

ESG, an essential lever for creating long-term value



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Wendel's historical long-term approach means that we have always taken into account the "sustainability" of the companies in which we invest, in all its dimensions. Robustness of the economic model, naturally, but also governance and human capital and, of course, environmental impact, are all subjects that cannot be ignored when investing for the long term. What was, for decades, a natural reflex is now a mature, systematic and structured approach, with the objective of building successful companies in the long term.

Driving a commitment to excellence for our portfolio companies

We are convinced that the creation of medium- and long-term value for our portfolio companies necessarily involves a sustainable growth strategy, which we promote as soon as we acquire an equity stake. Our portfolio companies thus formalize an ESG roadmap that is then reviewed annually. The objective is twofold: to increase the resilience of their business model through a better understanding of risks and to make ESG a driver of growth for our companies by making them more attractive to all their stakeholders. This is obviously true for Bureau Veritas, whose business is at the heart of these underlying trends, and which has accelerated with the deployment of its Green Line initiative, its green line of products and solutions. It enables client organizations to implement, measure and achieve their sustainability goals. This is also

a reality for all our portfolio companies, which have significantly improved their ESG scores. To give just a few very concrete examples, Stahl has reduced its carbon emissions by 16% between 2020 and 2021, while Constantia Flexibles has joined the CDP's "A-list", which recognizes its long-term investment towards the circular economy and responsible packaging. Bureau Veritas has once again improved its extra-financial ratings and now occupies the first place in its sector within the DJSI. Far from mere posturing, all these achievements have a genuine value that is perceived by the customers of our portfolio companies.

Wendel sets itself apart through its integrated ESG approach

We are fundamentally committed to consistency between what we expect from our operating subsidiaries and the rules we set for ourselves. Accordingly, our ESG approach has been designed to be directly integrated into all levels of our own activities. We were also one of the first listed investment companies to include ESG criteria in the variable component of compensation for the extra-financial objectives of its top management. In 2021, ESG was present in all dimensions of the remuneration policy of the Executive Board : c. 17.5% of the maximum remuneration of the members of the Executive Board rests on ESG criteria. Last year, we also added ESG objectives to the calculation of the cost of funding for a syndicated loan.

Year after year, these efforts have paid off with Wendel's inclusion in the prestigious Dow Jones Sustainability World and Europe indexes for the second year in a row. Wendel is the only French company, from its category, to be present in these two indices. This recognition compels us and reinforces our mobilization at all levels to act in favor of a sustainable economy, as investors have a key role to play in the development of responsible companies.