Directors may increase the number of securities and issue them at the same price as for the initial offer
Issues of securities in payment for the shares of other companies tendered to a public exchange offer initiated by the Company (18 th resolution of the April 16, 2018 AGM)	26 months June 16, 2020	€370,000 (par value) for shares (with issues deducted from the Blanket Ceiling) and €300 million for debt securities (with issues deducted from the Blanket Ceiling for Debt Securities)	Not utilized	The Board of Directors is authorized to set the amounts, features and issuance terms and conditions of the securities to be issued in payment for those tendered to the Company, including the issue price
Issues of securities in payment for the shares or other securities of other companies contributed to the Company (19 th resolution of the April 16, 2018 AGM)	26 months June 16, 2020	10% of the share capital on the issue date for shares (with issues deducted from the Blanket Ceiling) and €300 million for debt securities (with issues deducted from the Blanket Ceiling for Debt Securities)	Not utilized	The Board of Directors is authorized to set the amounts, features and issuance terms and conditions of the securities to be issued in payment for the shares or other securities of other companies contributed to the Company, including the issue price

Transactions/ securities concerned	Duration of the authorization from the date of this Meeting and expiration date	Ceiling	Authorization utilized in 2017	Method for determining the price of shares issued
Free shares granted to beneficiaries selected from among employees and executives, with a waiver of shareholders' pre-emptive subscription rights (20 th resolution of the April 20, 2017 AGM)	26 months June 20, 2019	1% of the Company's share capital as at the April 20, 2017 AGM	Authorization utilized by the Board of Directors on July 20, 2017 to grant 31,400 shares, i.e., 0.14% of the share capital, to key executive personnel, excluding the Chairman and CEO ⁽²⁾ .	N/A
Employee rights issue (20 th resolution of the April 16, 2018 AGM)	26 months June 16, 2020	€200,000 (par value) (with issues deducted from the Blanket Ceiling)	Not utilized	The Board of Directors is authorized to set the issue price of the new shares pursuant to article 3332-19 of the French Labor Code. 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 20 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 is authorized to reduce or eliminate said discount, if appropriate, in particular due to differences in foreign laws, regulations and tax rules.
Cancellation of shares held in treasury (12 th resolution of the April 16, 2018 AGM)	26 months June 16, 2020	10% of the share capital per 24-month period	Not utilized	N/A

(1) See section 6.4.2 of this Registration Document for a description of the implementation of the share buyback program.

(2) See Chapter 4 of this Registration Document for a description of the free share plan.

6.4.4. 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 April 16, 2018 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 in section 6.4.3 of the Registration Document.

6.4.5. OTHER INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

Change of control

To the best of the Company's knowledge, as at the date of this Registration Document, there were no shareholder agreements or other agreements in place whose implementation could lead to a change of control of Chargeurs at a subsequent date.

Options over the share capital of any Group member or conditional or unconditional agreements to put the share capital of any Group member under option

As at the date of this Registration Document, no share capital of any Group member was under option or agreed conditionally or unconditionally to be put under option.

Disclosure thresholds (extract from article 6 of the Company's bylaws)

"In addition to the applicable legal disclosure thresholds, any individual or legal entity (including any accredited intermediary representing non-resident shareholders), acting either alone or in concert, that either directly or indirectly comes to hold or ceases to hold, by whatever means, a number of shares representing 2% of the share capital or voting rights or any multiple thereof, must inform the company of the number of shares and voting rights held, as well as the number of shares and voting rights deemed to be held by that individual or legal entity for disclosure purposes in accordance with Article L. 233-9 of the French Commercial Code. Said notice must be sent to the registered office of the company by registered letter with return receipt requested (or an equivalent method for non-resident shareholders) within five trading days of the relevant disclosure threshold being crossed.

Shareholders that have crossed a disclosure threshold are also required to inform the company of the number of securities held that carry a deferred right to shares and of the number of voting rights attached to said securities.

Failure to comply with these requirements shall result in the undisclosed shares being stripped of voting rights at General Meetings at the request of one or more shareholders separately or together owning at least 2% of the share capital or voting rights and provided the failure to disclose is noted in the minutes of a General Meeting. Similarly, any voting rights that have not been duly disclosed may not be exercised. Any such voting disqualification shall apply to all General Meetings held during a period of two years commencing on the date on which the failure to disclose is remedied."

Appropriation and distribution of profit (article 26 of the Company's bylaws)

"At least 5% of profit for the year, less any prior year losses, is allocated to the legal reserve, until such time as the legal reserve represents one tenth of the share capital.

Profit available for distribution corresponds to profit for the year, less any losses brought forward from prior years and any amounts appropriated to reserves in compliance with the law and these bylaws, plus any retained earnings.

The General Meeting may decide to carry forward all or part of the amount to the following year, or to appropriate all or part of the amount to reserves.

Any remaining amount of profit available for distribution is paid out to shareholders in the form of dividends.

The General Meeting may also decide to pay dividends to shareholders out of distributable reserves."

Payment of interest and dividends (article 27 of the Company's bylaws)

"The method of paying interest and dividends shall be determined by a vote at the General Meeting or, failing that, by the Board of Directors.

At the General Meeting, shareholders may be granted the option of receiving all or part of their dividend or interim dividend in the form of shares. Any request by a shareholder for the payment of a dividend in shares must be made within the time period set at the General Meeting, which may not exceed three months following said meeting. This time period may be suspended by the Board of Directors for a period not exceeding three months, subject to the applicable laws and regulations."

Pledge agreements concerning share capital

To the best of the Company's knowledge, it has no pledge agreements concerning its share capital.



7

INFORMATION ABOUT THE ANNUAL GENERAL MEETING OF MAY 6, 2019

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7.1. AGENDA

ORDINARY BUSINESS

1. Approval of the parent company financial statements for the year ended December 31, 2018;
2. Approval of the consolidated financial statements for the year ended December 31, 2018;
3. Appropriation of profit for 2018 and approval of a dividend;
4. Stock dividend alternative for the 2018 final dividend;
5. Stock dividend alternative for the 2019 interim dividend;
6. Approval of agreements governed by article L. 225-38 of the French Commercial Code;
7. Setting directors' fees;
8. Election of Maria Varcu as independent director;
9. Ratification of the appointment of Nicolas Urbain as a director;
10. Re-election of Columbus Holding SAS as a director;
11. Re-election of Isabelle Guichot as an independent director;
12. Re-election of Georges Ralli as a non-voting director;
13. Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits payable to the Chairman and Chief Executive Officer;
14. Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or awarded to the Chairman and Chief Executive Officer for 2018;
15. Approval, in accordance with article L. 225-42-1 of the French Commercial Code, of the commitment given to Michaël Fribourg – Chairman and Chief Executive Officer – concerning a non-compete indemnity payable if he ceases to hold office;
16. Approval, in accordance with article L. 225-42-1 of the French Commercial Code, of the commitment given to Michaël Fribourg – Chairman and Chief Executive Officer – concerning a termination benefit payable in the event of a termination or change in his duties or if the roles of Chairman and Chief Executive Officer are separated;
17. Authorization for the Board of Directors to carry out a share buyback program.

EXTRAORDINARY BUSINESS

18. Authorization for the Board of Directors to grant free shares to employees and/or officers, without pre-emptive subscription rights for existing shareholders;
19. Authorization for the Board of Directors to grant stock options without pre-emptive subscription rights for existing shareholders;
20. Authorization for the Board of Directors to carry out employee share issues, without pre-emptive subscription rights for existing shareholders;
21. Powers to carry out legal formalities.

7.2. REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS PRESENTED AT THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF MAY 6, 2019

ORDINARY RESOLUTIONS

First resolution

(Approval of the parent company financial statements for the year ended December 31, 2018)

The purpose of the first resolution is to approve the parent company financial statements for the year ended December 31, 2018.

Second resolution

(Approval of the consolidated financial statements for the year ended December 31, 2018)

The purpose of the second resolution is to approve the consolidated financial statements for the year ended December 31, 2018.

Third resolution

(Appropriation of profit for 2018 and approval of a dividend)

The purpose of the third resolution is to appropriate profit for 2018 and set the dividend for that year. The Board of Directors is recommending that the shareholders:

- note that profit available for distribution amounts to €225,028,770.41 comprising profit for 2018 of €21,638,954.46 and "Retained earnings" of €203,393,815.95;

- resolve to pay a total of €15,779,675.80 to the shareholders as a dividend;
- credit the balance of profit of €5,859,278.61 available for distribution to "Retained earnings".

Which would therefore be increased from €203,389,815.95 to €209,249,094.56.

Based on the 23,551,755 shares outstanding as of December 31, 2018, with a par value of €0.16, the dividend per share would amount to €0.67, representing an 11.7% increase compared with 2017.

An interim dividend of €0.30 per share was paid on September 28, 2018. Consequently, the final per-share dividend payable is €0.37. The ex-dividend date for this amount will be May 10, 2019 and it will be paid on May 29, 2019.

The amounts corresponding to final dividends not paid on shares held in treasury stock on May 10, 2019 will be credited to "Other reserves".

Both the €0.30 interim dividend and the €0.37 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 General Tax Code, shareholders are informed that the following dividends were paid for the last three fiscal years:

Year	Number of shares ⁽¹⁾	Total dividend payout ⁽²⁾ (in €)	Dividend per share (in €)
2015	22,958,399	6,887,519.70	0.30
2016	22,966,144	12,631,379.20	0.55
2017	23,209,500	13,925,700.00	0.60

(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 2015, 2016 and 2017 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 2018 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, the shareholders are invited to approve an option for their final dividend for 2018 to be paid in either cash or new shares.

Each shareholder would be able to exercise this option to choose between cash payment or the stock dividend alternative but the payment method opted for would 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 (*Code de commerce*), 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 Meeting of May 6, 2019, less the amount of the final per-share dividend and rounded up to the nearest euro cent.

Shareholders who opt to reinvest their final dividend must notify their bank or broker between May 14, 2019 (the ex-dividend date for the final dividend) and May 23, 2019. Any shareholder whose option has not been exercised by that date would automatically receive a cash dividend.

The final dividend would be paid on May 29, 2019, and shareholders who have opted for the stock dividend alternative would also receive their shares on that date.

The new shares would carry dividend rights immediately and would rank *pari passu* with the Company's existing shares as from their issue date.

If the amount of a stock dividend does not correspond to a whole number of shares, the shareholder concerned would receive the nearest lower whole number of shares and the difference in cash.

The Board is asking the 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;
- carry out any and all transactions related and/or consecutive to exercise of the option to reinvest the dividend;
- 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 formalities related to the issue, listing and servicing of the shares issued under this authorization and any and all filing and other legal formalities and take any and all measures required to achieve the purpose of this resolution.

Fifth resolution

(Stock dividend alternative for the 2019 interim dividend)

In the fifth resolution, as the Company's capital is fully paid up, 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, the shareholders are invited to approve an option for any interim dividends set by the Board of Directors for 2019 to be paid either in cash or new shares.

Each shareholder would 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 would 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 interim dividend(s) would be 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 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 immediately and would rank *pari passu* with the Company's existing shares as from their issue date.

If the amount of a stock dividend does not correspond to a whole number of shares, the shareholder concerned would receive the nearest lower whole number of shares and the difference in cash.

The Board is asking the shareholders to grant it full powers, which it may delegate, to take all necessary measures to implement this resolution, and notably to:

- carry out any and all transactions related and/or consecutive to exercise of the option to reinvest the dividend;
- 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 formalities related to the issue, listing and servicing of the shares issued under this authorization and any and all filing and other legal formalities and take any and all measures required 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 the shareholders approve the conclusions of the Statutory Auditors' special report on related-party agreements and commitments for the year ended December 31, 2018, as well as any related-party agreements referred to therein.

Seventh resolution

(Setting directors' fees)

In the seventh resolution, the Board of Directors, acting on the recommendation of the Compensation Committee, is asking the shareholders to set at €380,000 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 proposed rise in directors' fees from €300,000 previously to €380,000 is aimed at taking into account several different factors,

including (i) the fact that the Board will have an additional member (an independent woman director) if the eighth resolution of this Meeting is adopted, (ii) the increase in the responsibilities and workload of the Board and its Committees due to the change in the Group's scale and the faster pace of its transformation, (iii) the numerous strategic projects carried out by the Group in 2018, which represented a significant workload for the Board and its Committees, and (iv) the fact that an Acquisitions Committee was created during the year in view of the Group's proactive external growth strategy. The work of the Board and its Committees is described in detail in Chapter 4, section 4.3 of the Registration Document.

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 (the "MiddleNext Code"), a summary table is provided below of the fees paid in 2017 and 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 any directors' fees from Chargeurs S.A. (at his own request).

(In euros)	Directors' fees ⁽¹⁾		
	For the fiscal year ended Dec. 31, 2016	For the fiscal year ended Dec. 31, 2017	For the fiscal year ended Dec. 31, 2018
Emmanuel Coquoin	48,780	80,488	68,571
Isabelle Guichot	29,268	58,537	42,858
Cécilia Ragueneau	N/A	43,902 ⁽²⁾	68,571
Catherine Sabouret	48,780	14,634 ⁽³⁾	N/A
Nicolas Urbain (Non-director member of the Compensation Committee and of the Acquisitions Committee)	43,902	58,537	68,571
Georges Ralli (Non-voting director)	29,268	43,902	51,429
TOTAL	199,998	300,000	300,000

(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 April 20, 2017 (the date on which Cécilia Ragueneau's term of office began) through December 31, 2017.

(3) Amounts calculated on a proportionate basis for the period from January 1, 2017 through April 20, 2017 (the date on which Catherine Sabouret's term of office ended).

Eighth resolution

(Election of Maria Varcu as independent director)

In the eighth resolution, the shareholders are invited to elect Maria Varcu as an independent director for a three-year term, expiring at the close of the Annual General Meeting to be held in 2022 to approve the financial statements for the year ending December 31, 2021. Maria Varcu's profile is set out in Chapter 4, section 4.4.2 of the Registration Document, in the documentation provided with the Notice of the Annual General Meeting and is available on the Company's website (www.chargeurs.fr).

Ninth resolution

(Ratification of the appointment of Nicolas Urbain as a director)

The shareholders are invited to ratify the Board of Directors' decision taken on March 11, 2019 to appoint Nicolas Urbain as a member of the Board of Directors, to replace Emmanuel Coquoin, who has resigned from his position as a director. Nicolas Urbain's term of office would run for the remainder of his predecessor's term, which expires at the close of the Annual General Meeting to be called in 2020 to approve the 2019 financial statements.

Nicolas Urbain stepped down from his position as the permanent representative of Columbus Holding SAS on Chargeurs' Board of Directors on March 11, 2019.

Nicolas Urbain's profile is provided in Chapter 4, section 4.4.2 of this Registration Document.

Tenth resolution

(Re-election of Columbus Holding SAS a director)

In the tenth resolution, the shareholders are invited to re-elect Columbus Holding SAS as a director for a three-year term, expiring at the close of the Annual General Meeting to be held in 2022 to approve the financial statements for the year ending December 31, 2021.

Emmanuel Coquoin, who resigned as a director of the Company on March 11, 2019, has been appointed by Columbus Holding SAS as its permanent representative on Chargeurs' Board of Directors, to replace Nicolas Urbain who stepped down as Columbus Holding SAS's permanent representative on the same date.

Eleventh resolution

(Re-election of Isabelle Guichot as an independent director)

The shareholders are invited to re-elect Isabelle Guichot as an independent director for a three-year term, expiring at the close of the Annual General Meeting to be called in 2022 to approve the financial statements for the year ending December 31, 2021.

Twelfth resolution

(Re-election of Georges Ralli as a non-voting director)

In accordance with Article 15 of the Company's bylaws, the shareholders are invited to re-elect Georges Ralli as a non-voting director for a three-year term, expiring at the close of the Annual General Meeting to be held in 2022 to approve the financial statements for the year ending December 31, 2021.

Thirteenth and fourteenth resolutions

(Approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits payable to the Chairman and Chief Executive Officer for 2019 and (ii) the fixed, variable and exceptional components making up the total compensation and benefits paid or awarded to the Chairman and Chief Executive Officer for 2018)

In accordance with article L.225-37-2, paragraph 1, and article L.225-100 of the French Commercial Code, the shareholders are invited to approve, respectively, (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components making up the total compensation and benefits of the Chairman and Chief Executive Officer, corresponding to his compensation package (*ex ante* vote) and (ii) the fixed, variable and exceptional components of the total compensation and benefits paid or awarded to the Chairman and Chief Executive officer for 2018 (*ex post* vote).

The Chairman and Chief Executive Officer's compensation policy is set by the Board of Directors based on the recommendations of the Compensation Committee. The purpose of the thirteenth resolution is for the shareholders to approve the compensation policy applicable to the Chairman and Chief Executive Officer for 2019, as set at the Board of Directors' meetings on December

10, 2018 and March 11, 2019 based on the recommendations of the Compensation Committee, and described in the Board of Directors' corporate governance report in Chapter 4 of the Registration Document.

In accordance with the requirements of article L. 225-100 II of the French Commercial Code, the shareholders are also invited to approve the components of compensation paid or awarded to the Chairman and Chief Executive Officer for 2018 as described in the Board of Directors' corporate governance report in Chapter 4 of the Registration Document.

Fifteenth resolution

(Approval, in accordance with article L. 225-42-1 of the French Commercial Code, of the commitment given to Michaël Fribourg – Chairman and Chief Executive Officer – concerning a non-compete indemnity payable if he ceases to hold office)

In the fifteenth 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 and fourteenth resolutions, 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 non-compete compensation and commitments provided for therein given to Michaël Fribourg, Chairman and Chief Executive Officer.

Sixteenth resolution

(Approval, in accordance with article L. 225-42-1 of the French Commercial Code, of the commitment given to Michaël Fribourg – Chairman and Chief Executive Officer – concerning a termination benefit payable in the event of a termination or change in his duties or if the roles of Chairman and Chief Executive Officer are separated)

In the sixteenth resolution, the Board of Directors is recommending that having considered (i) the report of the Board of Directors, as referred to above in relation to the thirteenth and fourteenth resolutions, 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, the shareholders approve the commitment referred to in those reports given to Michaël Fribourg – Chairman and Chief Executive Officer – concerning a termination benefit payable in the event of a termination or change in his duties or if the roles of Chairman and Chief Executive Officer are separated.

Seventeenth resolution

(Authorization for the Board of Directors to carry out a share buyback program)

In the seventeenth resolution, the Board of Directors is seeking a new 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 10%

of the Company's total outstanding shares at the date the authorization is used, not including any additional shares that may be issued to take into account the effect of any corporate actions that may be carried out subsequent to the 2018 Annual General Meeting. However, the Company may in no circumstances hold, either directly or indirectly through subsidiaries, more than 10% of its share capital.

The maximum per-share purchase price under the program would be €30, which the Board of Directors may adjust in order to take into account the effect of any corporate actions.

At December 31, 2018, out of the 23,551,755 shares making up its share capital, the Company directly held 557,878 shares. Consequently, the maximum number of shares that the Company would be able to purchase under the share buyback program would be 1,797,297, and the maximum amount that it could invest in the program would be fifty-three million, nine hundred and eighteen thousand, nine hundred and ten euros (€53,918 910).

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 would be 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 authorization previously granted for the same purpose.

EXTRAORDINARY RESOLUTIONS

Other financial authorizations included in the Meeting's extraordinary business

The eighteenth to twenty-first resolutions are aimed at adding to or renewing the financial authorizations already given to the Board of Directors in previous Annual General Meetings to increase the Company's capital in various ways.

Each resolution would authorize the Board to increase the capital for a specific purpose.

The aims of the proposed financial authorizations are to (i) enable the Board to closely involve the Company's employees and executive officers in the Group's value creation and (ii) give the Board the necessary flexibility when it comes to choosing planned issues and deciding on the type of financial instruments to be issued based on the prevailing situation in the financial markets and the available opportunities.

Naturally, these authorizations – which are commonly used in most companies of the same size as Chargeurs – would not be unlimited. Firstly, each authorization would be given for a fixed period only. In addition, we could increase the capital only by clearly specified amounts. Beyond those amounts, we would have to seek a further authorization by calling another Shareholders' Meeting.

Eighteenth 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.

Each time it decides to carry out such a share grant, the Board of Directors shall set – in accordance with the applicable 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 sixteenth 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.

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.

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.

Nineteenth resolution

(Authorization for the Board of Directors to grant stock options without pre-emptive subscription rights for existing shareholders)

The purpose of the nineteenth resolution is for shareholders to authorize the Board of Directors to grant, on one or more occasions, to beneficiaries selected by the Board from among the employees of the Company or entities affiliated to the Company under the terms and conditions set out in article L. 225-180 of the French Commercial Code, stock options exercisable for either (i) new Chargeurs shares to be issued as part of a capital increase, or (ii) existing Chargeurs shares purchased by the Company as part of a share buyback program under the terms and conditions provided for by the applicable law.

Under this resolution the Board would also be authorized to grant said options to the Chairman of the Board of Directors, the Chief Executive Officer and the Managing Directors, provided that at least one of the conditions set out in article L. 225-186-1 of the French Commercial Code is met.

The Board would be given full powers to decide on the beneficiaries of the stock option grants, it being specified that the total number of shares for which the options are exercisable may not represent more than 1% of the Company's capital as at the date of this Annual General Meeting.

The exercise price of the stock options would be set on the date on which the options are granted by the Board, in accordance with the limits and conditions set by law.

This exercise price may not be changed, except if during the exercise period the Company carries out any corporate actions provided for by law. In such a case, the Board would, in accordance with the applicable regulations, adjust the price and number of shares to be received on exercise of the options in order to take into account the effect that the corporate action would have on the beneficiaries' rights.

This authorization would entail the express waiver of existing shareholders' pre-emptive rights to subscribe for the shares to be issued on exercise of the stock options.

Except for the case of executive officers, as provided for in the fourth paragraph of article L. 225-185 of the French Commercial Code, the stock options would have to be exercised within a maximum of five years from their grant date.

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 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, (*Code de travail*), 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 would be capped at two hundred thousand euros (€200,000) and this amount would be included in the one million eight hundred thousand euro (€1,800,000) blanket ceiling for capital increases set in the twenty-first resolution approved at the Annual General Meeting of April 16, 2018;
- the 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 and would supersede the unused portion of the previous authorization granted for the same purpose at the April 16, 2018 Annual General Meeting.

Twenty-first resolution

(Powers to carry out legal formalities)

The 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.

7.3. PROPOSED RESOLUTIONS

ORDINARY RESOLUTIONS

First resolution

(Approval of the parent company financial statements for the year ended December 31, 2018)

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, 2018, as presented, showing profit for the year of €21.6 million, 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, 2018.

Second resolution

(Approval of the consolidated financial statements for the year ended December 31, 2018)

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 company financial statements for the year ended December 31, 2018, as presented, together with all the transactions for the year reflected in the financial statements or referred to in the aforementioned reports.

In accordance with the disclosure requirements of article 243 bis of the French General Tax Code, shareholders are informed that the following dividends were paid for the last three fiscal years:

Year	Number of shares ⁽¹⁾	Total dividend payout ⁽²⁾ (in €)	Dividend per share (in €)
2015	22,958,399	6,887,519.70	0.30
2016	22,966,144	12,631,379.20	0.55
2017	23,209,500	13,925,700.00	0.60

(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 2015, 2016 and 2017 were eligible for the 40% tax relief provided for in article 158-3 2° of the French General Tax Code.

Third resolution

(Appropriation of profit for 2018 and approval of a dividend)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having noted that 2018 profit of €21,638,954.46 and "Other reserves" of €203,389,815.95 together represent profit available for distribution of €225,028,770.41, the shareholders approve the appropriations recommended by the Board of Directors.

Consequently, the shareholders resolve to appropriate profit available for distribution as follows:

- Dividend: 15,779,675.85 euros
- Retained earnings: 209,249,094.56 euros
- Total: 225,028,770.41 euros

The amount in the "Retained earnings" account has therefore been reduced from €203,389,815.95 to €209,249,094.56.

Based on the 23,551,755 shares with a par value of €0.16 outstanding as of December 31, 2018, the dividend per share amounts to €0.67.

An interim dividend of €0.30 per share was paid on September 28, 2018. Consequently, the final per-share dividend payable is €0.37. The ex-dividend date for this amount will be May 10, 2019 and payment will be made on May 29, 2019.

The amounts corresponding to final dividends not paid on shares held in treasury stock on May 10, 2019 will be credited to "Retained earnings".

Both the €0.30 interim dividend and the €0.37 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.

Fourth resolution

(Stock dividend alternative for the 2018 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 (*Code de commerce*) 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 2018 to be paid either in cash or in new shares.

Each shareholder 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 to reinvest their final dividend must notify their bank or broker between May 14, 2019 (the ex-dividend date for the final dividend) and May 23, 2019. Any shareholder whose option has not been exercised by that date will automatically receive a cash dividend.

The final dividend will be paid on May 29, 2019, and shareholders who have opted for the stock dividend alternative will also receive their shares on that date.

The new shares will carry dividend rights immediately and will rank *pari passu* with the Company's existing shares as from their issue date.

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;
- carry out any and all transactions related and/or consecutive to exercise of the option to reinvest the dividend;
- 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 formalities related to the issue, listing and servicing of the shares issued under this authorization and any and all filing and other legal formalities and take any and all measures required to achieve the purpose of this resolution.

Fifth resolution

(Stock dividend alternative for the 2019 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 2019, 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 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) will be 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 immediately and will rank *pari passu* with the Company's existing shares as from their issue date.

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:

- carry out any and all transactions related and/or consecutive to exercise of the option to reinvest the dividend;
- 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 formalities related to the issue, listing and servicing of the shares issued under this authorization and any and all filing and other legal formalities and take any and all measures required 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

(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 €380,000 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.

Eighth resolution

(Election of Maria Varcu as 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 Maria Varcu as an independent director for a three-year term expiring at the close of the Annual General Meeting to be held in 2022 to approve the 2021 financial statements.

Ninth resolution

(Ratification of the appointment of Nicolas Urbain as a director)

Voting in accordance with the quorum and majority rules applicable to ordinary meetings and having noted that Emmanuel Coquoin has resigned as a director of the Company, as placed on record at the Board of Directors' meeting on March 11, 2019, the shareholders resolve to ratify the Board's appointment of Nicolas Urbain as a director at the same meeting.

Tenth resolution

(Re-election of Columbus Holding SAS 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 Columbus Holding SAS's directorship is due to expire at the close of this Meeting, the shareholders re-elect Columbus Holding as a director for a three-year term expiring at the close of the Annual General Meeting to be held in 2022 to approve the 2021 financial statements.

Eleventh resolution

(Re-election of Isabelle Guichot 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 and noted that Isabelle Guichot's directorship is due to expire at the close of this Meeting, the shareholders re-elect Isabelle Guichot as a director for a three-year term expiring at the close of the Annual General Meeting to be held in 2022 to approve the 2021 financial statements.

Twelfth resolution

(Re-election of Georges Ralli as a non-voting 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 Georges Ralli's directorship is due to expire at the close of this Meeting, the shareholders re-elect Georges Ralli as a non voting director for a three-year term expiring at the close of the Annual General Meeting to be held in 2022 to approve the 2021 financial statements.

Thirteenth resolution

(Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits 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 corporate governance.

Fourteenth resolution

(Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or awarded to the Chairman and Chief Executive Officer for 2018)

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. 225-100-2 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components of the total compensation and benefits in kind payable to the Chairman and Chief Executive Officer for 2018 as presented and described in the report of the Board of Directors on corporate governance.

Fifteenth resolution

(Approval, in accordance with article L. 225-42-1 of the French Commercial Code, of the commitment given to Michaël Fribourg – Chairman and Chief Executive Officer – concerning a non-compete indemnity payable if he ceases to hold 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 the commitment described therein given to Michaël Fribourg – Chairman and Chief Executive Officer – concerning a non-compete indemnity payable if he ceases to hold office.

Sixteenth resolution

(Approval, in accordance with article L. 225-42-1 of the French Commercial Code, of the commitment given to Michaël Fribourg – Chairman and Chief Executive Officer – concerning a termination benefit payable in the event of a termination or change in his duties or if the roles of Chairman and Chief Executive Officer are separated)

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 the commitment described therein given to Michaël Fribourg – Chairman and Chief Executive Officer – concerning a termination benefit payable in the event of a termination or change in his duties or if the roles of Chairman and Chief Executive Officer are separated.

Seventeenth resolution

(Authorization for the Board of Directors to carry out a share buyback program)

Voting in accordance with the quorum and majority vote rules applicable to ordinary meetings, having reviewed the Board of Directors' report, resolves, in accordance with Articles L.225-209 et seq. of the Commercial Code, the shareholders:

1. Grant the Board of Directors an authorization, which it may delegate, to purchase up to 10% of 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 the Company's total outstanding shares at the date the authorization is used, not including any additional shares that may be issued to take into account the effect of any corporate actions that may be carried out subsequent to the 2018 Annual General Meeting. The Company may in no circumstances hold, either directly or indirectly through subsidiaries, more than 10% of its share capital. At December 31, 2018, out of the 23,551,755 shares making up its share capital, the Company directly held 557,878 shares. Consequently, the maximum number of shares that the Company will be able to purchase under the share buyback program will be 1,797,297, and the maximum amount that it can invest in the program is fifty-three million, nine hundred and eighteen thousand, nine hundred and ten euros (€53,918,910);
2. Resolve that shares can be purchased and held 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 be fifty-three million, nine hundred and eighteen thousand, nine hundred and ten euros (€53,918,910);
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

Eighteenth resolution

(Authorization for the Board of Directors to grant free shares to employees and/or officers, without pre-emptive subscription rights for existing shareholders)

Voting in accordance with the quorum and majority rules applicable to extraordinary meetings and having heard 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 applicable 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 (*Code de la sécurité sociale*)).

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 sixteenth 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.

Nineteenth resolution

(Authorization for the Board of Directors to grant stock options, without pre-emptive subscription rights for existing shareholders)

Voting in accordance with the quorum and majority rules applicable to extraordinary meetings and having the report of the Board of Directors and the Statutory Auditors' special report, the shareholders:

1. Authorize the Board of Directors, in accordance with articles L. 225-177 *et seq.* of the French Commercial Code, to grant, on one or more occasions, to beneficiaries selected by the Board from among the employees of the Company or entities affiliated to the Company under the terms and conditions set out in article L. 225-180 of said Code, stock options exercisable for either (i) new Chargeurs shares to be issued as part of a capital increase, or (ii) existing Chargeurs shares purchased by the Company as part of a share buyback program under the terms and conditions provided for by the applicable law.
2. Authorize the Board of Directors, in accordance with article L. 225-185 of the French Commercial Code, to grant said options to the Chairman of the Board of Directors, the Chief Executive Officer and the Managing Directors, provided that at least one of the conditions set out in article L. 225-186-1 of the French Commercial Code is met.
3. Resolve that the stock options granted under this authorization may not be exercisable for a total number of shares representing more than 1% of the Company's capital as at the date of this Meeting.
4. Resolve that the exercise price of the stock options will be set on the date on which the options are granted by the Board of Directors, in accordance with the limits and conditions set by law.

This exercise price may not be changed, except if during the exercise period the Company carries out any corporate actions provided for by law. In such a case, the Board will, in accordance with the applicable regulations, adjust the price and number of shares to be received on exercise of the options in order to take into account the effect that the corporate action will have on the beneficiaries' rights.

5. Note that this authorization entails the express waiver of existing shareholders' pre-emptive rights to subscribe for the shares to be issued on exercise of the stock options.
6. Resolve that, except for the case of executive officers, as provided for in the fourth paragraph of article L. 225-185 of the French Commercial Code, the stock options must be exercised within a maximum of five years from their grant date.
7. Grant the Board of Directors full powers to use this authorization, and particularly to:
 - (a) draw up the list of beneficiaries of the stock option grants and the number of options granted to each one,
 - (b) set the terms and conditions applicable to the grant(s), notably (i) the life of the options, (ii) the exercise dates or periods, it being specified that the Board may, where appropriate, (a) bring forward these dates or periods,

maintain the exercisable nature of the options, or (c) amend the dates or periods during which the shares received on exercise of the options may not be sold or converted into bearer shares, and (iii) any clauses prohibiting the immediate resale of all or some of the shares received on exercise of the options,

- (c) make the allocation of all or part of the stock options contingent on achieving one or more performance conditions, which it will set,
 - (d) where applicable, limit, suspend, restrict or prohibit the exercise of the options or the sale or conversion into bearer form of the shares received on exercise of the options, during certain periods or as a result of certain events. Such a decision may concern all or some of the options or shares and may involve all or some of the beneficiaries,
 - (e) set the date – which may be retroactive – from which the new shares to be issued on exercise of the options will carry dividend rights,
 - (f) place on record the capital increase(s) equal to the aggregate par value of the subscribed shares when stock options are exercised for new Chargeurs shares,
 - (g) amend the Company's bylaws and, if it deems it appropriate, charge the share issuance costs 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,
 - (h) more generally, take all other necessary steps;
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.

Twentieth resolution

(Authorization for the Board of Directors to carry out employee share issues, without pre-emptive subscription rights for existing shareholders)

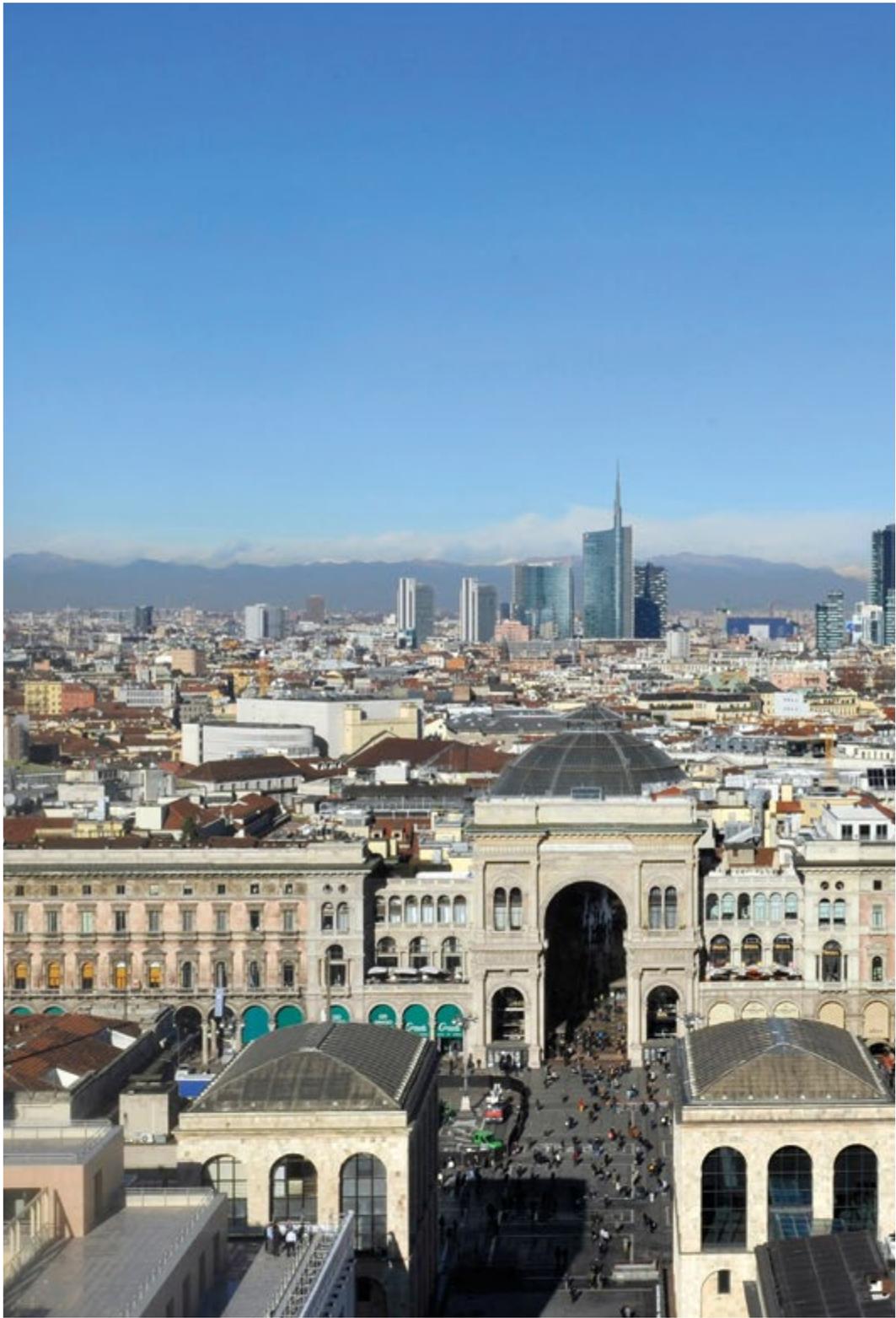
Voting in accordance with the quorum and majority rules applicable to extraordinary meetings and having considered the report of the Board of Directors and the Statutory Auditors' special report, in compliance with articles L.225-129-2, L.225-129-6, L.225-138 and L.225-138-1 of the French Commercial 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 two hundred thousand euros (€200,000) and this amount will be included in the one million eight hundred thousand euro (€1.8 million) blanket ceiling on capital increases set in the twenty-first resolution approved by the April 16, 2018 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 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 shall be 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 Labor Code, the Board of Directors may allocate free shares to the above persons, to be paid up by capitalizing profits, reserves or additional paid-in capital or to be taken from treasury stock, 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, does not lead to the limits specified in Articles L.3332-11 and L.3332-19 of the 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 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-first resolution
(Powers to carry out legal formalities)**

The shareholders give full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all filing and other formalities required by law.



8

ADDITIONAL INFORMATION

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8.1. RELATIONSHIPS BETWEEN CHARGEURS AND ITS SUBSIDIARIES

8.1.1. ORGANIZATIONAL STRUCTURE AT DECEMBER 31, 2018

The table of subsidiaries and affiliates at December 31, 2018 is presented in note 26 to the 2018 consolidated financial statements.

There is no difference between the percentage of interest in share capital and voting rights for the Group's subsidiaries, with the exception of Chargeurs SA.

Information concerning the Group's major shareholders is provided in Chapter 6, section 6.4 of this Registration Document.

8.1.2. ROLE OF THE CHARGEURS PARENT COMPANY IN THE GROUP

The Chargeurs parent company acts as a holding company for the Group's companies, by:

- holding shares in the Group's main subsidiaries which pay a fee;
- managing central functions: the Group's business strategy, marketing strategy, financial and legal policy, control of operations, human resources policy, and communications, for which the subsidiaries pay a fee;

- providing specialized assistance (legal, tax and financial expertise) to the subsidiaries, for which the subsidiaries pay a fee;
- managing treasury and financing and setting up any guarantees.

8.1.3. FINANCIAL FLOWS BETWEEN THE CHARGEURS PARENT COMPANY AND ITS SUBSIDIARIES

The Chargeurs parent company receives dividends from its subsidiaries, as approved at the subsidiaries' respective Annual General Meetings and subject to the locally applicable laws and regulations. Aside from the dividends and the fee for shared services paid by the subsidiaries, the main financial flows between the Chargeurs parent company and its subsidiaries are in relation to cash pooling.

8.2. MAIN LEGAL CHARACTERISTICS

8.2.1. COMPANY NAME

The Company's name is Chargeurs

8.2.2. REGISTERED OFFICE, REGULATORY FRAMEWORK, LEGAL FORM

Chargeurs is a joint-stock corporation (*société anonyme*) governed by French law, with a Board of Directors.

Its registered office is located at 112, avenue Kléber, 75016 Paris, France. The telephone number of the Company's registered office is +33 (0) 1 47 04 13 40.

The Board of Directors may decide to transfer the registered office to another location within Paris or a neighboring *département*, subject to ratification by shareholders at the next Ordinary General Meeting. The transfer of the registered office to any other location shall be subject to a decision by shareholders at an Extraordinary General Meeting.

8.2.3. CORPORATE PURPOSE (ARTICLE 2 OF THE BYLAWS)

"The Company has as its purpose, in all countries and in all its forms:

- *any and all trade and non-trade transactions concerning manufacturing or commercial activities, notably those related to the textile industry, the production of protective films and transportation;*
- *any and all transactions of a manufacturing, commercial and financial nature or involving moveable assets or real estate (i) related directly or indirectly to the above purpose or any similar, complementary or related purpose or any activities that contribute to the achievement and pursuit thereof, or (ii) related to company assets, including using or selling any discoveries, processes, expertise, original works or industrial and intellectual property rights, and using all types of cash and cash equivalents in the form of securities or loans, credit facilities, advances or any other form authorized by law.*

The company may perform such transactions by any method and in any form, directly or indirectly, for itself or on behalf of third parties, either alone or with third parties, by creating new companies, contributing assets or funds, acquiring shares in existing companies, merging companies, setting up business leases, entering into partnerships and selling or leasing assets."

8.2.4. FISCAL YEAR

Chargeurs' fiscal year begins on January 1 and ends on December 31.

8.2.5. DATE OF INCORPORATION AND TERM

The Company was incorporated under the name Chargetex 1 on March 11, 1993 and was renamed Chargeurs on May 7, 1997.

The term of the Company has been set at ninety-nine years from the date of registration with the Trade and Companies Registry, unless said term is extended or the Company is wound up in advance of its term.

8.2.6. REGISTRATION PARTICULARS

The Company is registered with the Paris Trade and Companies Registry under number 390 474 898.

Its business identifier code is 7010Z.

Its legal entity identifier is 969500ZPQQLG72TQND21.

8.2.7. RIGHTS ATTACHED TO SHARES (ARTICLE 7 OF THE COMPANY'S BY LAWS)

"Each share shall give rise to ownership of the company assets and a share of the profits in proportion to the number of shares issued. Each share shall also confer the right, whether during the term of the company or upon liquidation, to payment of an equivalent net amount for any distribution or redemption, such that, where applicable, all shares, without distinction for any tax exemption or taxes to which this disbursement or redemption may give rise, shall be considered as a whole."

8.2.8. DOUBLE VOTING RIGHTS (EXTRACT FROM ARTICLE 19 OF THE BY LAWS)

"Each member of the General Meeting shall have a number of votes corresponding to the number of shares held or represented by proxy, subject to any limitations laid down by the applicable laws and regulations and in particular by the provisions of Articles L. 225-10, L. 233-29, L. 233-30 and L. 233-31 of the French Commercial Code."

However, all fully paid-up shares registered in the name of the same holder for at least two years as at the date of the General Meeting shall carry double voting rights relative to the percentage of the share capital that they represent, in accordance with the provisions of the first paragraph of Article L. 225-123 of the French Commercial Code. The same right may be granted in the case provided for in the second paragraph of said Article. The foregoing shall be subject to compliance with the provisions of Article L. 225-124 of the French Commercial Code."

8.2.9. GENERAL MEETINGS (ARTICLE 17 OF THE BYLAWS)

"A validly constituted General Meeting shall represent all of the shareholders of the company. The decisions made at General Meetings in accordance with the law and these bylaws shall be binding on all shareholders, including any who are absent, dissenting or incapable of voting."

All shareholders shall be entitled to participate in General Meetings, regardless of the number of shares they hold.

An Ordinary General Meeting must be held at least once a year, within six months of the end of the financial year, unless this timeframe is extended by a court of law.

Additional General Meetings – either Ordinary or Extraordinary depending on the tabled resolutions – may be held at any time during the year.

General Meetings shall be called by the method and within the timeframe provided by the law.

They are held at the registered office or any other venue specified in the Notice of Meeting.

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."

8.2.10. CHANGES IN THE COMPANY'S SHARE CAPITAL AND RIGHTS ATTACHED TO SHARES

Any changes in the Company's share capital or in the voting rights attached to the shares making up the capital are subject to the applicable laws and regulations as the bylaws do not contain any specific provisions relating thereto.

8.3. STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

"I declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, (i) the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of operations of Chargeurs and its consolidated companies, and (ii) the information constituting the Management Report (as shown in the cross-reference table provided in Chapter 8, section 8.7.3 of this Registration Document) presents

a true and fair view of the business trends, results of operations and financial position of Chargeurs and its consolidated companies and describes the main risks and uncertainties they face.

I have received a letter from the Statutory Auditors confirming that they have verified the information about the Company's financial position and financial statements provided in this Registration Document and that they have read it in its entirety."

Paris, April, 12, 2019
Michaël Fribourg,
Chairman and Chief Executive Officer

8.4. DOCUMENTS AVAILABLE TO THE PUBLIC

Copies of this Registration Document are available, free of charge, at the Company's registered office located at 112, avenue Kléber, 75116 Paris, France.

This Registration Document may also be viewed on the Company's website and on the AMF's website (www.amf-france.org).

The Board of Directors' Rules of Procedure, the Company's bylaws, and the resolutions and minutes of General Meetings and other

corporate documents, as well as historic financial information and any valuations or statements issued by a valuer at the Company's request that must be made available to shareholders in accordance with the applicable laws and regulations, may be viewed, free of charge, at the Company's registered office.

In addition, regulatory information disclosed in accordance with the requirements of the AMF's General Regulations is available on the Company's website (<http://www.chargeurs.fr/>).

8.5. STATUTORY AUDITORS

STATUTORY AUDITORS

PricewaterhouseCoopers Audit, represented by Éric Bertier – 63, rue de Villiers – 92208 Neuilly-sur-Seine – France

- Member of Compagnie Régionale des Commissaires aux Comptes de Versailles.
- Term renewed at the April 20, 2017 Annual General Meeting until the close of the Annual General Meeting to be held in 2023.

HAF Audit & Conseil, member of Crowe Howarth International, represented by Marc de Prémare – 15 rue de la Baume – 75008 Paris, France

- Member of Compagnie Régionale des Commissaires aux Comptes de Paris.
- Appointed at the April 20, 2017 Annual General Meeting to replace S&W Associés S.A (Statutory Auditor for the fiscal years ending December 31, 2014, 2015 and 2016).

The Company no longer has any substitute auditors, following the decision at the April 20, 2017 Annual General Meeting not to renew their term.

8.6. GLOSSARY OF FINANCIAL TERMS

Change **based on a comparable scope of consolidation and at constant exchange rates** (like-for-like), organic change or internal change for year Y compared with year Y-1 is calculated:

- applying the average exchange rates for year Y-1 to the period concerned (year, half-year, quarter); and
- based on the scope of consolidation for Year Y-1.

EBITDA profit corresponds to recurring operating profit (as defined below) restated for the amortization of property, plant and equipment and intangible assets.

Recurring operating profit (ROP) corresponds to gross profit after distribution costs, administrative expenses and research and development costs. It is calculated:

- before amortization of intangible assets resulting from acquisitions, and
- 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 margin is recurring operating profit as a % of revenue.

Cash flow corresponds to the flow of net cash from operating activities net of any change in working capital.

8.7. CROSS-REFERENCE TABLES

8.7.1. CROSS-REFERENCE TABLE FOR THE KEY INFORMATION REQUIRED UNDER ANNEX I OF EUROPEAN COMMISSION REGULATION 809/2004

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Design and editing: [côtécorp.](#)

Editorial assistance: Corinne Baudoin

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